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AMERICAN OCCUPATION POLICIES IN JAPAN

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AMERICAN occupation policies for Japan are based on the concepts originally set forth on July 26, 1945 in the Potsdam Proclamation by the President of the United States, the President of China and the Prime Minister of Great Britain and later adhered to by the Soviet Union. In this declaration, as you will recall, we set forth our minimum terms for Japanese capitulation. We stated that the authority and influence in Japan of those responsible for Japanese aggression must be eliminated for all time and that irresponsible militarism must be driven from the world before there can be order, peace and security. It provides for the occupation of Japan to achieve our objectives and the limitation of Japanese sovereignty to the four main islands of Japan and such minor islands as we determine. According to the Potsdam Agreement, Japanese military forces were to be completely disarmed, stern justice was to be meted out to all war criminals, but the Japanese were not to be destroyed as a race or as a nation. The Proclamation assumed that the administrative governmental machinery in Japan was to continue and consequently placed direct responsibility on the Japanese government to remove all obstacles to the revival and strengthening of democratic tendencies among the Japanese people. In the economic field, Japan was to be permitted to maintain those industries that would sustain her economy and permit the exaction of just reparations in kind, to have access to raw materials, and eventually to participate in world trade relations.

Having established our general terms, it was necessary that the United States act toward Japan in such a way as to preserve two basic policies; namely, that the predominant position of the United States in the war in the Pacific be preserved and that, at the same time, the legitimate rights and interests of our allies be met. Consequently, General of the Army Douglas MacArthur was designated as the Supreme Commander for the

Allied Powers and was given supreme authority over Japan. The Surrender Instrument of September 2 specifically provided that the authority of the Emperor and the Japanese government to rule the state should be subject to the Supreme Commander who would take such steps as he deemed proper to effectuate the terms of surrender. United States policies were further elaborated in the United States Initial Post-Surrender Policy for Japan which was approved by the President on September 6, 1945. This statement, an amplification of the basic principles set forth in the Potsdam Declaration, contained provisions whereby the special interests of the United States would be preserved and at the same time recognized the legitimate interests of the Allies. It stated that the ultimate objectives of the United States in regard to Japan were, first, to insure that Japan was not again to become a menace to the United States or to the peace and security of the world, and, secondly, to bring about a peaceful and responsible government which would respect the rights of other states. It provided for the immediate disarmament and demilitarization of Japan and that there would be military occupation of Japan to effectuate the surrender terms and to further the achievement of the ultimate objectives. It stated also that the occupation should have the character of an operation in behalf of the principal Allied Powers acting in the interests of the United Nations at war with Japan but that the occupation forces would be under the command of a Supreme Commander designated by the United States. To assure that the predominant influence and responsibility of this government were maintained in Japan the policy provided that, although every effort would be made by consultation and by constitution of appropriate advisory bodies to establish policies for the conduct of the occupation and the control of Japan which would satisfy the principal Allied Powers, in the event of any differences of opinion among them, the policies of the United States were to govern.

The United States had already taken steps for the establishment of such advisory bodies. On August 21, 1945 the United States suggested to China, Great Britain and the Soviet Union the establishment of the Far Eastern Advisory Commission. This purely advisory commission, in which the Soviet Union

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did not participate, was succeeded by the Far Eastern Commission, in which the Soviet Union does participate, with specific policy-making functions following agreement at Moscow in December 1945. The Terms of Reference of the Far Eastern Commission stated that its functions should be to formulate the policies, principles and standards in conformity with which the fulfillment by Japan of its obligations under the Terms of Surrender were to be accomplished and to review any directive issued to the Supreme Commander or action taken by him involving policy decisions within the jurisdiction of the Commission. Other sections of the Terms of Reference, however, preserve the special position of the United States. For example, in its activities the Commission must respect existing control machinery in Japan, including the chain of command from the United States government to the Supreme Commander and his command of the occupation forces. The United States government also prepares the directives for the Supreme Commander in accordance with the policy decisions of the Commission, while full powers of implementation of these directives are reserved to General MacArthur. The United States government has the additional authority to issue interim directives to the Supreme Commander pending action by the Commission whenever urgent matters arise not covered by previous Commission decisions, providing such directives do not deal with fundamental changes in the Japanese constitutional structure, the régime of control, or a change in the Japanese government as a whole. Finally, under the voting procedure of the Far Eastern Commission no policy decision can be passed without the approval of the United States, for the Terms of Reference provide that any action must have the concurrence of at least a majority of all the representatives including the United States, the United Kingdom, the Soviet Union and China. While this veto provision has postponed favorable action on many issues in the Far Eastern Commission, it has likewise assured the United States that no policies will be adopted which are not acceptable to it.

As all policies approved by the Far Eastern Commission have had to receive United States concurrence, an understanding of recent American occupation policies in Japan can best be reviewed by consideration of basic decisions of the Far Eastern

Commission. Since its inception on February 26, 1946, the Far Eastern Commission has dealt with political, economic and social policies for Japan. In the political field, with the appearance on March 6, 1946 of the draft of the new Japanese constitution sponsored by the Japanese government and released with the personal endorsement of General MacArthur, the Commission gave careful consideration to the question of constitutional reform. The criteria for the adoption of the new constitution were to be such as to insure that the constitution was a free expression of the will of the Japanese people, that adequate time and opportunity were allowed for its discussion, that legal continuity from the Constitution of 1889 was assured and that the new constitution was adopted in such a manner as to demonstrate that it affirmatively expressed the will of the Japanese people. Two months later, decision was reached in the Commission on the basic principles for a new Japanese constitution. These principles provided that the executive should derive its authority from and be responsible to the electorate or a representative legislative body, the legislature should have full financial power, the judiciary should be independent, that the ministers of state should be collectively responsible to the legislature, and that if the institution of the Emperor was retained the Emperor should act in all matters in accordance with the advice of the Cabinet and should have no executive powers. A careful examination of the constitution as promulgated on November 3, 1946 reveals that it conforms closely to these principles and since that time the Japanese Diet has been implementing the new constitution through the revision of the basic laws.

In more general terms the Far Eastern Commission agreed that Japan should be disarmed and demilitarized and all military forces should be disbanded. Persons who had been active exponents of militarism and militant nationalism were to be removed and excluded from public office and any other position of public or substantial private responsibility, while ultra-nationalistic organizations were to be dissolved and prohibited. Military training in all forms was to be eliminated from the educational system, and stern justice was to be meted out to all war criminals. On the positive side, freedom of worship and of observance of all religions was to be proclaimed and

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guaranteed for the future, and the Japanese people were to be afforded opportunity to become familiar with the history, institutions, culture and accomplishments of the democracies. Encouragement was to be given to democratic political parties with rights of assembly and public discussion and to the formation of trade unions, subject, of course, to maintenance of security of the occupied forces. Individual liberties and civil rights were to be protected, and laws and decrees were to be abrogated which established discrimination on the grounds of race, nationality, creed or political opinion. On all these matters, either General MacArthur has taken steps to carry these policies out or the Japanese government has done so.

Economic objectives in large measure have been twofold: first, to complete the task of the demilitarization of Japan through industrial disarmament, economic reform designed to deprive Japan of power to make war and the elimination of militaristic influences; secondly, to help the people of Japan, in their interest as well as that of the world, to meet their reasonable economic needs through the development of peaceful industries and participation in world trade. To meet the first objective of demilitarization, the Far Eastern Commission agreed that organizations of labor in industry and agriculture organized on democratic bases were to be encouraged and policies were to be laid down with the object of ensuring a wide and just distribution of income and the ownership of the means of production. To this end, the retention in important positions in the economic field of individuals who because of their past associations could not be trusted to direct Japanese economic effort solely toward peaceful and democratic ends was to be prohibited. Thus SCAP has encouraged coöperatives, a capital levy has been enacted, and a bill is now before the National Diet providing for the liquidation of undue concentration of economic power.

The second objective of helping the Japanese to resume peaceful economic activity and international trade and financial relations is essential since otherwise this country of seventy-five million crowded into a war-torn area less than the size of California would be an increasingly heavy burden on the American taxpayer. To meet this objective the Japanese government was made responsible for maintaining internal eco-

conomic controls over wages and prices and for effecting controlled distribution of commodities in short supply. After several months of delay, an Economic Stabilization Board was finally established with necessary control functions. In view of worsening internal economic conditions and after clear indication that the government was not exerting its best efforts to control inflation, General MacArthur wrote the Prime Minister on March 28, 1947 to the effect that future food imports from the United States had been calculated on the assumption that Japan would maximize its production of indigenous food supplies and assure their equitable distribution, and indicating that imports of American food would be subject to satisfactory Japanese performance in these fields.

Internal economic controls were not sufficient to permit Japan to sustain her peacetime economy. The Far Eastern Commission established the principle that the peaceful needs of the Japanese people should be defined as being substantially the standard of living prevailing in Japan during the period 1930-34. But before any advance could be made toward greater self-support for Japan, trade had to be developed. To this end on October 10, 1946 the Far Eastern Commission approved the establishment of an Inter-Allied Trade Board for Japan composed of representatives of the eleven countries members of the Far Eastern Commission. The purpose of the Board is to assist the United States and the Supreme Commander in the disposition of exports from Japan and in the furnishing of imports required for Japan and to make recommendations to the United States government on the best arrangements for facilitating Japanese exports and imports generally. Since October 24, 1946, the board has been meeting in Washington and has been primarily concerned with the allocation of Japanese textile exports, the marketing of Japanese silk and the problem of reopening private trade.

In furtherance of the trade program for Japan, the Far Eastern Commission decided on the criteria that should govern the conduct of Japanese world trade. It declared that the primary objective of the Japanese import program should be to minimize the cost and difficulty of procurement, but at the same time giving due consideration to the needs of countries other than Japan for commodities in world short supply.

In the case of exports, the destinations of exports from Japan should be such as to maximize the proceeds of such exports, taking into account the price, the purchasing power of the currency for which the commodity is sold, and the availability of necessary imports which can be procured with the proceeds of the exports. Furthermore, necessary decisions were reached relating to Allied Trade Representatives in Japan, and private traders have been permitted in Japan since August 15, 1947. Furthermore, action by the Far Eastern Commission has recently made it possible to use Japanese-owned liquid assets of gold and silver as a credit base to facilitate the import of raw materials; General MacArthur has established a revolving fund which has initial assets of \$137 million.

Other steps have been taken by the Far Eastern Commission in reference to Japanese production. In order that Japan might supply goods needed in areas deprived of such goods as a result of Japanese aggression, it was agreed that measures should be continued or taken to stimulate Japanese production of goods required for export and to ensure that the kinds of goods produced are those in demand in countries requiring supplies from Japan. Furthermore, the Supreme Commander has been directed to ascertain the types and amounts of goods in Japan available for export, to recommend the types of goods to be imported, and to develop a trade program.

Recognizing that the settlement of the reparations question will have a salutary effect on the Japanese economy by eliminating present doubts as to what will be expected of Japan in the way of reparations, the United States has repeatedly pressed for a speedy decision by the Far Eastern Commission on reparations questions. So far, agreement has been limited to such items as interim reparations removals, the criteria for the selection of plants for reparations and the broad principles to be used in determining shares for each country. These principles provide that reparations be in such form as will not endanger the fulfillment of the program of demilitarization of Japan, and which will not prejudice the defraying of the cost of occupation and the maintenance of a minimum civilian standard of living. The Commission is still trying to determine, on a broad political basis, the shares of reparations which each particular country should receive.

In conclusion, one of the most important problems in relation to Japan at the present moment is the negotiating of a peace treaty. Having become convinced that the time had arrived for the convening of a peace conference on Japan, the United States suggested on July 11, 1947, as you will recall, to the ten other countries members of the Far Eastern Commission that a conference to discuss a peace treaty for Japan be held as soon as practicable, such a conference to be outside the Far Eastern Commission but to be composed of representatives of members of the Commission. The United States further proposed that voting in such a conference be by a two-thirds majority, that it initially be composed of deputies and experts to prepare a draft treaty and that after such a treaty was approved by the Foreign Ministers of the eleven countries concerned it be submitted to a general conference of all the states at war with Japan. All of the countries except the Soviet Union agreed with the proposal for an eleven-Power conference and eight of them agreed to our proposed voting procedure. The Soviet Union maintained that the question of convening a conference for the drawing up of a peace treaty for Japan should be provisionally examined by the Council of Foreign Ministers composed of the United States, the Soviet Union, China and the United Kingdom.

On August 12, 1947, the United States rejected this proposal and stated that it was hoped the Soviet Union would be willing to attend a conference of Far Eastern Commission countries, such a conference being free to decide its own procedure. On August 29 the Soviet Union reiterated its former position. More recently, the Chinese Foreign Minister has indicated that the peace conference should adopt a voting procedure similar to that which obtains in the Far Eastern Commission whereby decisions are taken by a majority vote including the concurrence of the United States, the Soviet Union, China and the United Kingdom. Press statements from Nanking have indicated that if the Chinese participated in a peace conference which the Soviets refused to attend, such action would have serious consequences upon Soviet-Chinese relations because of Article II of the Sino-Soviet Treaty of 1945 which states:

The High Contracting Parties undertake not to enter into separate negotiations with Japan and not to conclude, without mutual consent, any armistice or peace treaty either with the present Japanese Government or with any other government or authority set up in Japan which will not renounce all aggressive intentions.

Before a peace conference on Japan can be called, therefore, it is necessary to work out a voting procedure which will be acceptable to the countries concerned.

REMARKS BY THE CHAIRMAN

CHAIRMAN GILCHRIST: Thank you, Mr. Borton, for your able presentation of the problem of American occupational policy in Japan. We hear so much, read so much in newspapers of what General MacArthur is doing in Japan that it is certainly interesting and valuable to learn of the important rôle which is also played in developments in Japan by the Far Eastern Commission.

The Honorable Francis B. Sayre has had for many years an important part in many liberal developments in the Far East. From 1923 to 1930 he spent most of his time in Siam. During that time, he helped to negotiate for the Siamese government a large number of treaties with western nations by which extraterritorial rights in Siam were terminated. He was Assistant Secretary of State for six years, and, as I think most of us recall, United States High Commissioner to the Philippines from 1939 until 1942 when fortunately he was able to escape from the Philippines after the Japanese attack. Later for two or three years he was Diplomatic Adviser to UNRRA and since the early part of 1947 he has been United States Representative and Chairman to the United Nations Trusteeship Council.

One of the innovations in the trusteeship arrangements which were inserted in the United Nations Charter, as compared with the program of the Mandates System under the League of Nations, was the provision for visits to trust territories. Frank Sayre was recently chairman of the first group which made a visit under the auspices of the United Nations to one of the trust territories, Western Samoa.

It is a particular pleasure to introduce to you for a talk on "American Trusteeship Policy in the Pacific" my old friend, The Honorable Francis B. Sayre.

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