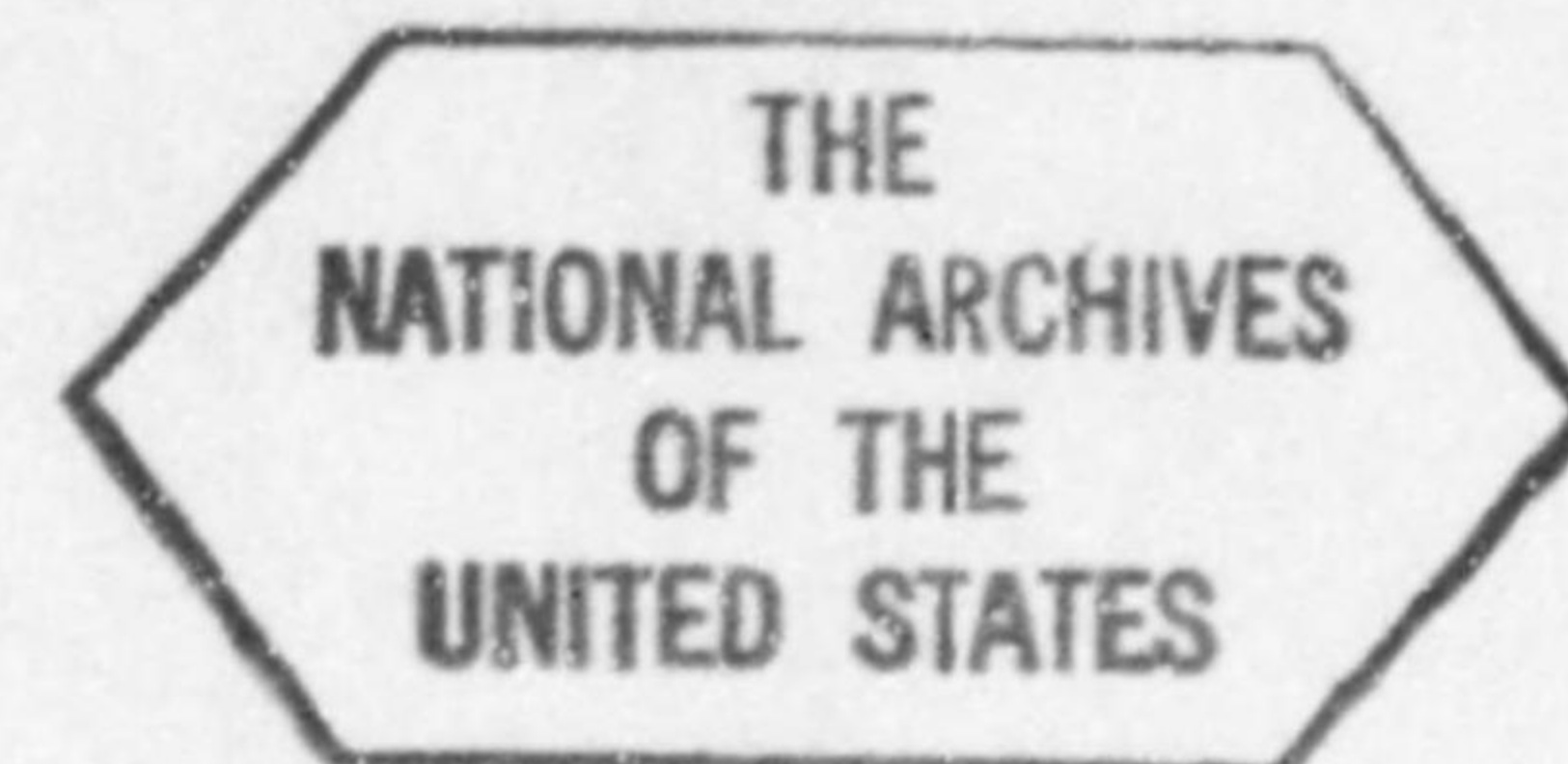


**GHQ/SCAP Records(RG 331)**  
**Description of contents**



- (1) Box no. 2240
- (2) Folder title/number: (12)  
Incoming Radios: "WAR" & "WARX"

(3) Date: Feb. 1947 - Dec. 1947

(4) Subject:

Classification	Type of record
020	n

- (5) Item description and comment:  
Includes Contents List

(6) Reproduction:  Yes  No

(7) Film no. \_\_\_\_\_ Sheet no. \_\_\_\_\_



12

**SECRET**

**INCOMING RADIOS**

**"WAR" & "WARX"**

**Jan. '47 to DEC.**

**SECRET**

I



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Dec. 4	DA (CSCAD ECON)	SCAP	WAR 91509	168	14	DA(JGOS)	SCAP	WAR 92154	179
4	DA	SCAP	War 91477	169	16	CSCAD ECON	SCAP	WAR 92333	180
5	DA (CSCAD ECON)	SCAP	WAR 91611	170	17	CSCAD ECON	SCAP	WAR 92399	181
7	CSCAD ECON	SCAP	WAR 91783	171	17	CSCAD PG	SCAP	WAR 92380	182
7	OSCAD ECON	SCAP	WAR 91788	172	17	CSCAD ECON	SCAP	WAR92399	183
9	CSCAD	SCAP	WAR 91863	173	19	DA	CINCFE	WAR 92615	184
10	CSCAD ECON	SCAP	WAR 91960	174	23	DA	SCAP	WAR 92818	185
10	CSCAD RS	SCAP	WARX 91860	175	25	CSCAD PL	CINCFE	WAR 92991	186
11	DA	CINCFE	WARX 92019	176	27	WAR (CSCAD)	SCAP	WAR 91122	187
					28	CSCAD RS	SCAP	WAR 93084	188
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					30	CSCAD ECON	SCAP	WAR 93125	190
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12	CSCAD ECON	SCAP	WAR 92114	177					
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INCOMING RADIOS WAR WARX

7th Pg.

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OCT.					NOV.				
					9	WAR	SCAP	WAR 90041	158
					11	WAR	CINCFE	WARX 90044	159
25	WAR	CINCFE	WARX 88985	150	15	WAR	SCAP	WAR 90371	160
26	WAR	SCAP	WAR 89106	151	<del>15</del>	<del>WAR</del>	<del>SCAP</del>	<del>WAR 90371</del>	<del>160</del>
27	WAR	CINCFE	WAR 89096	152	16	WAR	SCAP	WAR 90429	161
28	WAR	CINCFE	WAR 89132	153	19	WAR	SCAP	WAR 90467	162
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1	WAR	SCAP	WARX 89424	156	26	WAR	SCAP	WAR 91020	166
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					8	WAR	SCAP	WAR 87850	138
					9	WAR	SCAP	WAR 87958	139
21	WAR	SCAP	WAR 86773	130					
					10	WAR	SCAP	WAR 88022	140
					11	WAR	CINCFE	WAR 88131	141
24	WAR	CINCFE	WAR 86880	131					
					16	WAR	SCAP	WAR 88413	142
25	WAR	CINCFE	WARX 86868	132					
					17	WAR	SCAP	WAR 88494	143
					17	WAR	SCAP	WARX 88496	144
27	WAR	CINCFE	WARX 87044	133					
					19	WAR	SCAP	WAR 88607a	145
27	WAR	CINCFE	WARX 87061	134					
					19	WAR	SCAP	WAR 88609	146
30	WAR	SCAP	WAR 87285	135					
					20	WAR	SCAP	WAR 88613	147
OCT.					21	WAR	SCAP	WAR 88608	148
1	WAR	SCAP	WAR 87334	136					
					23	WAR	CINCFE	WAR 88815	149
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26	WAR	CINCFE	WAR 84975	103					
26	WAR	SCAP	WAR 84940	104	11	WAR	SCAP	WAR 86000	117
					11	WAR	CINCFE	WARX 86058	118
					11	WAR	SCAP	WARX 86059	119
28	WAR	CINCFE	WARX 85174	105					
28	WAR	SCAP	WAR 85144	106					
28	WAR	SCAP	WARX 85107	107	14	WAR	WAR (WDSCA)	WAR 86249	120
29	WAR	SCAP	WAR 85234	108	16	WAR	CINCFE	WAR 86345	121
29	WAR	CINCFE	WAR 85260	109	16	WAR	SCAP	WAR 86349	122
30	WAR	SCAP	WAR 85311	110	16	WAR	SCAP	WAR 86315	123
31	WAR	CINCFE	WAR 85228	111	17	WAR	CINCFE	WARX 86376	124
31	WAR	CINCFE	WAR 85285	112	17	WAR	CINCFE	WAR 86429	125
Sept.					18	WAR	SCAP	WAR 86477	126
					18	WAR	CINCFE	WAR 86478	127
4	WAR	CINCFE	WAR 85541	113					
4	WAR	SCAP	WAR 85542	114	19	WAR	CINCFE	WAR 86572	128
5	WAR	SCAP	WAR 85577	115	19	WAR	CINCFE	WAR 86535	129



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<u>JULY</u> 29	WAR WDSCA ECON)	CINCFE	WAR 82988	103	AUG.				
					24	WAR	CINCFE	WAR 84922	116
31	WAR (WDSCA ECON)	CINCFE	WAR 83006	104	24	WAR	SCAP	WAR 84934	117
<u>AUGUST</u> 1	WAR (JOINT (TO MAC CHIEFS ARTHUR) OF STAFF)	SCAP	WAR 83200	105	24	WAR	SCAP	WAR 84916	118
2	WAR (WDSCA SUP)	SCAP	WAR 83297	106					
8	WAR	CINCFE	WAR 83743	107					
10	WAR	CINCFE	WARX 83921	108					
12	WAR	CINCFE	WAR 83972	108a					
12	WAR	CINCFE	WAR 83977	108b					
13	WAR	CINCFE	WAR 84080	109					
15	WAR	CINCFE	WAR 84237	110					
15	WAR	SCAP	WAR 84277	111					
21	WAR	CINCFE	WAR 84634	112					
24	WAR	scap	WAR 84873	113					
24	WAR	SCAP	WAR 84961	114					
24	WAR	CINCFE	WAR 84920	115					



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<u>June</u>					<u>July</u>				
21	WAR (TCM OV FR 2759)	SCAP	WAR 80665	83	8	WAR TCM OV FR 3654	SEAP	WAR 81547	92
22	WAR (WDS CA ECON)	CINCFE	WAR 80673	84	10	WAR WD SCA SUP	CINCFE	WAR 81700	93
23	WAR Jnt Ch of Staff	SCAP	WAR 80637	85	11	WAR WD SCA ECON	CINCFE	WAR 81704	94
26	WAR WDG SP/D5	CINCFE	WAR 80865	86	12	WAR WD SCA ECON	SCINCFE	WAR 81890	95
28	WAR WD SCA ECON	CINCFE	WAR 80964	87	16	WAR WD SCA ECON	CINCFE	WAR 82082	96
28	WAR WD SCA SUP	CINCFE	WAR 81104	88	18	WAR WD GOS	CINCFE	WAR 82179	97
<u>JULY</u>					19	WAR WD SCA ECON	CINCFE	WAR 82313	98
1	WAR	SCAP	WAR 81199	89	19	WAR WDS CA ECON	CINCFE	WAR 82334	99
2	WAR WD SCA	CINCFE	WAR 81313	90	20	WASH WDC SCA ECON	CINCFE BERLIN	WAR 82338	100
3	WAR TC MOV FR 3443	SCAP	WAR 81391	91	20	WAR WD SCA ECON	CINCFE	WAR 82381	101
					24	WAR (WDGSP/D 5)	CINCFE	WAR 82565	102



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<u>MAY</u>					<u>M JUNE</u>				
29	WAR (WDSCA	CINCFE S)	WAR 99027	67	10	WAR (WDSCA	CINCFE ES)	WAR 99754	79
29	WAR (WDSCA	CINCFE PT)	WAR 99042	68					
30	WAR (WDSCA	CINCFE ES)	WAR 99104	69	<del>11</del>	<del>WAR (WD</del>	<del>CINCFE</del>	<del>WAR 80108</del>	<del>79a</del>
30	WAR	CINCFE	WAR 99136	70					
31	WAR (WDSCA	CINCFE ES)	WAR 99195	71					
<u>JUNE</u>									
4	Jnt. Ch Staff	SCAP	WAR 99310	72	15	WAR (WDSCA	CINCFE ES)	WAR 80108	80
6	WAR (WDSCA	CINCFE GO)	WAR 99505	73					
6	WAR (WDSCA	CINCFE GO) (REVISED)	WAR 99505	74	17	WAR (WD	CINCFE SCA ES)	WAR 80255	81
6	WAR (WDSCA	CINCFE GO)	WAR 99505	75					
6	WAR (WDSCA	CINCFE ES)	WAR 99548	76	19	WAR WD SC A ES	CINCFE	WAR 80434	82
7	WAR	SCAP	WAR 99660	77	20	Jnt. Ch Staff	CINCFE	WAR 81011	82A
7	WAR (WDSCA	CINCFE A ES)	WAR 99674	78					



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BEB 27	WAR (WDSCA	CINCFE ES)	WARX 92869	34	<u>MAY</u> 3	WAR (WDSCA ES)	CINCFE	WAR 97385	51
MAR. 1	WAR (WDSCA ES)	CINCFE	WAR 93005	35	4	WAR (WDSCA FT)	CINCFE	WAR 97428	52
13	WASH (WDSCA FT)	CINCFE	WAR 93809	36	8	WAR (WDSCA ES)	CINCFE	WAR 97684	53
20	WAR (WDSCA ES)	CINCFE	WAR 94319	37	9	WAR (WDSCA ES)	CINCFE	WAR 97748	54
20	WAR (WDSCA ES)	CINCFE	WAR 94338	38	13	WAR Jnt Ch Staff	CINCFE	WAR 97936	55
22 Jnt Sh Staff	WAR	CINCFE	WAR 94614	39	16	WAR (WDSCA ES)	CINCFE (KBSR)	WAR 98211	56
23	WASH (WDSCA CO)	CINCFE	WAR 94563	40	16	WAR (WDSCA ES)	CINCFE	WAR 98213	57
23	WAR (WDSCA ES)	CINCFE	WAR 94633	41	17	WAR (WDSCA ES)	CINCFE	WAR 98306	58
26 APRIL	WAR (WDSCA ES)	CINCFE	WAR 94749	41a	18	WAR (WDSCA ES)	CINCFE	WAR 98334	59
1	WAR (WDSCA ES)	CINCFE	WAR 95223	42	20	WAR (WDSCA ES)	CINCFE	WAR 98365	60
3	WAR	CINCFE	WAR 95410	43	20	WAR (WDSCA ES)	CINCFE	WAR 98394	61
4	WAR (WDGPO)	CINCFE	WAR 95458	44	21	WAR (WDSCA ES)	CINCFE	WAR 98411	62
8	WAR (WDSCA ES)	CINCFE	WAR 95691	45	24	WAR (WDSCA ES)	CINCFE	WAR 98532	63
19	WAR (WDSCA ES)	CINCFE	WAR 96425	46	28	WAR (WDSCA ES)	CINCFE	WAR 98837	64
26	WAR (WDSCA FT)	CINCFE	WAR 96878	47	28	WAR (WDSCA)	CINCFE	WAR 98855	65
26 Jnt Sh STAFF)	WAR SCAP	SCAP	WAR 96937	48	28	WAR (WDSCA ES)	CINCFE	WAR 98925	66
30	WAR (WDSCA ES)	CINCFE	WAR 97098	49					
<u>MAY</u> 2	WAR WDSCA CO	CINCFE	WAR (97336	50					



LST.

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Jan 1	WAR (WDSCA	CINCFE -ES)	WAR 88739	1	Jan. 30	WAR (AGAC-S)	CINCFE	WAR 90787	17
1	WAR (WDSCA	CINCFE RO)	WAR 88747	2	30	WAR (WDSCA	CINCFE RO)	WAR 90837	18
1	WAR WDSCA	CINCFE PL	WAR 88750	3	FEB. 4	WASH (WDSCA	CINCFE ES)	WAR 91179	19
1	WAR WDSCA	CINCFE ES	WAR 88752	4	5	WAR (WDFID)	CINCFE	WARX 91228	20
11	WAR (TCWTS	SCAP OT)	WAR 89404	5	7	WAR (WDSCA	CINCFE LO)	WAR 91467	21
12	WAR (WDSCA	CINCFE ES)	WAR 89546	6	8	WAR (WDSCA	CINCFE PT)	WAR 91515	22
17	WAR (WDSCA	CINCFE ES)	WAR 89587	7	11	WAR (TCWTS	SCAP MT-550)	WAR 91704	23
17	WAR (WDSCA	CINCFE RO)	WAR 89826	8	12	WAR (WDSCA	CINCFE ES)	WAR 91784	24
17	Wash (WDSCA	CINCFE PL)	WAR 89842	9	13	WAR Jnt. ChnF	CINCFE STAFF	WAR 90906	25
18	WASH (WDSCA	CINCFE ES)	WAR 90014	10	15	WAR (WDSCA	CINCFE RO)	WAR 92082	26
18	WASH (WDSCA	CINCFE GO)	WAR 90056	11	19	WAR (WDSCA	CINCFE ES)	WAR 92266	27
21	WAR (WDSCA)	CINCFE	WAR 90139	12	20	WAR (WDSCA	CINCFE ES)	WAR 92445	28
22	WAR Jnt Ch	CINCFE STAFF	WAR 90197	13	22	WAR (QRMGRQ)	SCAP	WAR 92562	29
23	WASH (WDSCA	CINCFE EX)	WAR 90314	14	26	WASH (WDSCA	CINCFE ES)	WAR 92783	30
25	WAR WDSCA	CINCFE ES)	WAR 90575	15	27	WAR (WDS/P/D)	CINCFE	WAR 92840	31
29	WAR (WDSCA	CINCFE ES)	WAR 90769	16	27	WAR (WDSCA	CINCFE ES)	WAR 92845	32
					27	WAR (WDSCA	CINCFE IO)	WAR 92857	33



GENERAL HEADQUARTERS, FAR EAST COMMAND  
ADJUTANT GENERAL'S OFFICE  
RADIO AND CABLE CENTER

OWH  
bgb

# INCOMING MESSAGE

*Secret*  
PRIORITY

14 Dec 47

FROM : DA (JCOS)  
TO : SCAP (MACARTHUR)  
NR : WAR 92154

The following conclusions of the State, Army, Navy, and AF Departments regarding the policy for democratization of Japanese farmers' unions and cooperatives are forwarded for your information:

"In consonance with the principles and guarantees of rights embodied in the Japanese Constitution, the following is concluded respecting Japanese farmers and farm laborers:

A. Japanese farmers should be encouraged by SCAP and the Japanese Government to form themselves into farmers' unions and cooperatives. Farmers' unions and their members should have the same rights, privileges and protection as specified for Japanese Trade Unions in FEC 045/5. Farmers' cooperatives and their members should be assured of the civil liberties guaranteed in Chapter III of the Japanese Constitution, including access to radio broadcasting facilities on a non-discriminatory basis.

B. Any Japanese subject should have freedom of choice in joining or abstaining from membership in a farmers' cooperative, when his occupation is in any way related to agriculture.

C. No member should hold office in cooperative if:

1. He is in a competing business;
2. He is subject to the purge directive of

Jan 4, 1946, or subject to subsequent purge directives by the Supreme Commander for the Allied Powers.

(over)

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PRIORITY

*Secret*  
"Paraphrase not required. Handle as SECRET correspondence per para 51 1 and 60 a (4) AR 380-5."

-1-



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16-50785-1 GPO

179



CWH  
bgb

*Secret*  
PRIORITY

FROM : DA, NR : WAR 92154, 14 DEC 47, CONT'D

D. If the ownership of stock is required for membership in a cooperative, the cost of a share should be as low as is consistent with fostering financial strength and maximum membership.

E. Farmers' cooperatives (whether engaged in marketing or purchasing activities) should be allowed to choose any form of organization consistent with internationally recognized cooperative principles, including;

1. Open membership and ownership irrespective of race, sex, nationality, politics or religion;
2. Control based on 1 vote for 1 member;
3. Limited return on capital and return of gains to members through patronage refunds;
4. Regular provision of funds for promotional and educational work;
5. Cash trading;
6. Regular provision for building up of substantial reserves.

F. Cooperatives should be allowed to associate themselves in regional or national bodies, with representation in such bodies in proportion to the membership of the individual cooperatives.

G. The internal organization and the operations of a farmers' cooperative should be free from governmental interference at all times, except that during a national emergency farmers' cooperatives may be required by law to comply with special government measures to the same extent as any other Japanese national or organization under Japanese Government jurisdiction.

H. Farmers' cooperatives should be free from legal restrictions which prevent their engaging in any economic activity related to their own agricultural pursuits and for

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PRIORITY

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GENERAL HEADQUARTERS, FAR EAST COMMAND  
ADJUTANT GENERAL'S OFFICE  
RADIO AND CABLE CENTER

CWH  
bgb

# INCOMING MESSAGE

*Secret*  
PRIORITY

FROM : DA, NR : WAR 92154, 14 DEC 47, CONT'D

the benefit of members.

I. In cases of alleged violation by cooperatives of law, articles of incorporation or by-laws, remedial action should be taken through the courts of law and not through government decree.

J. In so far as it is practicable, the Japanese Government should make available to farmers' cooperatives and individual farmers on a comparable basis:

1. Technical advisory and other services;
2. Credits, when such cannot be obtained from private sources in amounts and at interest rates which are reasonable.

K. Farmers' cooperatives should be encouraged and assisted by the Japanese Government in providing education for their members, particularly in cooperative practices and agricultural techniques.

L. Farmers' cooperatives should be encouraged to participate in voluntary measures to promote the objectives of the occupation and to assist the achievement of national self support.

M. Any existing laws or parts thereof which are contrary to the provisions stated above should be abrogated, and any organization established thereunder abolished."

ACTION: NAT RESOURCES

NO SIG

INFORMATION: COMMANDER IN CHIEF, CHIEF OF STAFF, AG, GOVT,  
ECON & SCI, DIPLOMATIC

NOTE: Duty Officer Signal Message Center states this message delayed due to service.

85365

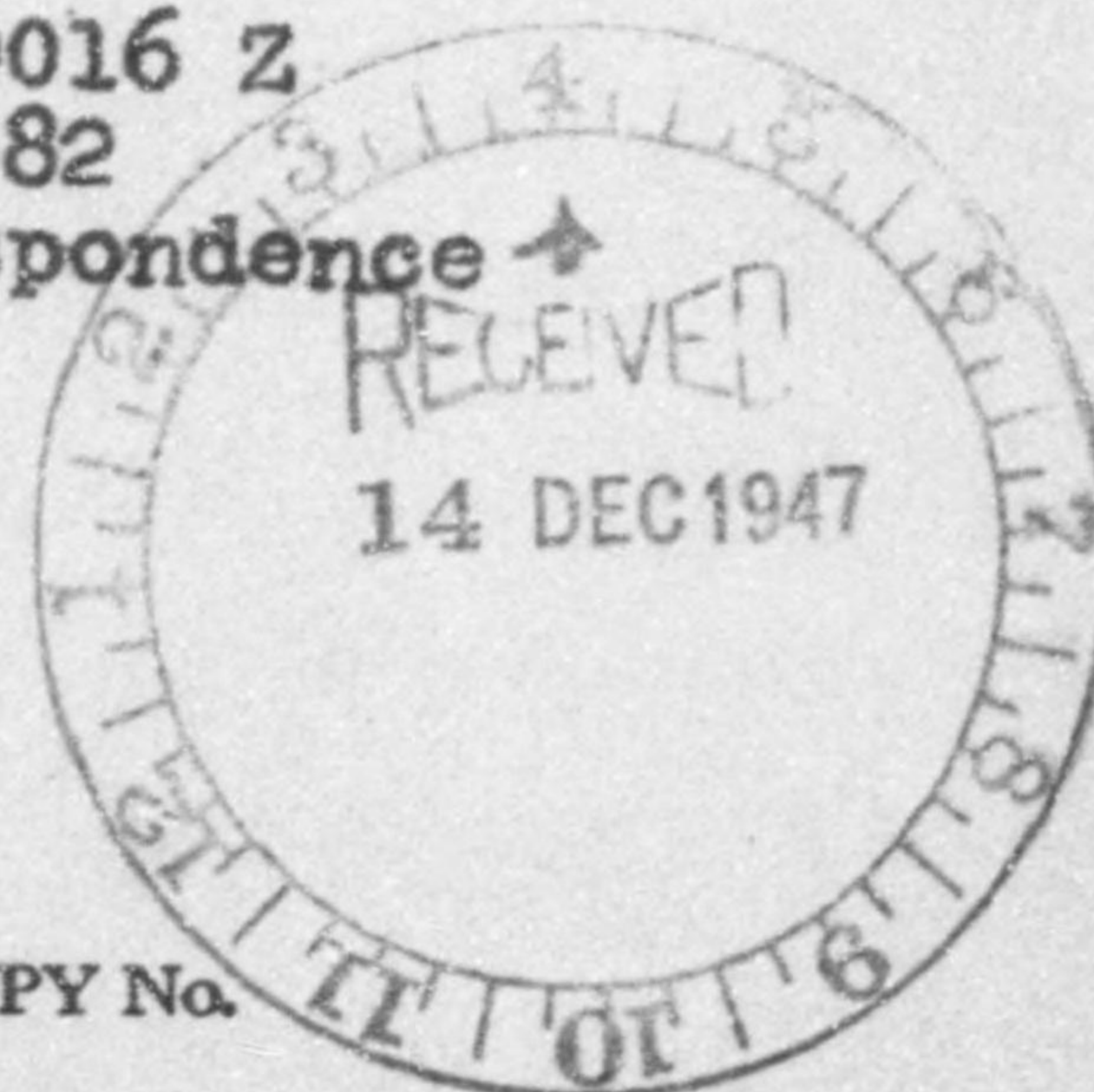
PRIORITY

TOO : 120016 Z

MCN : 67382

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COPY No.

16-50735-1 GPO



FAR EAST COMMAND  
GENERAL HEADQUARTERS, U. S. ARMY FORCES, PACIFIC  
ADJUTANT GENERAL'S OFFICE  
RADIO AND CABLE CENTER

**INCOMING MESSAGE**

GOVT

*Confidential*  
ROUTINE

15 Aug 47

FROM : WAR (JCOS)

TO : SCAP

NR : WAR 84277

The following conclusions of the State, War and Navy Depts regarding the restoration of pvt trade with Japan are fwded for your info:

"I. LONG-RANGE POLICY OBJECTIVES.

- "1. To foster the development of conditions in Japan which will contribute to the expansion and balanced growth of international pvt trade.
- "2. To promote the reduction of trade barriers and the progressive elimination of all forms of discriminatory treatment in international commerce.
- "3. To encourage an increase in Japanese exports, compatible with occupational objectives, in order that these efforts may, as soon as possible, pay for the imports required for the prevention of disease and unrest within Japan, and the reestablishment of a self-sustaining Japanese economy; and, in order that Japan may provide goods required throughout the world, particularly in areas which have suffered deprivation as a result of Japanese aggression.

"II. ADHERENCE TO DRAFT CHARTER FOR AN INTERNATIONAL TRADE ORGANIZATION

- "4. Japan's foreign trade should be conducted in a non-discriminatory manner with respect to all purchases and sales and with respect to all persons or nations participating in, or affected by such trade. Controls over Japan's foreign trade, deemed necessary during the transitional phase, should be administered in accordance with the relevant principles of the Draft Charter for an international trade organization embodied in the report of the drafting committee of the

40564

(over)  
ROUTINE

*Confidential*  
-1-

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JLR  
Jd

*Confidential*  
ROUTINE

FROM : WAR (JCOS) NR : WAR 84277 15 AUG 47 CONTINUED

preparatory committee of the UN Conference on Trade and Employment (issued by the UN Economic and Social Council Mar 5, 47, at Lake Success, New York, with the identification E/TC/T/34), and every effort should be made to secure the removal of such controls as soon as conditions giving rise to them have ceased.

"In adopting Draft Charter principles to problems peculiar to Japan, emphasis should be placed upon specific charter principles barring trade restriction and discriminations, rather than upon its permitted exceptions which are designed in the main, to cover emergency and temporary situations.

"5. The following principles of the Draft Charter are considered to be particularly relevant: Those principles concerning the elimination of quantitative restrictions (Articles 25, 26 and 27), exchange agreements (Article 29), subsidies (Article 30), and state trading (Article 31).

III. ENTRY OF PRIVATE BUSINESSMEN.

"6. On and after Aug 15, 47, the following categories of businessmen should be permitted entry into Japan:

a. Merchants and other traders who are prepared to purchase or to make arrangements for future purchases of potential exports, or to provide raw materials or other commodities which Japan must import.

b. Representatives of banks, insurance companies, airlines, and shipping companies who are prepared to render necessary services in connection with Japan's foreign trade either to private non-Japanese businessmen, to SCAP, or to Japanese persons or agencies approved by him.

c. Representatives of companies or individuals with substantial prewar property interests in Japan, particularly representatives of property owners who cannot make satisfactory provision through the use of powers-of-attorney to relieve SCAP of custodial responsibility.

40564

ROUTINE

*Confidential*

"Paraphrase not required. Handle as CONFIDENTIAL correspondence per para 51 1 and 60 a (4) AR 380-5."

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RECEIVED  
GENERAL INVESTIGATIVE DIVISION  
FEDERAL BUREAU OF INVESTIGATION  
U. S. DEPARTMENT OF JUSTICE



FAR EAST COMMAND  
GENERAL HEADQUARTERS, U. S. ARMY FORCES, PACIFIC  
ADJUTANT GENERAL'S OFFICE  
RADIO AND CABLE CENTER

## INCOMING MESSAGE

*Confidential*  
ROUTINE

FROM : WAR (JCOS) NR : WAR 84277 15 AUG 47 CONTINUED

"7. In the initial stages permission to enter Japan should be granted only to those whose business activities can be expected to contribute to the fulfillment of Japan's export and import programs and to the achievement of the objectives of the occupation sufficiently to justify the burden which their presence will impose on Japan's domestic economy and on the occupying forces.

"8. If the number of businessmen who can qualify to enter Japan are, in the initial stages, greater than the number that can be accommodated in Japan, the distribution of entry permits should be in accordance with country quotas established on the recommendation of the Inter-Allied Trade Board. Such quotas should be established with due regard to such factors as relative prewar commercial interests in Japan and the current situation as to potential markets for Japanese exports and sources of imports. Within established quotas, each country should be expected to recommend those of its nationals desiring to enter Japan who should be given priority of entry. However, such recommendations should not affect SCAP's right to grant or withhold permission to enter or to remain in Japan on an individual case-by-case basis. Entry of private traders under a quota system will not affect the arrangements for entry of such govt officials or representatives of semi-governmental trading organizations as may be required to facilitate trade between Japan and such country as the number of such representatives to be admitted for such trading should continue to be a matter of mutual agreement between SCAP and the country concerned.

"9. There should be no discrimination on grounds of nationality against any foreign businessman admitted to Japan, and all should be accorded equality of opportunity to transact business and obtain available accommodations.

"IV. METHODS OF CONDUCTING BUSINESS IN JAPAN.

"10. Occupation policy should oppose excessive concentration of economic power in Japan. To this end, businessmen

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FROM : WAR (JCOS) NR : WAR 84277 15 AUG 47 CONTINUED

admitted to Japan should be encouraged to operate so as to enlarge the number of Japanese firms engaged in foreign trade. Any limitations or controls on the participation of Japanese firms in foreign trade should be based upon criteria established by or under the supervision of SCAP and should operate only to the extent required to meet the objectives of the occupation. The fostering of monopoly by any agency of the Japanese Govt participating in foreign trade should be prevented. Contracts between Japanese and foreign businessmen should not result in undue restrictions on the flow of international trade. The distribution of export and import licenses should be on a fair and equitable basis.

V. GENERAL.

"11. Trading should be continued--during the transitional period, as may be necessary in the interest of maximizing export proceeds--by the Japanese Govt and through the medium of governmental agencies with some areas and in some commodities. In so far as possible, Japanese gov't trading through the medium of governmental agencies and private trading should not overlap for the same commodity in the same market.

"12. The Japanese Govt should be encouraged to take an increasing responsibility and initiative for planning of foreign trade, subj to necessary SCAP controls.

"13. A commercial exchange rate for yen should be established as soon as practicable."

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ACTION: ECON & SCI

INFORMATION: COMMANDER IN CHIEF, CHIEF OF STAFF, G-1, G-2, G-4, AG, TRANSP, GOVT, STAT & RPTS, NAT RESOURCES, DIPLOMATIC

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## INCOMING MESSAGE

*Restricted*

DEFERRED

28 Jun 47

FROM : WAR (JOINT CHIEFS OF STAFF)

TO : CINCPAC (MACARTHUR)

NR : WAR 81011

The following directive, serial number 82, prepared by the Dept of State to implement the policy adopted by the Far Eastern Commission on Jun 19, 1947 under the provisions of para II, A, 1, of its terms of reference has been received from the State, War and Navy Departments for transmission to you for your guidance in accordance with para III, 1, of those terms of reference: Directive begins.

"BASIC POST-SURRENDER POLICY FOR JAPAN

"This document is a statement of general policy relating to Japan after surrender. It does not deal with all matters relating to the occupation of Japan requiring policy determinations. Such matters as are not included or are not fully covered will be dealt with separately.

"PREAMBLE"

"WHEREAS on September 2, 1945, Japan surrendered unconditionally to the Allied Powers and is now under Military Occupation by forces of these powers under the command of General of the Army Douglas MacArthur, Supreme Commander for the Allied Powers, and

"WHEREAS representatives of the following nations, namely, Australia, Canada, China, France, India, The Netherlands, New Zealand, The Philippines, The U.S.S.R., The United Kingdom, and The United States of America, which were engaged in the war against Japan, have on the decision of the Moscow Conference of Foreign Ministers met together at Washington as a Far Eastern Commission, to formulate the policies, principles and standards in conformity with which the fulfillment by Japan

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## INCOMING MESSAGE

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of its obligations under the terms of surrender may be accomplished;

"THE NATIONS COMPOSING THIS COMMISSION, with the object of fulfilling the intentions of the Potsdam Declaration, of carrying out the instrument of surrender and of establishing international security and stability,

"CONSCIOUS that such security and stability depend first, upon the complete destruction of the military machine which has been the chief means whereby Japan has carried out the aggressions of past decades; second, upon the establishment of such political and economic conditions as would make impossible any revival of militarism in Japan; and third, upon bringing the Japanese to a realization that their will to war, their plan of conquest, and the methods used to accomplish such plans, have brought them to the verge of ruin,

"RESOLVED that Japan cannot be allowed to control her own destinies again until there is on her part a determination to abandon militarism in all its aspects and a desire to live with the rest of the world in peace, and until democratic principles are established in all spheres of the political, economic, and cultural life of Japan;

"ARE THEREFORE AGREED:

To ensure the fulfillment of Japan's obligations to the Allied Powers;

To complete the task of physical and spiritual demilitarization of Japan by measures including total disarmament, economic reform designed to deprive Japan of power to make war, elimination of militaristic influences, and stern justice to war criminals, and requiring a period of strict control; and

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To help the people of Japan in their own interest as well as that of the world at large to find means whereby they may develop within the framework of a democratic society an intercourse among themselves and with other countries along economic and cultural lines that will enable them to satisfy their reasonable individual and national needs and bring them into permanently peaceful relationship with all nations;

"AND HAVE ADOPTED the following basic objectives and policies in dealing with Japan:

### "I-ULTIMATE OBJECTIVES

"1. The ultimate objectives in relation to Japan, to which policies for the post-surrender period for Japan should conform, are:

a. To insure that Japan will not again become a menace to the peace and security of the world.

b. To bring about the earliest possible establishment of a democratic and peaceful government which will carry out its international responsibilities, respect the rights of other states, and support the objectives of the United Nations. Such government in Japan should be established in accordance with the freely expressed will of the Japanese people.

"2. These objectives will be achieved by the following principal means:

a. Japan's sovereignty will be limited to the islands of Honshu, Hokkaido, Kyushu, Shikoku and such minor outlying islands as may be determined.

b. Japan will be completely disarmed and demilitarized. The authority of the militarists and the influence of militarism

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will be totally eliminated. All institutions expressive of the spirit of militarism and aggression will be vigorously suppressed.

c. The Japanese people shall be encouraged to develop a desire for individual liberties and respect for fundamental human rights, particularly the freedoms of religion, assembly and association, speech and the press. They shall be encouraged to form democratic and representative organizations.

d. Japan shall be permitted to maintain such industries as will sustain her economy and permit the exaction of just reparations in kind, but not those which would enable her to rearm for war. To this end access to, as distinguished from control of, raw materials should be permitted. Eventual Japanese participation in world trade relations will be permitted.

## II-ALLIED AUTHORITY

### "1. Military Occupation

There will be a Military Occupation of the Japanese home islands to carry into effect the surrender terms and further the achievement of the ultimate objectives stated above. The occupation shall have the character of an operation in behalf of the powers that have participated in the war against Japan. The principle of participation in the occupation of Japan by forces of these nations is affirmed. The occupation forces will be under the command of a Supreme Commander designated by the United States.

### "2. Relationship to Japanese Government

"The authority of the Emperor and the Japanese Govt

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FROM: WAR (JOINT CHIEFS OF STAFF) NR WAR 81011 DATED 28 JUN  
47 CONT'D

will be subject to the Supreme Commander, who will possess all powers necessary to effectuate the surrender terms and to carry out the policies established for the conduct of the occupation and the control of Japan.

"The Supreme Commander will exercise his authority through Japanese Governmental machinery and agencies, including the Emperor, but only to the extent that this satisfactorily furthers the objectives and policies stated herein. According to the judgement and discretion of the Supreme Commander, the Japanese Govt may be permitted to exercise the normal powers of government in matters of domestic administration, or the Supreme Commander may in any case direct action to be taken without making use of the agencies of the Japanese Government.

"After appropriate preliminary consultation with the representatives of the Allied Powers in the Allied Council for Japan, the Supreme Commander may, in cases of necessity, make decisions concerning the removal of individual ministers of the Japanese Govt, or concerning the filling of vacancies created by the resignation of individual cabinet members. Changes in the governmental machinery, or a change in the Japanese Govt as a whole, will be made in accordance with the principles laid down in the terms of reference of the Far Eastern Commission.

"The Supreme Commander is not committed to support the Emperor or any other Japanese governmental authority. The policy is to use the existing form of government in Japan and not to support it. Changes in the pre-surrender form of the Emperor institution and in the form of government in the direction of modifying or removing its feudal and authoritarian

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FROM: WAR (JOINT CHIEFS OF STAFF) NR WAR 81011 DATED 28 JUN 47 CONT'D

character and of establishing a democratic Japan are to be encouraged.

"3. Protection of United Nations Interests

"It shall be the duty of the Supreme Commander to protect the interests, assets, and rights of all members of the United Nations and their nationals. Where such protection conflicts with the fulfillment of the objectives and policies of the occupation, the government of the nation concerned shall be informed through diplomatic channels and shall be consulted on the question of proper adjustment.

"4. Publicity as to Policies

"The peoples of the nations which have participated in the war against Japan, the Japanese people, and the world at large shall be kept fully informed of the objectives and policies of the occupation, and of the progress made in their fulfillment.

### III-POLITICAL

"1. Disarmament and Demilitarization

"Disarmament and demilitarization are the initial tasks of the Military Occupation and shall be carried out promptly and with determination. Every effort shall be made to bring home to the Japanese people the part played by those who have deceived and misled them into embarking on world conquest, and those who collaborated in so doing.

"Japan is not to have any Army, Navy, Airforce, secret police organization, or any civil aviation, or gendarmerie, but may have adequate civilian police forces. Japan's ground, air and naval forces shall be disarmed and disbanded, and the Japanese Imperial General Headquarters, the General Staff and all secret police organizations shall be dissolved.

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FROM: WAR (JOINT CHIEFS OF STAFF) NR WAR 81011 DATED 28 JUN 47 CONT'D

Military and naval material, military and naval vessels and military and naval installations, and military and naval and civilian aircraft, wherever situated, shall be surrendered to the appropriate Allied commanders in their zones of capitulation of the Japanese troops and shall be disposed of in accordance with decisions of the Allied Powers already adopted or which may be adopted. Inventories shall be made and inspections authorized to insure complete execution of these provisions.

"High officials of the Japanese Imperial General Hq and General Staff, other high military and naval officials of the Japanese Govt, leaders of ultra-nationalist and militarist organizations and other important exponents of militarism and aggression will be taken into custody and held for future disposition. Persons who have been active exponents of militarism and militant nationalism will be removed and excluded from public office and from any other position of public or substantial private responsibility. Ultra-nationalistic or militaristic social, political, professional and commercial societies and institutions will be dissolved and prohibited.

"The restoration, even in a disguised form, of any anti-democratic and militaristic activity shall be prevented, particularly on the part of former Japanese career military and naval officers, gendarmes, and former members of dissolved militaristic, ultra-nationalistic and other anti-democratic organizations.

"Militaristic, ultra-nationalistic and anti-democratic doctrines and practices, including para-military training, shall be eliminated from the educational system. Former career military and naval officers, both commissioned and non-commissioned,

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FROM: WAR (JOINT CHIEFS OF STAFF) NR WAR 81011 DATED 28 JUN  
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and all other exponents of militaristic, ultra-nationalistic and anti-democratic doctrines and practices shall be excluded from supervisory and teaching positions.

### "2. War Criminals

"Stern justice shall be meted out to all war criminals, including those who visited cruelties upon prisoners of war or other nationals of members of the United Nations. Persons charged by the Supreme Commander, or appropriate United Nations agencies with being war criminals shall be arrested, tried and, if convicted, punished. Those wanted by another of the United Nations for offenses against its nationals, shall, if not wanted for trial or as witnesses or otherwise by the Supreme Commander, be turned over to the custody of such other nation.

### "3. Encouragement of Desire for Individual Liberties and Democratic Processes

"Freedom of worship and observance of all religions shall be proclaimed and guaranteed for the future. It should also be made plain to the Japanese that ultra-nationalistic, militaristic and anti-democratic organizations and movements will not be permitted to hide behind the cloak of religion.

"The Japanese people shall be afforded opportunity and encouraged to become familiar with the history, institutions, culture and the accomplishments of the democracies.

"Obstacles to the revival and strengthening of democratic tendencies among the Japanese people shall be removed.

"Democratic political parties, with rights of assembly and public discussion, and the formation of trade unions shall be encouraged, subject to the necessity for maintaining the security of the occupying forces.

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FROM: WAR (JOINT CHIEFS OF STAFF) NR WAR 81011 DATED 28 JUN 47 CONT'D

"Laws, decrees, and regulations which establish discrimination on grounds of race, nationality, creed or political opinion shall be abrogated; those which conflict with the objectives and policies outlined in this document shall be repealed, suspended or amended as required, and agencies charged specifically with their enforcement shall be abolished or appropriately modified. Persons unjustly confined by Japanese authority on political grounds shall be released. The judicial, legal and police systems shall be reformed as soon as practicable to conform to the policies set forth herein and it shall be the duty of all judicial, legal and police officers to protect individual liberties and civil rights.

#### IV-ECONOMIC

##### "1. Economic Demilitarization

"The existing economic basis of Japanese military strength must be destroyed and not be permitted to revive.

"Therefore, a program will be enforced containing the following elements, among others: The immediate cessation and future prohibition of production of all goods designed for the equipment, maintenance, or use of any military force or establishment; the imposition of a ban upon facilities for the production or repair of implements of war, including naval vessels and all forms of aircraft; the institution of a system of inspection and control designed to prevent concealed or disguised military preparation; the elimination in Japan of those industries or branches of production which would provide Japan with the capacity to rearm for war; and the prohibition of specialized research and instruction contributing directly to the development of war-making power.

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FROM: WAR (JOINT CHIEFS OF STAFF) NR WAR 81011 DATED 28 JUN 47 CONT'D

Research for peaceful ends will be permitted, but shall be strictly supervised by the Supreme Commander to prevent its use for war purposes. Japan shall be restricted to the maintenance of these industries which will sustain the level of economy and standard of living fixed in accordance with principles determined by the Far Eastern Commission, and consistent with the Potsdam Declaration.

"The eventual disposition of those existing production facilities within Japan which are to be eliminated in accord with the program, as between transfer abroad for the purpose of reparations, scrapping, and conversion to other uses, will be determined, after inventory, in accordance with the principles laid down by the Far Eastern Commission or pursuant to the terms of reference of the Far Eastern Commission. Pending decision, no such facilities either suitable for transfer abroad or readily convertible for civilian use, shall be destroyed except in emergency situations.

"2. Promotion of Democratic Forces

"Organizations of labor in industry and agriculture, organized on a democratic basis, shall be encouraged. Other organizations in industry and agriculture, organized on a democratic basis, shall be encouraged if they will contribute to furthering the democratization of Japan or other objectives of the occupation.

"Policies shall be laid down with the object of insuring a wide and just distribution of income and of the ownership of the means of production and trade.

"Encouragement shall be given to those forms of

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economic activity, organization and leadership deemed likely to strengthen the democratic forces in Japan and to prevent economic activity from being used in support of military ends.

"To this end it shall be the policy of the Supreme Commander:

a. To prohibit the retention in important positions in the economic field of individuals who because of their past associations or for other reasons cannot be trusted to direct Japanese economic effort solely towards peaceful and democratic ends; and

b. To require a program for the dissolution of the large industrial and banking combinations accompanied by their progressive replacement by organizations which would widen the basis of control and ownership.

"3. Resumption of Peaceful Economic Activity

"The policies of Japan have brought down upon the people great economic destruction and confronted them with economic difficulty and suffering. The plight of Japan is the direct outcome of its own behavior, and the Allies will not undertake the burden of repairing the damage. It can be repaired only if the Japanese people renounce all military aims and apply themselves diligently and with single purpose to the ways of peaceful living. It will be necessary for them to undertake physical reconstruction and basically to reform the nature and direction of their economic activities and institution. In accordance with assurances contained in the Potsdam Declaration, the Allies have no intention of imposing conditions which would prevent the accomplishment of these tasks in due time.

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## INCOMING MESSAGE

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FROM: WAR (JOINT CHIEFS OF STAFF) NR WAR 81011 DATED 28 JUN 47 CONT'D

"Japan will be expected to provide goods and services to meet the needs of the occupying forces to the extent that this can, in the judgement of the Supreme Commander, be effected without causing starvation, wide-spread disease and acute physical distress.

"The Japanese authorities will be expected, and if necessary directed, to maintain, develop and enforce programs, subject to the approval of the Supreme Commander, which are designed to serve the following purposes:

a. To avoid acute economic distress.  
b. To assure just and impartial distribution of available supplies.  
c. To meet the requirements for reparations deliveries.

d. To make such provisions for the needs of the Japanese population as may be deemed reasonable in accordance with principles formulated by the Far Eastern Commission in the light both of supplies available and of obligations to other peoples of the United Nations and territories formerly occupied by Japan.

#### "4. Reparations and Restitution

##### "Reparations

"For acts of aggression committed by Japan and for the purpose of equitable reparation of the damage caused by her to the Allied Powers and in the interests of destruction of the Japanese war potential in those industries which could PEAD to Japan's rearmament for waging war, reparations shall be exacted from Japan through the transfer of such existing Japanese capital equipment and facilities or such Japanese goods exist or may in future be produced and which under policies

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set forth by the Far Eastern Commission or pursuant to the terms of reference of the Far Eastern Commission should be made available for this purpose. The reparations shall be in such a form as would not endanger the fulfillment of the program of demilitarization of Japan and which would not prejudice the defraying of the cost of the occupation and the maintenance of a minimum civilian standard of living. The shares of particular countries in the total sum of the reparations from Japan shall be determined on a broad political basis, taking into due account the scope of material and human destruction and damage suffered by each claimant country as a result of the preparation and execution of Japanese aggression, and taking also into due account each country's contribution to the cause of the defeat of Japan including the extent and duration of its resistance to Japanese aggression.

### "Restitution

"Full and prompt LZ JHZLON will be required of all identifiable property, looted, delivered under duress, or paid for in worthless currency.

### "5. Fiscal, Monetary, and Banking Policies

"While the Japanese authorities will remain responsible for the management and direction of the domestic fiscal, monetary, and credit policies, this responsibility is subject to the approval and review of the Supreme Commander, and wherever necessary to his direction.

### "6. International Trade and Financial Relations

"Eventual Japanese participation in world trade relations shall be permitted. During occupation and under suitable controls and subject to the prior requirements of the

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CWH  
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FAR EAST COMMAND  
GENERAL HEADQUARTERS, ~~U. S. ARMY FORCES, PACIFIC~~  
ADJUTANT GENERAL'S OFFICE  
RADIO AND CABLE CENTER

## INCOMING MESSAGE

*Restricted*  
DEFERRED

FROM: WAR (JOINT CHIEFS OF STAFF) NR WAR 81011 DATED 28 JUN  
47 CONT'D

peoples of countries which have participated in the war against Japan, Japan will be permitted to purchase from foreign countries raw materials and other goods that it may need for peaceful purposes. Japan will also be permitted under suitable controls to export goods to pay for approved imports. Exports other than those directed to be shipped on reparations account or as restitution may be made only to those recipients who agree to provide necessary imports in exchange or agree to pay for such exports in foreign exchange usable in purchasing imports. The proceeds of Japanese exports may be used after the minimum civilian standard of living has been secured to pay for the costs of non-military imports necessary for the occupation which have already been made since the surrender.

"Control is to be maintained over all imports and exports of goods and foreign exchange and financial transactions. The Far Eastern Commission shall formulate the policies and principles governing exports from and imports to Japan. The Far Eastern Commission will formulate the policies to be followed in the exercise of these controls.

"7. Japanese Property Located Abroad

"The clauses herein on reparations and references to this subject are without prejudice to the views of governments on the overseas assets issue.

"8. Equality of Opportunity for Foreign Enterprise Within Japan

"All business organizations of any of the United Nations shall have equal opportunity in the overseas trade and commerce of Japan. Within Japan equal treatment shall be

21515

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FAR EAST COMMAND  
GENERAL HEADQUARTERS, ~~U. S. ARMY FORCES, PACIFIC~~  
ADJUTANT GENERAL'S OFFICE  
RADIO AND CABLE CENTER

## INCOMING MESSAGE

*Restricted*  
DEFERRED

FROM: WAR (JOINT CHIEFS OF STAFF) NR WAR 81011 DATED 28 JUN 47 CONT'D

accorded to all nationals of the United Nations.

"9. Imperial Household Property

"Imperial household property shall not be exempt from any action necessary to carry out the objectives of the occupation."

End directive

The commission has agreed to release the foregoing directive to the press after its receipt in Tokyo; therefore acknowledgement of receipt is requested.

NO SIG

ACTION: ECON & SCI

9x0  
circulate  
7

INFORMATION: COMMANDER IN CHIEF, CHIEF OF STAFF, DC OF S SCAP, DC OF S FEC, G-1, G-2, G-3, G-4, AG, PUBLIC INFORMATION, TRANSP, CIV COMM. GOVT, STAT RPTS, PUBLIC H & W, GEN PROC, CIV I & E, LEGAL, NAT RESOURCES, GEN ACCTG, COMNAVFE, DIPLOMATIC, INT'L PROS, CIV PROP CUST, REPARATIONS

21515

DEFERRED

T00: 262332 Z

MCN: SA 130/27

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FAR EAST COMMAND  
GENERAL HEADQUARTERS, ~~U.S. ARMY FOR THE PACIFIC~~  
ADJUTANT GENERAL'S OFFICE  
RADIO AND CABLE CENTER

350 JLR  
ef  
CD

# INCOMING MESSAGE

CORRECTED COPY

~~Secret~~  
PRIORITY

9 May 47

FROM : WAR (WDSCA ES)  
TO : CINCPAC  
NR : WAR 97748

Cable in 2 parts.  
Part 1.

Now before SWNCC and JCS is "Proposed policy statement on Japanese public finance." Conclusions of same transmitted herewith in part 2. Your comments and recommendations requested soonest. Preliminary WD reactions are that: Section headed "Democratic Control" should show auth of legislative bodies refers 1st, to enactment of basic legislation; 2d, to implementing legislation; and 3rd, to appropriation of funds to carry out such legislation. Need is not apparent to WD for para under "Public expenditures" pertaining to ~~disabl~~ of subsidies to increase productive capacity in war supporting industries. Need not apparent for words "different classes" first sentence sect on "public debt." Terminology "accumulating sizeable funds" in sub para on corporation taxes under "taxation" possibly should read: "Accumulating excessively large funds."

Part 2.

Conclusions "4. Democratic control. The discretionary auth of the Minister of Finance, and of other national and local officials, with respect to Japanese public finance should be reduced, and the auth of national and local legislative bodies over much public finance should be increased. To this end:

A. The type and amount of natl and local taxes to be levied, and the manner in which they are to be collected, should be fully specified by the appropriate natl and local legislative bodies after public hearings. Executive officials should have no auth to modify tax directives which they receive from such legislative bodies, and should furnish a detailed accounting of the implementation of these directives to such bodies.

02149

PRIORITY

~~Secret~~

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16-48710-1 GPO

COPY No.

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# INCOMING MESSAGE

CORRECTED COPY

*Secret*  
PRIORITY

FROM : WAR (WDSCA LS) NR : WAR 97748 9 MAY 47 CONT'D

B. All public expenditures, both at the natl and local level, should require the apl of appropriate legislative bodies, and should be accounted for to such bodies. Natl and local govts should submit clear and detailed budgets to their respective legislative bodies, in sufficient time to allow for full hearings and legislative discussion before the beginning of the fiscal year. Such budgets should contain no accts which are to be spent in a manner or for a purpose, not explicitly stated, and no proposed expenditures should be omitted from such budgets. Executive agencies having cognizance of such budgets should report fully to the appropriate legislative branch during the course of the fiscal year concerning the expenditure of funds auth in such budgets. In add, an independent agency, whose head is appointed by, and directly responsible to, that legislative branch, should conduct such audits as may be deemed necessary to assure that expenditures are made in accordance with, and for the purposes specified in, the budgets, and should report its findings to the legislative branch as required. The provisions of this para should also apply to the expenditures of enterprises owned in whole or in part by the govt. Such expenditures should be subj to legislative scrutiny and control.

Public expenditures. Japanese public expenditures should be effected only for peaceful ends related to the well being of the nation as a whole. They should not be effected for any purpose inconsistent with the objectives of the occupation. As one of the means of carrying out this policy, all direct and indirect governmental subsidies should be subj to review by SCAP. He should disapprove such subsidies in at least fol cases:

A. Where they are being granted in order to increase productive capacity in any industry termed "war supporting" in SWNCC 302 (SCAP May grant exceptions to this provision where necessary to meet the minimum needs of the Japanese economy).

B. Where they would have the effect of supporting the monopolistic growth or pos of any firm or firms, or of increasing the profits earned by such firm or firms beyond that generally earned by similar enterprises throughout the economy.

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*Secret*

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-2-

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## INCOMING MESSAGE

CORRECTED COPY

*Secret*  
PRIORITY

FROM : WAR (WDSCA ES) NR : WAR 97748 9 MAY 47

### Public debt.

A. The Japanese Govt should make every effort to distribute holdings of the Natl debt as widely as possible among different classes of the population as a whole. A vigorous campaign to increase popular bond purchases and postal savings deposits should be inaugurated. Bonds should be sold, in so far as practicable, directly to the ultimate holder thereof, rather than through an intermediate agency such as the Bank of Japan.

B. The Japanese Govt should not pay a higher rate of interest on its debt than is necessary to attract funds into govt bonds. At least 2 types of issues should be floated, therefore: The first type to attract the savings of persons of limited means--to be purchased only by indivs, in limited amts, and to pay a relatively high rate of interest; the second type to attract the funds of institutions and of wealthy persons--to be purchased by indivs and institutions, in unlimited amts, and to pay a lower rate of interest. Interest on existing govt bonds should be regulated in accordance with the principles stated above.

C. Inflationary methods of financing govt expenditures should be abandoned in so far as possible. In line with subpara (A) above, the use of overdrafts at the Bank of Japan should be replaced by direct sales of bond issues, as soon as practicable. Policies similar in purpose to those specified above should be pursued by the local govts, as well as by the Natl Govt.

Taxation. The Japanese Govt should be required to revise its taxation laws and enforcement procedures in such a manner as to conform much more closely than heretofore to standards of tax legislation and admin in effect in other industrialized nations. Among the objectives of such a revision should be a properly qualified application of the principles of taxation in

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## INCOMING MESSAGE

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PRIORITY

FROM : WAR (WDSCA ES) NR : WAR 97748 9 MAY 47

accordance with ability to pay in order to effect a more equitable distribution of wealth and income than that currently prevailing in Japan, collection of adequate revenue to meet general expenditures and to liquidate a reasonable portion of the National debt, establishment and administration of tax laws in such a way as to remove elements of uncertainty and arbitrariness, and to afford maximum protection against evasion through maladministration and collusion between tax payers and tax assessment and collection authorities. To this end:

A. The personal income tax should exempt or fall only nominally on income in the lower brackets (in so far as is possible without depriving the Japanese Government of an indispensable source of revenue), and should be more steeply progressive than hitherto in its application to incomes in the upper middle and higher brackets. In any reorganization of the income tax system along pay as you go lines, care should be taken to avoid granting substantial tax advantages to upper bracket income recipients through complete forgiveness of tax indebtedness.

B. A highly progressive death duty (gift and estate tax) should be instituted.

C. A professional centralized system for the effective administration and enforcement of income taxes and death duties should be brought into being. All information necessary to the full collection of these taxes should be secured, without legal hindrance, by the government. Consideration should be given to eliminating the use of the holding companies and similar means of evading the personal income tax. Criminal penalties should be imposed on all persons seeking to evade these taxes.

D. Effective corporation taxes should be applied in such a way as to prevent large corporations from accumulating sizeable funds, in excess of proper reserves, by withholding profits from distribution to stockholders. While it is desirable from the standpoint of deconcentration policy thus to compel large

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-4-  
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## INCOMING MESSAGE

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*Secret*  
PRIORITY

FROM : WAR (WDSCA ES) NR : WAR 97748 9 MAY 47

corporations to seek funds for expansion from outside credit or investment sources, deconcentration policy does not make it desirable to so restrict smaller corporations.

E. Taxes whose incidence is regressive, such as excise and consumption taxes on articles of common and necessary use, should be abolished or reduced to nominal rates (in so far as this is possible without depriving the Japanese Govt of an indispensable source of revenue). Consumption taxes should, however, be applied to luxury goods.

F. The fact that inflation has created new types and classes of wealth should be recognized in taxation policy, which should aim at tapping these sources through such means as steep capital gains and excess profits taxes.

G. Any funds assigned to Japanese Natls or enterprises in compensation for assets seized as reparations should be derived from the proceeds of a special tax which would not have been devised or applied had it not been for the necessity for procuring such funds.

Local govts in Japan, as well as the Natl govt. should not be limited in so far as types of taxing power are concerned, but should be directed to devise and apply taxes whose incidence is in line with the principles of progressive taxation. The Minister of Finance should have sufficient supervisory powers over the taxation policies of local govts to ensure that these are reasonably uniform in type and rate, and that they conform to the principles of taxation set forth above." Nothing further.

NO SIG

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## INCOMING MESSAGE

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PRIORITY

FROM : WAR (WDSCA ES) NR: WAR 97748 9 MAY 47 CONT'D

R E V I S E D (10 May 47)

ACTION: ECON & SCI

INFORMATION: COMMANDER IN CHIEF, CHIEF OF STAFF, G-2, AG,  
GOVT, DIPLOMATIC, CIV PROP CUST, REPARATIONS

NOTE: Corrected copy received in AG R/C office 101510 I.

*540  
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7*

02149

PRIORITY

T00 : 082328 Z  
MCN : SA 100/09

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CW  
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## INCOMING MESSAGE

*Confidential*  
ROUTINE

26 Apr 47

FROM : WAR (THE JOINT CHIEFS OF STAFF)  
TO : SCAP (TO MACARTHUR)  
NR : WAR 96937

The fol, received from the State, War and Navy Depts, is in reply to your C 50730:

"1. The ref in the policy decision to consultation with the Allied Council is worded in such a way as to prevent any alteration in the terms of ref of th Allied Council. The phrase as it now stands: 'Upon consultation with the Allied Council for Japan in accordance with the terms of reference of the Allied Council for Japan,' does no more than recognize a fact, without broadening the terms of ref or permitting any consultation which is not already provided for."

"2. The terms of ref of the Allied Council provide that 'he (SCAP) will consult and advise with the council in advance of the issuance of orders on matters of substance, the exigencies of the situation permitting. His decisions upon these matters shall be controlling.' It is not believed that the wording of the FEC policy decision would as indicated in SCAP's telegram, 'impose upon the Supreme Commander the obligation to seek, and upon the Allied Council for Japan the obligation to give, technical advice concerning thousands of industrial plants....' SCAP will still decide in each particular instance whether the matter is one of substance, and whether the exigencies of the situation permit. Only if his decision on both points is affirmative, is he obligated to consult the council, and in any case, his decision is controlling."

96522

ROUTINE

*Confidential*  
-1-

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16-48710-1 GPO

COPY No.

48



FAR EAST COMMAND  
GENERAL HEADQUARTERS, U. S. ARMY FORCES, PACIFIC <sup>CWH</sup>  
ADJUTANT GENERAL'S OFFICE <sub>dha</sub>  
RADIO AND CABLE CENTER

## INCOMING MESSAGE

*Confidential*  
ROUTINE

FROM : WAR (THE JOINT CHIEFS OF STAFF), NR : WAR 96937, 26 APR 47, CONT

"3. The State, War and Navy Depts have already approved the establishment of an Allied Technical Advisory Committee whose functions will be to advise SCAP on technical matters concerned with reparations. Thus the Allied Council will not be called upon for technical advice and its terms of ref will not be affected since even in the case of the Technical Advisory Committee, SCAP's decisions will be controlling."

NO SIG

ACTION: SECY GEN STAFF

INFORMATION: COMMANDER IN CHIEF, CHIEF OF STAFF, GEN HARRISON, AG, GOVT, ECON & SCI, DIPLOMATIC, EX REP

*5 to circulate*

*7*

96522

ROUTINE  
*Confidential*

TOO : 260016 Z  
MCN : SA 56/26

-2-

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16-48710-1 GPO



## INCOMING MESSAGE

*Secret*  
ROUTINE



FROM : WAR (WDGPO)  
TO : GINCFE  
NR : WAR 95458

Now being considered as a matter of urgency by the ACC is the following proposed statement of policy:

"1. Participation by Japanese nationals in aviation activities. During the period of occupation, Japanese nationals should not be permitted to engage in flight operations. However, SCAP may authorize civil air carriers to utilize Japanese nationals in connection with the maintenance and operation of aviation ground facilities and services; provided, that no Japanese national may be employed in any aviation related activity until both the job and the person to be used therein have been specifically approved by SCAP from a security point of view.

2. Internal Air Transport Service. It is regarded as politically undesirable and economically impractical at this time to develop within Japan any separate air transport enterprise operated by Japanese or by non-Japanese.

3. International service to and through Japan.

A. By airlines of occupying powers; Civil air carriers of nations participating in the occupation of Japan over routes which they have been specifically authorized to fly by their respective govts. SCAP may authorize such airlines to carry traffic between points within Japan which lie on their international routes when he has

87568

ROUTINE  
*Secret*

-1-

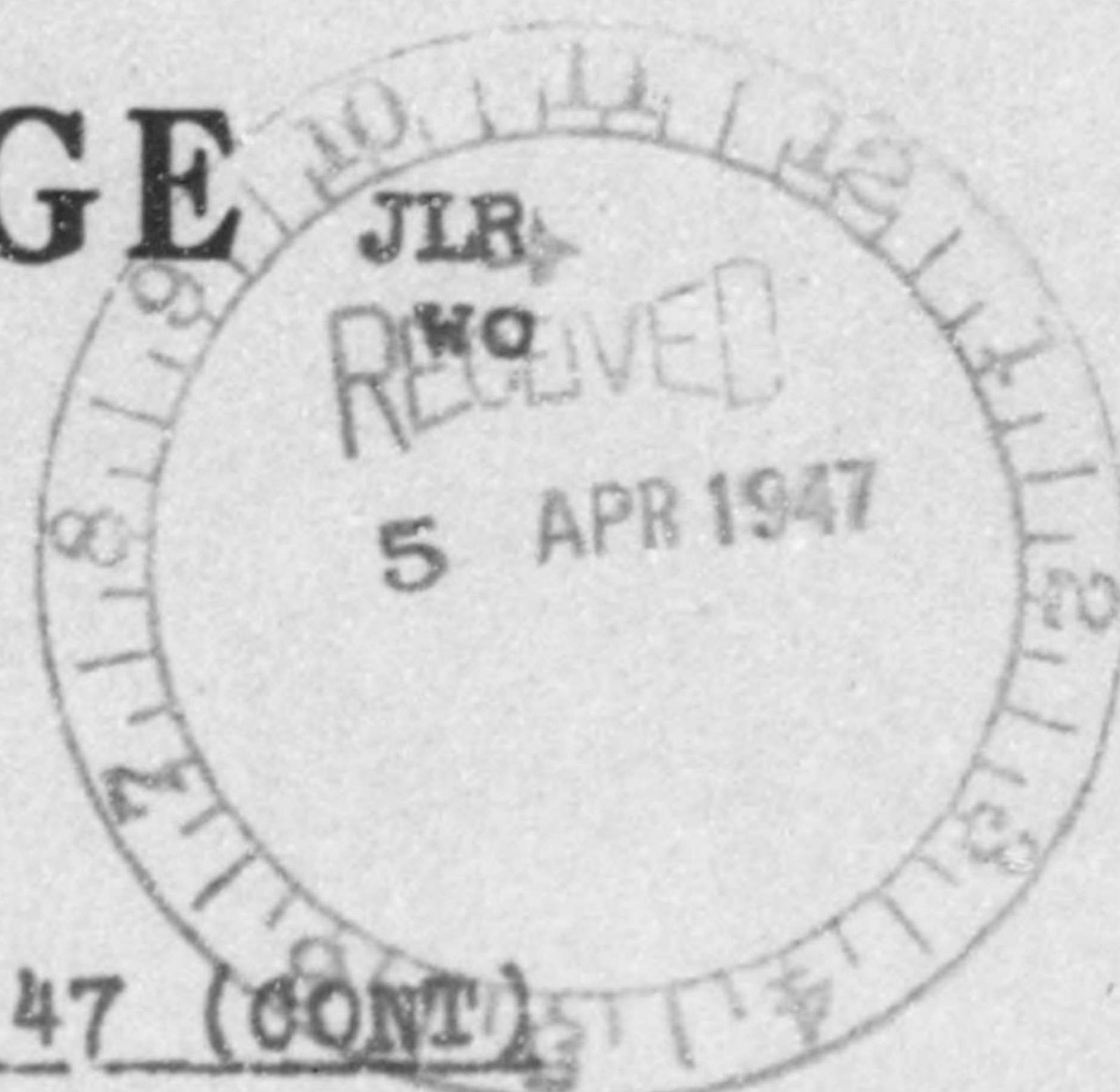
"Paraphrase not required. Handle as SECRET correspondence per para 51 i and 60 a (4) AR 380-5."



FAR EAST COMMAND  
GENERAL QUARTERS, ~~U.S. ARMY FORC~~  
ADJUTANT GENERAL'S OFFICE  
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## INCOMING MESSAGE

*Secret*  
ROUTINE



FROM : WAR (WDGPO), NR : WAR 95458, 4 Apr 47 (CONT)

determined that such carriage would be consistent with the objectives of the occupation.

B. By airlines of non-occupying powers: Duly authorized civil air carriers of other unmember states should be permitted by SCAP to transit Japan and to make technical stops therein enroute to other countries when such transit and stops are necessary for efficient and direct route operation. The right to a technical stop granted on this basis may be expanded upon request to include, in the light of occupational objectives and consistent with civil aviation agreements, a right to pick up and discharge international traffic. An airline or airlines of any unmember state may be permitted to operate between the territory of such state and a terminal point in Japan if such operation would benefit the economy of the state concerned and would be consistent with the objectives of the occupation.

4. Administrative transport for occupational needs. Minimum internal and external service, additional to that provided by the international civil routes and which in the opinion of the occupation authorities is required for the purposes of the occupation, should be operated only by military air transport or by civil carriers under contract to the occupation authorities.

At such time as the need for this service terminates, the installations required to maintain it should be withdrawn, if such action is then regarded as feasible and desirable.

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ROUTINE  
*Secret*  
-2-

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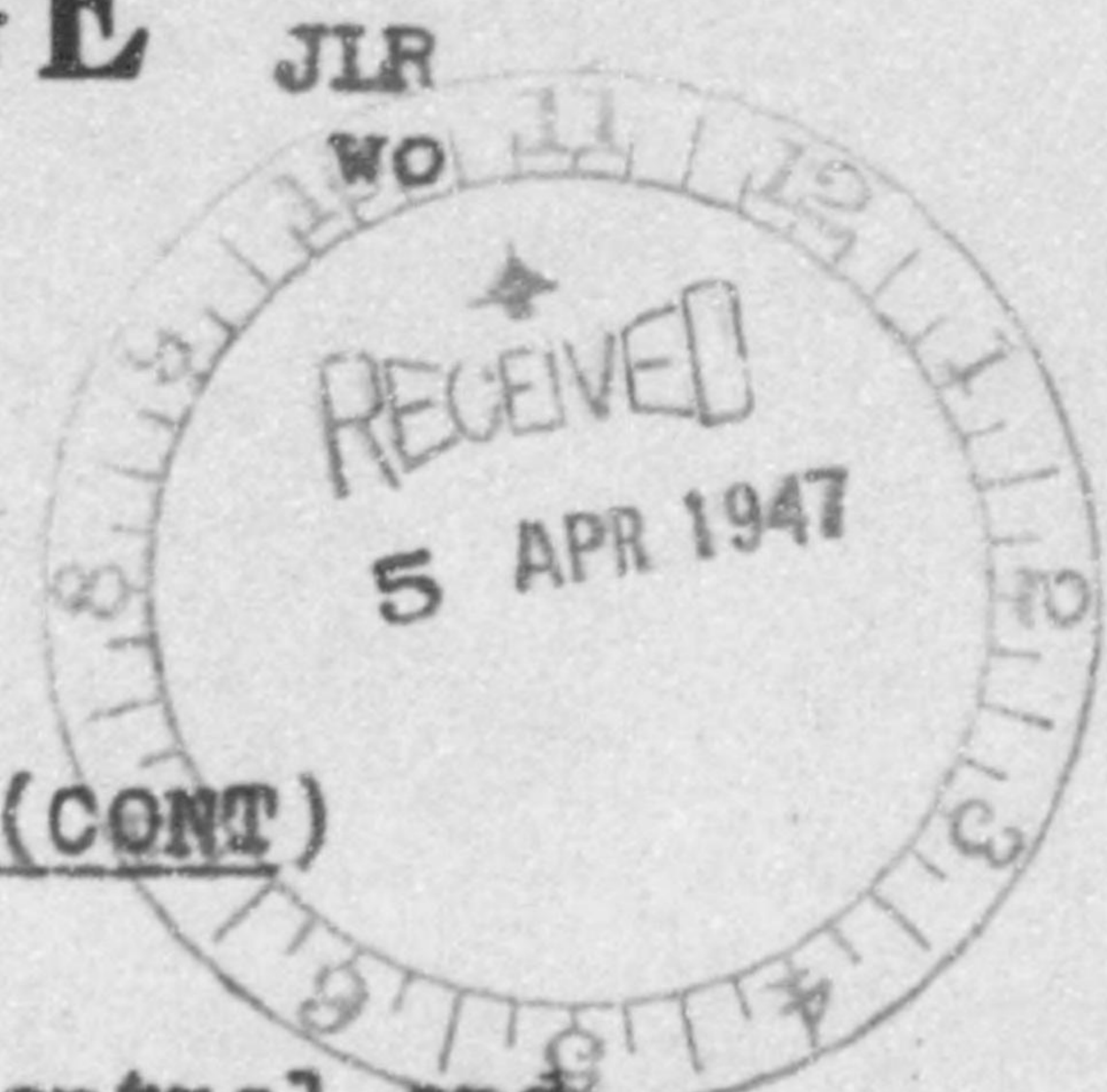
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FAR EAST COMMAND  
GENERAL ~~ADQUARTERS, U.S. ARMY FORC~~ ~~BASE~~  
ADJUTANT GENERAL'S OFFICE  
RADIO AND CABLE CENTER

# INCOMING MESSAGE

*Secret*  
ROUTINE



FROM : WAR (WDGPO), NR : WAR 95458, 4 APR 47 (CONT)

5. Aviation facilities. SCAP should control and supervise the installation, maintenance and operation of all aviation facilities, utilized by civil air carriers, in accordance with PICA0 standards. Any use by civil air carriers of facilities provided by the occupation forces or by other carriers should be subject to appropriate and non-discriminatory fees, payable in foreign exchange useful for the purchase of imports for Japan.

6. Technical regulations. Civil operations to, through and within Japan should be conducted within regulations established, administered and enforced by SCAP and based on PICA0 standards."

Your earliest comments on the above policy are requested.

NO SIG

ACTION: G-4

INFORMATION: COMMANDER IN CHIEF, CHIEF OF STAFF, G-1, G-3, AG, GOVT, ECON & SCI, DIPLOMATIC, FEAF

87568

ROUTINE  
*Secret*  
-3-

T00: 032129 Z  
MCN: YB 100/04

"Paraphrase not required. Handle as SECRET correspondence per para 51 i and 60 a (4) AR 380-5."

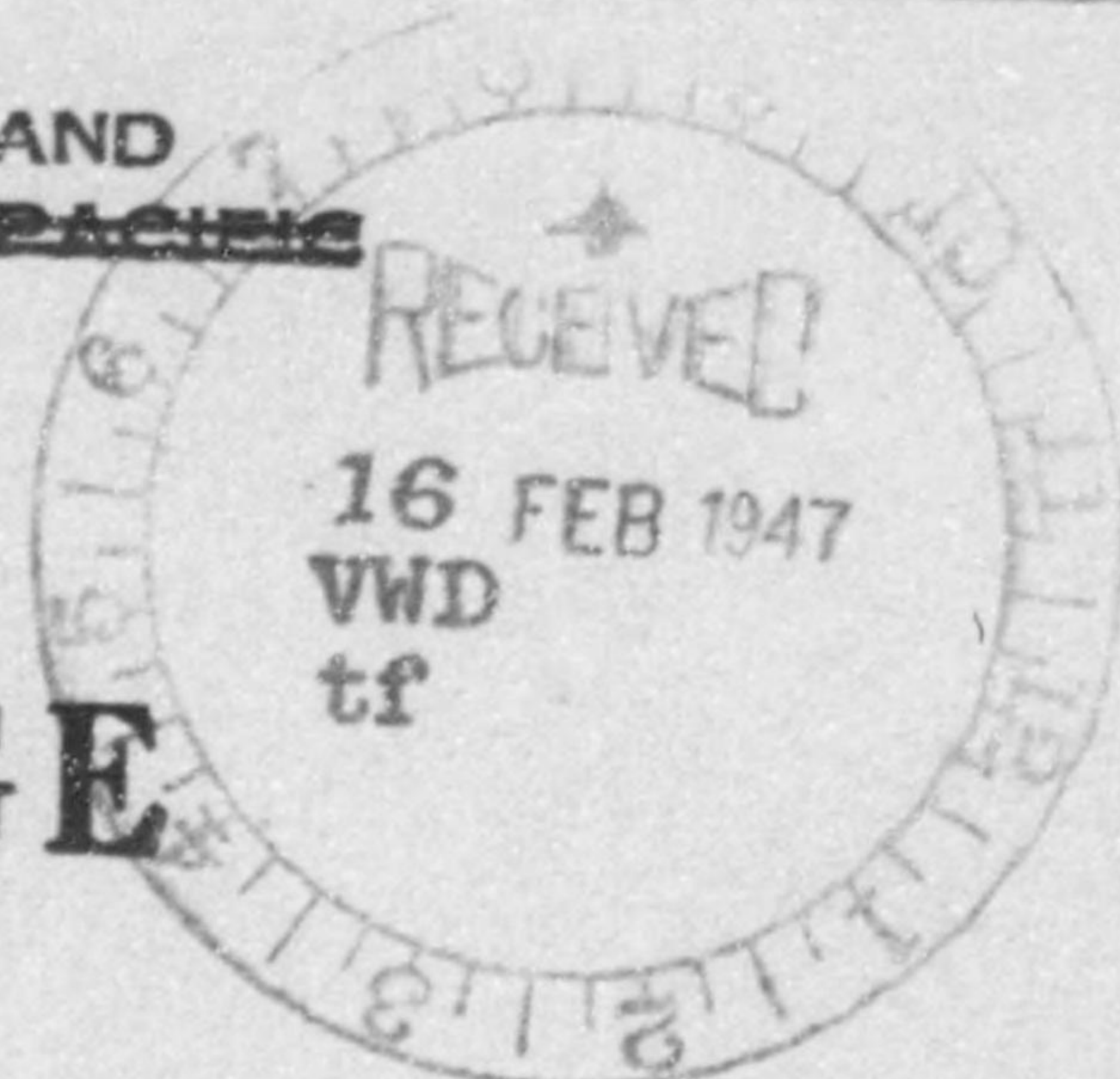
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# INCOMING MESSAGE

*Secret*  
ROUTINE

15 Feb 47

FROM : WAR (WDSKA RO)  
TO : CINCPAC  
NR : WAR 92082

Fol is text of conclusions in draft paper for submission to SFE Committee on subj of policy during period of occupation of interchange between Japan and other countries of materials useful to the process of Japanese reorientation. Request your comments soonest. It is concluded that:

- A. During period of occupation and subj to apl as outlined in para B there should be permitted between Japan and other countries an interchange on a non-commercial permanent or loan basis of materials for educational, religious, scientific, info and gen cultural purposes in order to further process of reorientation of Japanese people and to prepare them for assimilation into society of nations.
- B. Arrangements for carrying out above mentioned interchange of materials shall be subj to such apl and regulations as SCAP may determine.
- C. Encouragement for effectuation of this program shall be afforded by SCAP through provision of necessary trans and communication facilities to maximum feasible and through all practicable means.
- D. No cultural or scientific materials should be interchanged which would (1) encourage ultra nationalism or militarism; (2) tend to create divisions between countries of or

67738

ROUTINE

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"Paraphrase not required. Handle as SECRET correspondence per para 51 i and 60 a (4) AR 380-5."

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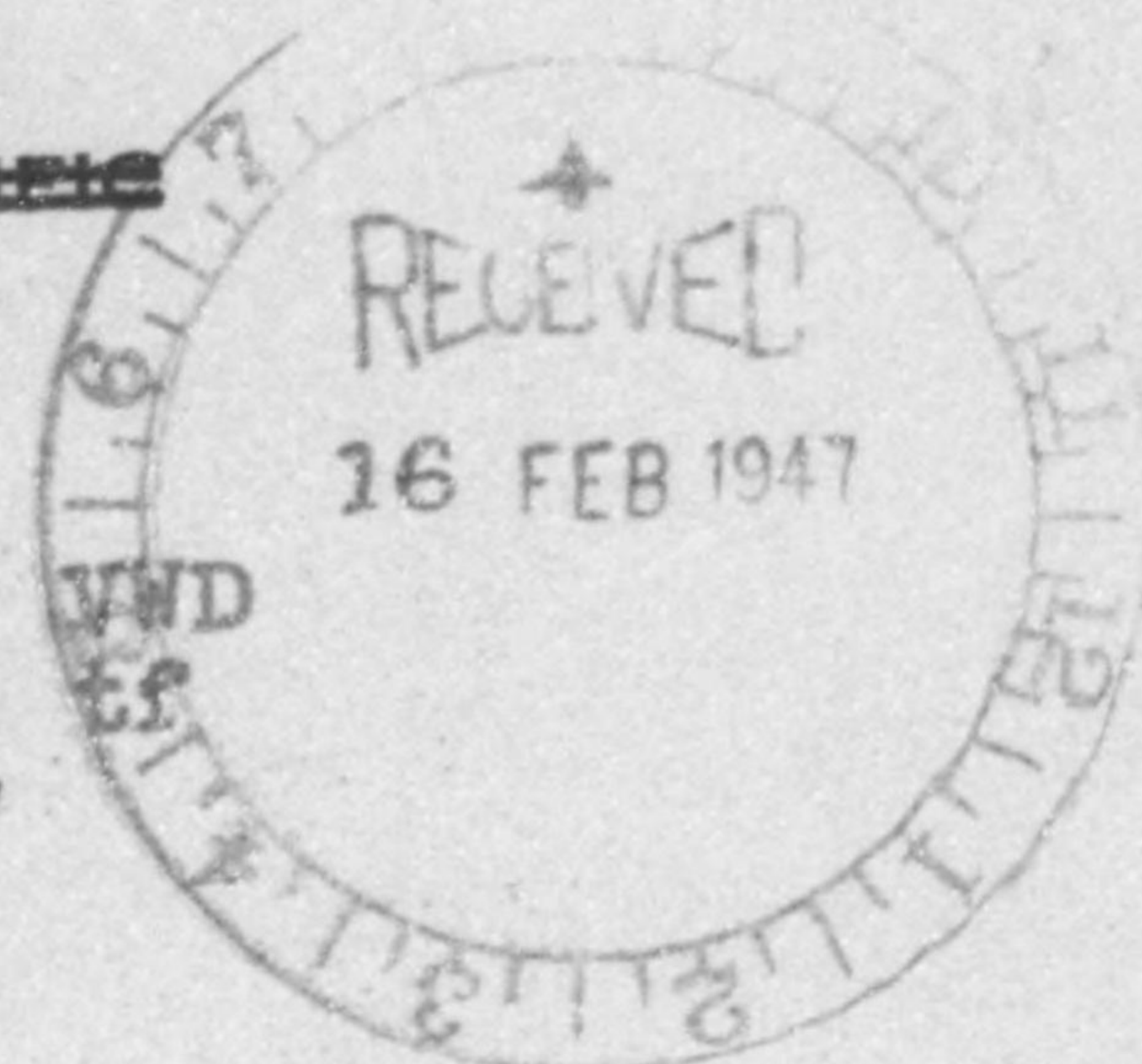
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FAR EAST COMMAND  
GENERAL QUARTERS, ~~U.S. ARMY FOR~~ PACIFIC  
ADJUTANT GENERAL'S OFFICE  
RADIO AND CABLE CENTER



# INCOMING MESSAGE

*Secret*  
ROUTINE

FROM : WAR (WDSCA RO) NR : WAR 92082 15 FEB 47 CONT'D

foster disrespect for UN; or (3) incite to riot or disorder or otherwise interfere with the process of Allied Control.

E. Fol categories of cultural and scientific materials may be interchanged between Japan and other countries on a non-commercial basis (1) educational materials and school supplies (2) religious objects and materials (3) Scientific materials, except as prescribed by other existing policies (4) info materials (5) cultural materials.

F. Pending relaxation of present postal restrictions, conclusion of informal agreements whereby individuals and orgs of countries concerned may interchange, on a permanent or loan basis, materials listed in E shall be permitted, provided that such materials be used for non-commercial purposes.

CAD in concurrence has added the fol clause to the beginning of sentence in para C. "Until normal channels of communication and trans are restored."

NO SIG

ACTION: CIV I & E OFF

INFORMATION: COMMANDER-IN-CHIEF, CHIEF OF STAFF, AG,  
GOVT SECT

67738

ROUTINE

*Secret*

TOO: 150013 Z  
MCN: YB 10/15

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16-48710-1 GPO

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ADJUTANT GENERAL'S OFFICE  
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INCOMING MESSAGE

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*Secret*  
ROUTINE

5 Feb 47

FROM : WAR (WDGID)  
TO : CINCPAC (PASS TO CG MARBO GUAM)  
NR : WARX 91228

Announced by State Dep 29 Jan (Far East: China) termination American connection with committee of 3 and Peiping Executive Hqs. Hqs personnel to be withdrawn soonest.

Comment: Revised American policy intended foster coalition Govt through mediation. No change towards Soviets seen.

Korea: Competent American observer states several points indicating Soviets evacuating North Korea in coming spring resulting in Soviet trained North Korea Army liberating Peninsula or Koreans demanding American evacuation South Korea, leaving Peninsula open to Korean Communist domination.

Japan: After SCAP forbade general strike as dangerous "in present impoverished and enaciated condition of Japan" labor leaders appealed to SCAP and members Allied Council on basis "16 principles established by the Far Eastern Commission".

Comment: Represents first pitting of SCAP against Allied body by any Japanese group.

British Empire: Indian Army as planned by British will include 5 Div: 3 Inf, 1 Armored, 1 Airborne.

63213

ROUTINE

*Secret*  
-1-

*0001*

"Paraphrase not required. Handle as SECRET correspondence per paragraphs 51 1 and 60 a (4) AR 380-5."

Handling and transmission of literal plain text of this message as correspondence of the same classification has been authorized by the War Department in accordance with the provisions of paragraphs 16-C, 18-E, 53-A, 53-D (1) (2) (3), and 60-A (1) (2) (3) (4), AR 380-5, 6 March 1946.

COPY NO.

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28



FAR EAST COMMAND  
GENERAL HEADQUARTERS, ~~U. S. ARMY FORCES, PACIFIC~~  
ADJUTANT GENERAL'S OFFICE  
RADIO AND CABLE CENTER

# INCOMING MESSAGE

*Secret*  
ROUTINE

FROM : WAR (WIGID) NR : WARX 91228 5 FEB 47 CONTINUED

Comment: Eventual 6 Indian Army dependent upon decision Indian National Govt but British aim produce efficient force prior to final departure.

America: Rumors continue Venezuelan exiles planning expedition invade country with objective overthrow present Govt.

Comment: No corroboration of Venezuelan expeditions being mounted in Dominican Republic or Bonaire.

Subversive: Argentina notified Estonian Latvian and Lithuanian Diplomatic Representatives of withdrawal accreditation. Soviet Embassy will handle affairs.

Comment: Permits complete Soviet Domination these Slavic groups (2 Latin American News agency (ANLA) owned and operated by Mexicans and serves Soviet Intelligence. ANLA now seeking correspondents for global coverage) 3 extension commercial activities for Intelligence purposes reportedly occurring in Manchuria by Soviets and in Egypt by Yugoslavs.

NO SIG

INFORMATION: COMMANDER-IN-CHIEF, CHIEF OF STAFF, G-2, AG,  
GOVT SECT, DIPLOMATIC SECT

NOTE: This message has been passed to Signal Center for redispach to CG MARBO for info.

63213

ROUTINE  
*Secret*  
-2-

TOO: 040052/Z  
MCN: YC 54/04

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