

FEC

JANUARY - AUGUST
1947

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

INCOMING MESSAGE

Confidential
ROUTINE

22 Aug 47

FROM : WAR
TO : SCAI (POLITICAL ADVISER)
INFO : WAR DEPT (COS)



3
DECLASSIFIED PER TAG LTR OF
6 AUG. 75

NR : WAR SVC 8184 (RELAYS MSG DTG 210229 Z FROM STATE DEPT)
(STATE SERIAL 33 AUG 20, 6 PM SGD LOVETT) (FEC-26)

Reduction of Japanese Industrial War potential (FEC-084 series). Policy paper of above title with long and tortuous history adopted by FEC 14 Aug. Original paper introduced in FEC by US member 1 year ago. After various amendments in Economic and Steering Committees and in Commission paper was almost ready for final approval in Apr 47. At this juncture War Dept, which feared that phrase "During the period of occupation" in Para 9 B might be interpreted in future to cover any period when Japan is under any form of control, with approval of State Dept had US member introduce amendment to Para 9 as follows:

"The provisions of this policy decision will apply until Jan 1, 49, or until the end of the present phase of the occupation, whichever is the earlier."

This amendment not acceptable to majority of FEC countries which suspected that US working toward removal of all economic controls over Japan in near future. Meanwhile US Govt adamant in insisting on insertion in Para 9 of some sort of limiting clause, Chinese representative on Jul 18 submitted list of 10 questions in effort to ferret out US reasons for insisting upon limiting clause and upon date of Jan 1, 49. US replies indicated clearly that purpose was "To forestall and prevent the possibility of a situation arising in which any part of the Japanese economy might inadvertently be kept within a strait jacket" and that date was selected to make it clear that provisions of 9 B would apply only to short period. Explanation not entirely satisfactory to several members of Commission who still suspected

43108

(over)
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COPY NO.

08

~~Confidential~~
ROUTINEFROM : WAR NR : WAR SVC 8184 22 AUG 47 CONTINUED

hidden motive in US amendment and who opposed approval of paper with amendment. Chinese member then received instructions from his govt to endeavor have date changed to 1950 but on own responsibility compromised on Oct 1, 49. This date accepted by US Govt and paper finally approved with several members expressing for the record dissatisfaction with inclusion of any date. Chinese and Filipino members also read into record statements to effect that any rehabilitation of Japanese industry after Oct 1, 49 should not interfere with previously planned reparations removals. Soviet and UK members had no comment.

Reparations shares. With submission 13 Aug of official Philippine schedule of percentage shares of industrial assets available for reparations, FEC now has 9 official schedules, New Zealand and Australia being only countries not submitting some sort of official schedule. USSR also submitted revised schedule to bring it more in line with general trend of thought in Commission.

NO SIG

6 AUG 75

DECLASSIFIED PER TAG LTR OF

INFORMATION: COMMANDER IN CHIEF, CHIEF OF STAFF, G-2, G-4, AG, GOVT, STAT & RPTS, ECON & SCI, DIPLOMATIC, CIV PROP CUST, REPARATIONS



43108

ROUTINE

TOO : 211200 Z

MCN : 59935

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FAR EAST COMMAND

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

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jd

CINC

INCOMING MESSAGE

~~Confidential~~
ROUTINE

6 Aug 47

3

FROM : WAR
TO : SCAP (FOR POLITICAL ADVISER)
INFO : WAR DEPT (CCS)
NR : WAR SVC 7838 (RELAYS MSG DTG 052312 Z FROM STATE DEPT)
(STATE SERIAL 305 AUG 5, 6 P M SIGNED MARSHALL)



DECLASSIFIED PER TAG LTR OF
6 AUG. 75

FEC 20-5.

Interim import-export policies for Japan (FEC-032/24 which should now be at GHQ SCAP). At Steering Committee Jul 22 UK member moved deletion of clause in para 16 C "Provided this would not prejudice the defraying of the costs of occupation and the maintenance of a minimum civilian standard of living, in accordance with the principles of FEC-219/7." Motion carried by 8 to 1 (US opposed) and amended paper sent to Commission. Following discussion during next 2 days US Govt consented to deletion provided US position made clear to effect "1st charge" principle in para 4 of basic Post-Surrender Policy should apply to stocks of precious metals and stones. Paper with deletion therefore approved by Commission on Jul 24 and Gen McCoy made statement for record that understanding of US Govt was that disposition as reparations of stocks of gold, silver, etc, is covered by provisions of controlling document, basic Post-Surrender Policy, as follows:

"The reparations shall be in such a form as would not endanger the fulfillment of the program of demilitarization of Japan and would not prejudice the defraying of the cost of the occupation and the maintenance of a minimum civilian standard of living."

In view of US statement, UK member then stated that understanding his govt was that para 16 C as amended would provide for ultimate disposition of stocks of gold as reparations and that while being preserved for this ultimate disposition they would not be available for transfer to trading account. Later he amplified this by giving as his understanding that 16 C

37021

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DECLASSIFIED PER TAG LTR OF
6 AUG 75



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ROUTINE

FROM : WAR NR : WAR SVC 7838 (RELAYS MSG DTG 052312 Z FROM
STATE DEPT)(STATE SERIAL 305 AUG 5, 6 P M SGD MARSHALL)
6 AUG 47 CONTINUED

provided that stocks of gold or equivalent in acceptable currency would be preserved for ultimate disposition as reparations and would not be dissipated in trading operations. In private talks with UK member it developed that British fear the fund established on basis of stocks of gold would gradually be dissipated by unprofitable trading transactions, leaving little or nothing for eventual disposition as reparations. It appears, therefore, that without bringing up question of defraying of costs of occupation, UK took this method of serving notice that they expect that fund will be used only for sound transactions which can be expected to return to fund amount equivalent to that taken out, thereby preserving value of fund.

In view of fact that FEC decision makes available to SCAP badly needed revolving fund for revival of Jap economy and in view of fact that it probably will not be necessary in any event to utilize Jap gold stocks for defrayment of occupation costs until end of 48, State and War Depts with concurrence of Gen McCoy agreed that it would be inadvisable at present time to endeavor to reach meeting of minds with UK in regard to ultimate disposition of gold stocks or their equivalent. In meantime SCAP will be advised not to utilize gold stocks to defray costs of occupation pending receipt of further instructions.

Temporary retention of electric steel furnaces. FEC Jul 24 approved policy of retaining 300,000 tons additional electric steel furnace capacity with integrated rolling mills until Jun 30, 48.

NO SIG

ACTION: ECON & SCI

INFORMATION: COMMANDER IN CHIEF, CHIEF OF STAFF, AG, GOVT, STAT & RPTS, GEN ACCTG, DIPLOMATIC, CIV PROP CUST, REPARATIONS

37021

ROUTINE

TOO : 060501 Z
MCN : 58939

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

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B

INCOMING MESSAGE

Confidential
ROUTINE



2 Aug 47

DECLASSIFIED PER TAG LTR OF
6 AUG 75

FROM : WAR
TO : SCAP (POLAD)
INFO : WAR DEPT (CHIEF OF STAFF)
NR : WAR SVC 7719 (RELAYS MSG FROM STATE DEPT FILED 010230 Z)
(STATE SERIAL 296 JULY 31, 8 PM SIGNED MARSHALL) (FEC 24)

Reparations shares. Reparations Committee of FEC has been working intensively for past several months in effort to obtain precise views of each country on FEC regarding percentage shares of Japanese industrial assets available for reparations to be allotted claimant countries. So far committee has before it 4 complete official schedules submitted by USSR, US, UK, and Netherlands; 1 official schedule by groups of countries submitted by China; 1 tentative official schedule by groups submitted by Canada; and 4 complete schedules submitted by New Zealand, Indian, Philippine, and French members, either as personal or delegation views. Australian only member who has submitted no views.

Problem now is to find equitable method of reconciling conflicting views of various countries, who place differing weights on various factors governing determination of reparations shares. However general pattern for shares of small countries has emerged and such shares could probably be approved with little difficulty. Principal differences of opinion are encountered in determination of shares of Big 4, but it is still hoped that solution to problem can be found.

NO SIG

INFORMATION: ✓ COMMANDER IN CHIEF, CHIEF OF STAFF, G-2, G-4, AG, GOVT, STAT & RPTS, ECON & SCI, DIPLOMATIC, CIV PROP CUST, REPARATIONS

35451

ROUTINE

TOO : 010543 Z
MCN : 58671

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[FEC]

INCOMING MESSAGE

cwC
B

CORRECTED COPY

~~Restricted~~
ROUTINE

3 Jul 47

FROM : WAR
TO : SCAP (FOR POLAD)
INFO : WAR (CHIEF OF STAFF)
NR : WAR SVC 7032 (RELAYS RESTRICTED MSG FROM STATE DEPT
DTD 010131 Z) (STATE SERIAL 245 JUN 30, 7 PM SIGNED
MARSHALL) (FEC 23)



DECLASSIFIED PER DA CIRC. #127
23 DEC. 53

Japanese Whaling. At FEC meeting Jun 26 Australian Ambassador made strong plea for adoption of UK proposal (see FEC 22). He asserted inter Alia that presence of Japs in Antarctic waters is threat to security of Australia; that past depredations of Japan have reduced whales now available; that Jap methods of whaling are wasteful resulting in less oil available to world; that Jap whaling vessels are ill-equipped; that US has ignored offer of Australia to man ships to secure meat and oil for Japan; that US has not fulfilled assurances given in 46 that Australia would be fully consulted re future proposals concerning Jap whaling; and that question of Jap whaling in Antarctic is matter for decision by FEC and not for unilateral action by one government. Sir Carl Berendsen supported Australian views asserting that New Zealand realizes US responsibilities re feeding Japan and is willing to share those responsibilities but wants no Japs in Antarctic. UK representative endorsed Australian views but expressed opinion that pursuing matter to conclusive vote now when diplomatic conversations are proceeding would only complicate situation. Canadian Representative stated would support UK proposal; Canada realizes economic difficulties of US occupation of Japan

03378

ROUTINE

~~Restricted~~

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- 1 -

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FROM: VAN NR: WAR SVG 7032 DTG: 3 JUL 47 CONT'D

but regrets unilateral action of US. Netherlands' Ambassador stated his govt holds opinion that whaling should be free but considers Japan still enemy country; Jap whaling should therefore be restricted to absolute necessity for food and limited to Antarctic expeditions. Chinese Ambassador stated that he appreciated need for food in Japan but that security aspect of whaling expeditions should also be considered. French delegate asserted that Jap Antarctic expedition is matter of international & FEC concern. US Representative stated that position his Government had been made clear and that he had nothing to add. Other members had no comments to make at this time. In view of fact that interested govts are taking up matter of expedition with US Govt thru diplomatic channels FEC decided to postpone further consideration of UK proposal.

Temporary retention of electric steel furnaces. FEC Jun 26, decided authorize SCAP continue utilization of electric steel furnaces. (See FEC 051/341, until Jul 31 pending decision by FEC on utilization for another year.



DECLASSIFIED PER TAG LTR OF
6 AUG. 75

NO SIG

REVISED (3 Jul 47)

INFORMATION: COMMANDER IN CHIEF, CHIEF OF STAFF, G-2, G-4,
AG, GOVT, ECON & SCI, NAT RESOURCES, DIPLOMATIC

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

ADDED DIST: STAT & RPTS, CIV PRCP CUST (3 Jul 47)

23378

ROUTINE

TOO : 010544 Z
MCN : 56653

"Paraphrase not required. Handle as ~~correspondence~~ correspondence per pars 51.1 and 60 a (4) AR 380-5."

- 2 -

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ADJUTANT GENERAL'S OFFICE
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INCOMING MESSAGE

~~Restricted~~
ROUTINE

20 Jun 47

FROM : WAR

TO : SCAP (FOR POLAD)

INFO : WAR DEPT (CHIEF OF STAFF)

NR : WAR SVC 6799 (RELAYS RESTRICTED MSG TRUE TOO 190114 Z
FROM STATE DEPT TO SCAP) (FEC 21) (STATE SERIAL 223 JUNE
18, 7 PM SIGNED MARSHALL)



DECLASSIFIED PER DA CIRC #127
23 DEC. 53

Property of war criminals. FEC Jun 12 adopted policy
decision of above title. Text follows:

"1. The property of convicted war criminals should be forfeited if so ordered by a tribunal. If not so ordered, it should be returned to the owner or to his legal heirs, unless it is subject to other occupation policy directives of general application requiring impounding, forfeiture or restitution. The Far Eastern Commission should recommend to member governments, that they inform SCAP of any sentences imposed by their tribunals on convicted war criminals which involve forfeiture of or levy upon property within his jurisdiction. Upon receipt of such info SCAP should cause the property of persons so convicted to be forfeited pursuant to the tribunal's order.

2. Such property forfeited or fines levied at the direction of SCAP pursuant to an order of a tribunal should become available for occupation costs.

3. The property taken under control by military commanders of accused persons who have been acquitted or who die before completion of trial should be returned to the accused persons or the legal heirs as the case may be, provided that where it is claimed that its acquisition was unlawful or inconsistent

18082

ROUTINE
~~Restricted~~

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- 1 -

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FAR EAST COMMAND
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ADJUTANT GENERAL'S OFFICE
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INCOMING MESSAGE

R. J. Marshall
ROUTINE

FROM : WAR NR : WAR SVC 6799 (RELAYS RESTRICTED MSG TRUE TOO
190114 Z FROM STATE DEPT TO SCAP) (FEC 21) (STATE SERIAL 223
JUNE 18, 7 PM SIGNED MARSHALL) DATED 20 JUN 47 CONT'D

with occupation policy directives, or where its release to these persons would be inconsistent with such directives, the acquittal or death should not prevent its forfeiture or other treatment pursuant to occupation policy directives."

The policy paper was delayed for some weeks in commission because of contention of some members that proceeds of confiscated property and fines should be available for reparations rather than occupation costs. Eventually 4 veto powers agreed on availability for occupation costs and dissenting members had to accept decision.

NO SIG

INFORMATION: COMMANDER IN CHIEF, CHIEF OF STAFF, G-2, G-4, AG,
STAT & RPTS, DIPLOMATIC, CIV PROP CUST, REPARATIONS
IPS, LEGAL SEC.

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6 AUG. 75



18082

ROUTINE
R. J. Marshall

TOO : 190411 Z
MCN : SA 108/19

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GENERAL HEADQUARTERS, ~~U. S. ARMY FORCES, PACIFIC~~
ADJUTANT GENERAL'S OFFICE
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Confidential

W
B

INCOMING MESSAGE

Confidential
ROUTINE

3 June 47

FROM : WAR

TO : SCAP (POLITICAL ADVISER)

INFO : WAR DEPT (CHIEF OF STAFF)

NR : WAR SVC 6519 (RELAYS MSG FROM STATE DEPARTMENT TRUE TOO
030124 Z) (STATE SERIAL 195 JUNE 2, 7 PM SIGNED MARSHALL)
(FEC 20)



DECLASSIFIED PER TAG LTR OF
. 6 AUG. 75

1. Selection of plants for reparations removals, destruction for retention in Japan. FEC May 22 unanimously approved policy decision of above title. Text follows:

"1. Within those amounts of industrial capacity determined by the Far Eastern Commission for retention in Japan, for destruction or for removal as reparations, the SCAP should, in selecting specific plants, machinery, equipment, and other facilities give consideration to the following:

A. Security and industrial disarmament requirements: Facilities which have been employed in primary and secondary war industries and facilities in war-supporting industries, the operation of which was directly and closely related to war industries, should be removed in preference to those not so employed.

B. The achievement of a fair balance between:
(1) The general preferences of reparations claimants for plants, machinery, equipment and other facilities
(A) Of modern and efficient design and manufacture.

11144

ROUTINE
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-1-

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FAR EAST COMMAND
GENERAL HEADQUARTERS, ~~U. S. ARMY FORCES, PACIFIC~~
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DECLASSIFIED PER TAG LTR OF
6 AUG. 75



FROM : WAR NR: WAR SVC 6519 (RELAYS MSG FROM STATE DEPARTMENT
TRUE TOO 030124 Z) (STATE SERIAL 195 JUNE 2, 7 PM SIGNED MARSHALL
REC 20) 3 JUNE 47 CONT'D

(B) In good working condition and capable of being removed from Japan with minimum loss of value and efficiency.
(C) In consolidated or integrated units.
(D) Of special value or need to claimant countries, and

(2) The legitimate needs, as determined by the Far Eastern Commission, of Japan's peace-time economy for similar equipment having due regard for the geographical location of individual plants in reference to markets, raw materials, manpower, fuel supply, and complementary facilities; for variations in specific products as among types, sizes and other variable characteristics; and for the feasibility of repair and rehabilitation in Japan.

C. The Occupation policies of dissolving large industrial and banking corporations which have exercised control over a great part of Japanese trade and industry.

D. Consistent with the provisions of paragraphs A, B, and C, the following order of preference in the selection of particular plants, machinery and equipment for removal:

(1) Plants and equipment owned by the 'zaibatsu' concerns and other big industrial and financial concerns and companies.
(2) Plants and equipment owned by other Japanese nationals, the Japanese Govt, and by nationals and Governments of the countries which were allies of Japan.

(3) Plants and equipment owned by nationals and Governments of the neutral countries.

2. Property of nationals of members of the United Nations

11144

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ROUTINE

FROM : WAR NR: WAR SVC 6519 (RELAYS MSG FROM STATE DEPARTMENT
TRUE TOO 030124 Z) (STATE SERIAL 195 JUNE 2, 7 PM SIGNED MARSHALL
FEC 20) 3 JUNE 47 CONT'D

should be dealt with in accordance with FEC -22 6/1."

Only criticism of policy in Commission came from several members who objected to inclusion of paragraph 1 D (3) on ground that Commission probably had no jurisdiction over property of neutrals in Japan. However as matter is largely if not entirely academic objectors decided not to vote against policy.

2. Sir George Sansom left FEC May 22 having retired from British Foreign Service.

NO SIG

INFORMATION: COMMANDER IN CHIEF, CHIEF OF STAFF, G-4, AG, STAT & RPTS, ECON & SCI, DIPLOMATIC, CIV PROP CUST, REPARATIONS



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ROUTINE

TOO: 030437 Z
MCN: SA 80/03

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GENERAL HEADQUARTERS, ~~U. S. ARMY FORCES, PACIFIC~~
ADJUTANT GENERAL'S OFFICE
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INCOMING MESSAGE

~~Confidential~~
ROUTINE

18 May 47

FROM : WAR (SPACE DEPT)
TO : SCAP (FOR POLAD)
INFO : WD (CHIEF OF STAFF)



DECLASSIFIED PER TAG LTR OF
6 AUG. 75

NR : WAR SVC 6232 (RELAYS MSG TRUE TOO 170223 Z) (STATE
SERIAL 175 MAY 16, 8 PM) (FEC 18)

Reparations. At meeting FEC May 5 Australian Ambassa-
dor read statement giving his Government's opinion that FEC
has no jurisdiction over division and allocation of reparations
although does have authority to determine total amount of
reparations to be exacted from Japan. Australia therefore
proposes establishment of impartial 3-person tribunal to in-
vestigate facts and formulate recommendations to peate con-
ference which alone would have authority to determine reparations
shares. Australian statement threw commission into confusion
but after numerous bilateral conversations during next 3 days
all members except Australia decided to proceed with work on
division of reparations despite Australian position. Conse-
quently on May 8 commission passed policy decision on "Division
of Reparations Shares" which is in fact Reparations Section of
FEC paper on basis post-surrender policy for Japan not yet
approved in toto. Policy decision adopted by 10 votes with
Australia abstaining. This decision establishes principle that
reparations shares shall be determined on "Broad political
basis" and defines meaning of that phrase, and for first time
lays down principle that defraying of occupation costs and
maintenance of minimum standard of living for Japanese shall
not be prejudiced by reparations removals. Passage of policy
decision will also serve to reassert jurisdiction of FEC over
all phases of reparations problems. Verbatim text of decision

75499

ROUTINE
~~Confidential~~

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per para 51.1 and 67.a (4) AR 387-5."

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authorized by the War Department in accordance with the pro-
visions 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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GENERAL HEADQUARTERS, ~~U. S. ARMY FORCES, PACIFIC~~
ADJUTANT GENERAL'S OFFICE
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INCOMING MESSAGE

~~Confidential~~
ROUTINE

DECLASSIFIED PER TAG LTR OF
6 AUG. 75

FROM : WAR (STATE DEPT) AR : WAR SVC 6232, 18 MAY 47, CONT'D

follows: "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 lead to Japan's re-armament for waging war, reparations shall be exacted from Japan through the transfer of such existing Japanese capital equipment and facilities or such Japanese goods as exist or may in future be produced and which under policies 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 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 preparations and execution of Japanese aggression, and taking also into due account each country's contribution to the cause of the defeat of Japan, including the extent and duration of its resistance to Japanese aggression.

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

Sources of Japanese imports and destination of Japanese exports. These two papers which establish principles under which sources of imports and destination of exports should be determined have been held up for months because UK desired that "Pre-war pattern of trade" be a primary factor upon determining sources and destinations while USSR desired that pre-war pattern play very minor role. Compromise reached May 8 and both papers approved unanimously.

75499

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~~Confidential~~
ROUTINE

FROM : WAR (STATE DEPT) NR : WAR SVC 6232, DTD 18 May 47 CONF D



MARSHALL

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

05499

ROUTINE

FOO : 170826 Z
MON : SA 130/17

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CINC

~~Confidential~~
ROUTINE

18 Apr 47

FROM : WASH (STATE DEPT)

TO : CINCPAC (FOR POLAD)

INFO : WD (CHIEF OF STAFF)

NR : WAR SVC 5798 (RELAYS TOO 170103 Z) (STATE SERIAL 136, APR 16, 6 PM) (FEC 15)



DECLASSIFIED PER TAG LTR OF
6 AUG 75

Advance transfers of reparations. At FEC meeting Apr 10 USSR representative apparently in order to clear his record with Moscow demanded vote on various proposed amendments to advance transfer paper still before commission. These amendments included

(1) Inclusion of all 11 countries with allocation of 5% to USSR and increase of removals to 40 or 50% and;

(2) Suspension of action on advance transfers pending final decision on total shares of reparations. Motions failing to receive seconds. USSR representative then demanded vote on advance transfers paper apparently so that he could veto and then claim interim directive invalid because of defeat of paper in commission. Gen McCoy ruled proposal out of order and consequently this maneuver failed.

Removals of industrial facilities and merchant shipping from Japan. US Govt has introduced into FEC paper of above title compiled after discussion between State, War and Navy

92897

ROUTINE

~~Confidential~~

-1-

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

~~COPY No.~~

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

INCOMING MESSAGE

Confidential
ROUTINE

FROM : WAR (STATE DEPT) NR : WAR SVC 5798 (RELAYS TOO 170103 Z)
(STATE SERIAL 136, APR 16, 6 PM) 18 APR 47 CONT'D

representatives and Pauley and Strika technicians. Paper designed to fix final levels above which industrial facilities and merchant shipping will be available for removal as reparations. This will also fix industrial levels to be retained in Japan. With some exceptions levels are those of interim removals decisions of FEC. No reactions yet from countries members of FEC.

ACHESON

INFORMATION: COMMANDER-IN-CHIEF, CHIEF OF STAFF, GEN HARRISON,
G-4, AG, GOVT, ECON & SCI, DIPLOMATIC, CIV PROP
CUST, EX REP



DECLASSIFIED PER TAG LTR OF
6 AUG. 75

92897

ROUTINE

TOO: 171035 Z
MCN: SA 130/17

Confidential
-2-

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~~COPY~~ New

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INCOMING MESSAGE

CINC 3

~~Confidential~~
ROUTINE

11 Apr 47

FROM : WASHINGTON
TO : SCAP (POLAD)
INFO : WAR DEPT CHIEF OF STAFF
NR : WAR SVC 5664 (RELAYS MSG FROM STATE DEPT TRUE TOG
100451 Z) (STATE SERIAL 125, APR 9, 8 PM)



DECLASSIFIED PER TAG LTR OF
6 AUG. 75

FEC 14

Advance transfers of reparations. At meeting FEC
Apr 3 General McCoy in prepared statement announced that
US Government would issue paper on advance transfers of
Japanese reparations as interim directive to SCAP as FEC
has been unable to reach agreement on subject. As justifi-
cation for issuance McCoy referred to urgent need of war-
devastated countries for equipment for reconstruction, to
deterioration of unused equipment in Japan, and to fact that
failure to get reparations program started is impeding pro-
gress of SCAP's occupation objectives. Step which had been
anticipated by most members aroused little rancor. Repre-
sentatives reiterated their countries' position as conveyed
to you in previous telegrams. UK representative presented
his country's views which had just arrived. These are in
brief that UK share should apply also to Hong Kong and Borneo;
that some extension should be made to cover Australian, New
Guinea, Papua and Nauru; that allotment of 5 percent is too
small to cover relief needs in all British East Asiatic dep-
endencies; and that Japanese external assets in possession
of recipient countries should have been taken into account,
in which case China's share of 15 percent might have been

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ROUTINE

~~Confidential~~
-1-

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ence per pars 51 1 and 60 a (4) AR 380-5."

INCOMING MESSAGE

~~Confidential~~
ROUTINE

FROM: WASHINGTON NR: WAR SVC 5664 11 Apr 47 CONT'D

reduced to 10 percent pending consideration of information on external assets in China, USSR representative in restating case asserted that US action in issuing interim directive is premature and undesirable and will have negative effect upon international cooperation; that all possibilities in FEC had not been exhausted; and that because Soviets had not been invaded by Japanese does not mean that Soviets do not need reparations.

Reparations allocations procedures. This paper of which SCAP has been informed will be issued with advance transfers as interim directive. Paper was placed before FEC only about 2 weeks ago and representatives have not had time to ascertain opinions of governments. However, acting in personal capacity representatives made various amendments which were acceptable to US Government and have been incorporated in paper. Paragraph requiring reparations receiving countries to obligate themselves not to sell or barter reparations except under certain conditions encountered considerable opposition in FEC and has been deleted because (1) SCAP could not enforce this provision, and (2) this condition must be agreed to by governments concerned and cannot be imposed by unilateral action of US Government.

Supply of food for civilian relief in Japan. UK representative has served notice that he will reopen subject in FEC by introducing new paper designed as compromise between former FEC and US papers.

ACHESON

DECLASSIFIED PER TAG LTR OF
6 AUG. 75



89840

ROUTINE
~~Confidential~~
-2-

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COPY No.

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

INCOMING MESSAGE

Confidential
ROUTINE

FROM: WASHINGTON NR: WAR SVC 5664 11 APR 47 CONT'D



INFORMATION : COMMANDER IN CHIEF, CHIEF OF STAFF, GEN
HARRISON, G-4, AG, GOVT, ECON & SCI,
DIPLOMATIC, CIV PROP CUST

ADDED DIST: EX REP (11 Apr 47)

89840

ROUTINE

TOO : 101059/Z
MCN : SA 130/10

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16-48710-1 GPO

COPY No.

INCOMING MESSAGE

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~~Confidential~~
ROUTINE

25 Mar 47

FROM : WAR
TO : SCAP (FOR POLITICAL ADVISER)
INFO : WAR DEPT (CHIEF OF STAFF)
NR : WAR SVC 5445 (RELAYS MSG FILED 250255 Z FROM STATE DEPARTMENT
STATE SERIAL 100 MARCH 24 CMM 7 PM) (FEC 13)



DECLASSIFIED PER TAG LTR OF
6 AUG. 75

Publication of policy decision re review of new Jap Constitution. FEC Mar 20 approved motion to release to press outside Japan above policy decision. US Govt condition re time of release read into minutes by US Rep and accepted by other members. In adopting motion several members expressed unhappiness that publication in Japan not provided for although publication outside Japan considered step in right direction.

Supply of foods for civilian relief in Japan. At FEC meeting Mar 20 US Rep made it clear that he would veto FEC committee paper on food policy if brought to vote unless obnoxious paragraph deleted. No move therefore made to force vote. US Rep as chairman then called for motion to adopt US version of food paper but no response. Chairman then ruled that both papers defeated. Matter will therefore be removed from agenda unless reintroduced by some member.

ACHESON

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

83211

ROUTINE
~~Confidential~~

TOO: 250620 Z
MCN: SA 113/25

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

CINC

INCOMING MESSAGE

Confidential
ROUTINE

19 Mar 47



FROM : WAR
TO : SCAP (FOR THE POLITICAL ADVISER)
INFO : WAR DEPT (CHIEF OF STAFF)
NR : WAR SVC 5374 (RELAYS MSG TRUE TOO 03190253 Z
FROM STATE DEPARTMENT TO SCAP), (STATE SERIAL
94 MARCH 18, 7 PM) (FEC 12)

DECLASSIFIED PER TAG LTR OF
6 AUG. 75

Allied trade representatives in Japan.
Policy paper of above title approved by FEC March 13.
Paper defines functions of official trade representatives
in Japan substantially same as recommended by SCAP.

Publication of policy decision re review
of Japanese constitution. US Govt March 11 adopted following
position re above subject:

"The US Govt withdraws its objection to the pub-
lication outside of Japan of the policy decision contained
in FEC-031/41 and will not oppose a motion in the FEC to
publish the decision outside of Japan providing the release
of the decision to the press by the FEC will not be made
until 48 hours after receipt of notification from SCAP of
the receipt of the FEC's decision"

This US decision conveyed to FEC March 13 but not
favorably received as majority of members regard publication
in Japan as of primary importance, especially in view of
forthcoming general elections. They believe that Japanese
Electorate should know of review decision before they elect
representatives who probably will have to carry out review.
Australian representative proposed that FEC release policy
decision to press with same condition re time as contained

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ROUTINE

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(1)

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pondence per para 51 1 and 60 a (4) AR 380-5."

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(2) (3), and 60-A (1) (2) (3) (4), AR 380-5, 6 March 1946.

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



INCOMING MESSAGE

Confidential
ROUTINE

DECLASSIFIED PER TAG LTR OF
6 AUG. 75

FROM : WAR NR : WAR SVC 5374 (RELAYS MSG TRUE TOO
03190253 Z FROM STATE DEPARTMENT TO SCAP), (STATE SERIAL
94 MARCH 18, 7 PM) 19 Mar 47 CONT'D

in US position. US representative stated could accept this proposal if it could be recorded in minutes that "US Govt accepts this decision subject to its understanding that question of publication within Japan is matter of implementation by Supreme Commander". Soviet objected to US reservation and consequently matter carried over to next meeting.

Advance transfers of reparations. Soviet position revealed at meeting of reparations committee March 12. Soviet position is:

- (1) USSR be included in program of advance transfer
- (2) Would welcome inclusion of all 11 countries;
- (3) In such case percentage of assets to be delivered as advance transfers be raised to 40 or 50; and
- (4) Soviet to receive 5 to 7 per cent. UK position not yet received.

ACHESON

INFORMATION: COMMANDER IN CHIEF, CHIEF OF STAFF, GEN HARRISON,
G-2, AG, STAT & RPTS, ECON & SCI, DIPLOMATIC,
CIV PROF CUST, EX REP

80810

ROUTINE
Confidential
(2)

TOO : 190609 Z
MCN : SA 134/19

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

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INCOMING MESSAGE

~~Confidential~~
ROUTINE

CINC

13 Mar 47

FROM : WASHINGTON (STATE DEPT)
TO : SCAP (POLAD)
INFO : WD CHIEF OF STAFF
NR : WAR SVC 5256 (RELAYS DTG 120205 Z FROM STATE DEPT)
(STATE SERIAL 84 MAR 11, 7 PM) (FEC 11)



DECLASSIFIED PER TAG LTR OF
6 AUG. 75

Interim principles for restitution of identifiable property confiscated in Japan from Allied Nationals policy paper of above title approved by FEC Mar 6. Permits SCAP to restore to nationals of members United Nations identifiable property tangible and intangible owned by them prior to outbreak of hostilities, provided owners are present in Japan or are religious or charitable institutions properly represented in Japan. For present restoration of commercial and industrial enterprises limited to small-scale enterprises. China interprets "Outbreak of hostilities" as July 7, 1937 and France as Sept 22, 1940. For other countries date is Dec 7, 1941.

Advance transfers of reparations. No progress made during past week due to non-arrival of instructions from USSR and UK.

Supply of food for civilians relief in Japan. For some months majority of members of FEC have been pressing for policy decision to be sent to SCAP as directive on supply of food for Japan. US Govt willing to

77985

ROUTINE

~~Confidential~~
-1-

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FAR EAST COMMAND
GENERAL HEADQUARTERS, ~~U S ARMY FORCES, PACIFIC~~
ADJUTANT GENERAL'S OFFICE
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INCOMING MESSAGE



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ROUTINE

DECLASSIFIED PER TAG LTR OF
6 AUG. 75

FROM : WASHINGTON (STATE DEPT) NR : WAR SVC 5256 (RELAYS
MSG FILED 120205 Z) (STATE SERIAL 84, MAR 11, 7 PM)
13 MAR 47 CONTINUED

go only so far as to restate in composite form policies re food already sent to SCAP. Economic committee of FEC insisted on inserting following para "Supreme Commander should make it clear to Japanese people that many countries from dire shortage of foodstuffs largely due to Japanese aggression and in many countries devastated by Japanese diet of people is inferior to that of Japanese." This has been unacceptable to US Govt largely because of effect latter part of para might have on efforts to obtain adequate appropriations from Congress for costs of occupation. US Govt, however, consented to insertion of following clause in another part of paper "many of which (Allied Powers and Liberated Areas) suffer shortages of food largely due to Japanese aggression." This compromise disliked by most members of FEC because contains no reference to inferior diet of some Asiatic countries to that of Japanese. However, it may be accepted as US representative has thus far indicated that US not disposed to go further in endeavoring to meet wishes of Commission in this matter. Representatives have referred this matter to their Govts.

ACHESON

INFORMATION: COMMANDER IN CHIEF, CHIEF OF STAFF, GEN HARRISON,
G-2, AG, ECON & SCI, DIPLOMATIC, CIV PROP CUST,
EX REP

77985

ROUTINE

TOO : 121906 Z

MCN : SA 152/12

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-2-

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

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INCOMING MESSAGE

~~Confidential~~
ROUTINE

4 March 47

FROM : WAR
TO : SCAP (FOR ACTING POLITICAL ADVISER)
INFO : WAR DEPT (CHIEF OF STAFF)
NH : WAR SVC 5072 (RELAYS MSG FROM STATE DEPT TRUE TOO:
032102 Z) (STATE DEPT SERIAL 70 MAR 3, 4 P M) (FEC 10)

MACARTHUR
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6 AUG. 75

Short period controls over Japanese economy to relieve world shortages.

FEC Feb 27 adopted above policy paper, requiring encouragement of Japanese production consumption goods needed by victims Japanese aggression and further requiring restriction consumption of such goods, particularly textiles, by Japanese to minimum requirements. Paper originally introduced into FEC by British who urgently need consumption goods for their Asiatic dependencies.

Advance transfers of reparations. During past week US policy officially supported by Netherlands, Philippines and New Zealand (latter subject to cabinet confirmation). Philippines approved policy provided no substantial amendments are made. New Zealand stated policy should be approved roughly as stands and no other countries should be added as beneficiaries. Now have 6 countries approving policy and 3 opposed. USSR and UK Governments yet to be heard from. Several approving countries have emphasized need for some allied body in Japan to watch interests of claimant countries which are not beneficiaries under advance transfers program.

MARSHALL

74314

ROUTINE
~~Confidential~~

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

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INCOMING MESSAGE

~~Confidential~~
ROUTINE



FROM : WAR NR : WAR SVC 5072 4 MARCH 47 CONTINUED

INFORMATION: COMMANDER-IN-CHIEF, CHIEF OF STAFF, GEN HARRISON,
G-2, AG, ECON & SCI SECT, DIPLOMATIC SECT,
CIV PROP CUST, JPO, EX HQ

74314

~~Confidential~~
ROUTINE

FOO : 040309/Z

MCN : SA 85/04

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-2-

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

INCOMING MESSAGE

~~Confidential~~
ROUTINE

2 Mar 47

FROM : WASHINGTON

TO : SCAP (POLAD)

INFO : WAR DEPT (CHIEF OF STAFF)

NR : WAR SVC 5035 (RELAYS MSG DTG 010204 Z FROM STATE
DEPT STATE SERIAL 69, FEB 28, 7 PM) (FEC 9)

DECLASSIFIED PER TAG LTR OF
6 AUG. 75



Obligation to consult Allied Council. Soviet Government rejected US alternate phrase quoted in FEC 8. At commission meeting Feb 20 following compromise phrase agreed upon with consent of US Government: "Upon consultation with Allied Council in accordance with terms of reference of Allied Council." US Government would prefer no reference to consultation but formula agreed upon will adequately protect SCAP.

Assured production capacity levels for Japan. This policy paper approved by FEC Feb 20 with insertion in 2 places of consultation phrase referred to above. Policy will permit SCAP immediately to designate, up to certain limits, production facilities which will in no circumstances be subject to removal.

Advance transfers of reparations. US Policy Paper has so far received unqualified approval only from Canadian

73577

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

INCOMING MESSAGE



Confidential
ROUTINE

DECLASSIFIED PER TAG LTR OF
6 AUG. 75

FROM: WASHINGTON NR: WAR SVC 5035 (RELAYS MSG DTG 010204 Z
FROM STATE DEPT STATE SERIAL 69, FEB 28, 7 PM) (FEC 9) DTD
2 MARCH 47

and Chinese Governments. Australian Government objects to relief as basis for any delivery of reparations but if policy is adopted wishes to put in claim based on occupation by Japanese of New Guinea, Papua and Nauru. French Government would prefer program applicable to all 11 countries but if relief is adopted as basis must insist upon share for use in French Indo-China. Indian Government states cannot agree to omission of India from any program based on relief. Claim based on war-caused famine in India and Japanese occupation and devastation of Andaman and Nicobar Islands, Netherlands, New Zealand, Philippine, USSR and UK Representatives have not yet received instructions. Netherlands Representative however supported US Policy and opposed suggestion that advance transfers be applied to all 11 countries. New Zealand Representative advanced theory that US would not be legally justified in unilaterally allocating reparations by means of interim directives. UK Representative supported this view and questioned urgency of matter.

MARSHALL

INFORMATION: COMMANDER-IN-CHIEF, CHIEF OF STAFF, GEN HARRISON,
G-2, AG, ECON & SCI SECT, DIPLOMATIC SECT,
CIV PROP CUST, EX REP

73577

ROUTINE

TOO : 011254 Z

MCN : SA 131/01

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

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INCOMING MESSAGE

~~Confidential~~
ROUTINE

28 Jan 47



FROM : WASHINGTON (STATE DEPT)
TO : SCAP (POLAD)
INFO : WAR DEPT (CHIEF OF STAFF)
NR : WAR SVC 8500 (DTG 280200 Z) (FEC 5) (STATE SERIAL
26, JAN, 7 PM)

DECLASSIFIED PER TAG LTR OF
6 AUG. 75

Determination of peaceful needs of Japan. FEC on Jan 23 unanimously adopted policy that peaceful needs of Japanese people should be defined as being substantially standard of living prevailing during period 1930 to 1934. This standard will be projected, with adjustments, balance of payments and employment, to estimate needs to year 1950. Policy does not commit FEC to acceptance in advance of specific level for any particular industry.

It is not planned to release policy to press as it is intended for confidential guidance of commission.

MARSHALL

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

ADDED DIST: ECON & SCI SECT, CIV PROP CUST (29 Jan 47)

60236

ROUTINE

~~Confidential~~

TOO : 280535
MCN : SA 59/28

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

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INCOMING MESSAGE

~~Confidential~~
ROUTINE

15 Jan 47

FROM : WASHINGTON (STATE DEPT)
TO : SCAP (FOR POLAD)
INFO : WAR DEPT (CHIEF OF STAFF)
NR : WAR SVC 8219 (DTG 140259/Z) (THIS IS FEC 4) (STATE
SERIAL NBR 12 JAN 13, 7 PM)



DECLASSIFIED PER TAG LTR OF
6 AUG 75

Reparations. Ambassador Novikov in conversation General McCoy expressed concern over US plan to take unilateral action by issuing interim directives and implied serious consequences might ensue.

Implementing legislation. At meeting FEC Jan 2 Sir Carl Berendsen New Zealand Representative stated re implementing legislation that degree of cooperation between FEC and SCAP highly unsatisfactory and that consequently functions of FEC have been stultified; Expressed great admiration for Supreme Commander and stated "I cannot believe that what have from time to time appeared to be deliberate discourtesies have indeed been intended to be such"; Reviewed history of case of late arrival of implementing legislation and stated "I should think it proper to ask the US Govt what their views are on this particular incident and what action if any they would think it proper for the commission to take."

Australian representative also spoke along same lines. He pointed out that reason for wish to examine implementing legislation before passage by Diet was to save Supreme Commander embarrassment which would be caused should it become necessary to request him to have Japanese Govt revoke laws already passed: Stated that "Commission had no intention of

54733

ROUTINE
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-1-

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

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INCOMING MESSAGE

~~Confidential~~
ROUTINE

FROM : WASHINGTON (STATE DEPT) NR : WAR SVC 8219 (DTG
140259/Z) (THIS IS FEC 4) (STATE SERIAL NBR 12 JAN 13, 7 PM)

worrying Supreme Commander by sniping at him or by caustic criticism. But by referring matters to commission the Supreme Commander was drawing on kind of knowledge and experience relating to working of Constitutional Monarchy and Parliamentary Executive not available within his own staff of exclusively American officers;" Stated should be greatly extended exchange of views and suggestions between SCAP and FEC; Asserted FEC had treated SCAP as partner that there should be reciprocity and that "Commission should not always be the one to make the concessions;" And stated Australian Govt felt FEC had not been given adequate opportunity to examine implementing legislation and that while FEC still vested with right to amend legislation it was probable commission would find it extremely difficult to effect changes in legislation already passed.

Indian representative expressed agreement with statements of New Zealand and Australian representatives.

NO SIG

INFORMATION: COMMANDER-in-CHIEF, CHIEF OF STAFF, AG,
GOVT SECT, DIPLOMATIC SECT



DECLASSIFIED PER TAG LTR OF
6 AUG. 75

54733

ROUTINE

TOO: 140600/Z
MCN: SA 41/14

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