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# Reports of General MacArthur

## MACARTHUR IN JAPAN: THE OCCUPATION: MILITARY PHASE

VOLUME I SUPPLEMENT



PREPARED BY HIS GENERAL STAFF

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## TABLE OF CONTENTS

## CHAPTER I: PRELUDE TO OCCUPATION

	Page
Concept of Operations : " Blacklist "	4
Initial Objectives of Occupation.....	10
The Last Days : Capitulation .....	11
Organization for Occupation .....	12
Return of Surrender Delegation from Manila.....	19
Japanese Reactions.....	23
Implementation of Operations " Blacklist "	24
The Eve of Occupation.....	25

## CHAPTER II: TROOP MOVEMENTS, DISPOSITIONS AND LOCATIONS

The Spearhead.....	28
Triumphal Entry .....	39
The Occupation Firmly Established .....	41
Sixth Army Occupation Movements .....	45
Japanese Reaction to Initial Occupation .....	47
Eighth Army Occupation is Completed .....	53
Communications, Procurement and Requisition .....	55
Year-End Summary .....	56
The Beginning of the Second Phase .....	57
Service Unit and Supply Reorganization.....	58
British Commonwealth Occupation Force (BCOF) .....	62
The Occupation Stabilized.....	65

## CHAPTER III: THE COMMAND STRUCTURE: AFPAC, FEC AND SCAP

Establishment of AFPAC: Army Forces in the Pacific.....	67
Establishment of SCAP: Supreme Commander or the Allied Powers.....	67
The Far Eastern Commission.....	69
The Allied Council for Japan.....	69
Organization of General Headquarters, SCAP .....	71
Functions of General Headquarters, SCAP .....	73
The Civil (Non-Military) Staff Sections, SCAP.....	75
Foreign Diplomatic Missions .....	82
Establishment and Missions of FEC: Far East Command .....	82
Command Structure of General Headquarters, FEC.....	84

## CHAPTER IV: RELIEF OF PRISONERS OF WAR AND INTERNEES

	Page
SCAP Directives Regarding Prisoners of War .....	90
Formation of Recovery Teams .....	92
Preparation for Air Drops .....	94
Location and Supply of Prisoner of War Camps .....	96
Operation "Swift Mercy" .....	99
Recovered Personnel Section in Action .....	102
Operations of Medical Teams .....	109
Procedure Regarding Dead and Missing Prisoners of War .....	114
Final Processing of Prisoners of War in Manila .....	115

## CHAPTER V: DEMOBILIZATION AND DISARMAMENT OF THE JAPANESE ARMED FORCES

The General Demobilization Program .....	117
Japanese Plans for Demobilization .....	120
Demobilization of the Japanese Home Forces .....	120
Demobilization of Overseas Forces .....	123
Reorganization of the Demobilization Machinery .....	126
Progress of Demobilization .....	127
The Process of Disarmament .....	134
Surrendered War Materiel: Disposition .....	136
Methods of Disposal .....	140
Return of Demilitarized Materiel to the Japanese .....	142
Disposal of Japanese Fleet Units .....	143

## CHAPTER VI: OVERSEAS REPATRIATION MOVEMENTS

The Task .....	150
Policies .....	151
The Plan .....	151
First Phase: 17 Sep 45—28 Feb 46 .....	152
Second Phase: 1 Mar—15 Jul 46 .....	155
Third Phase: 16 July—31 Dec 46 .....	158
Fourth Phase: 1 Jan 47—31 Dec 48 .....	159
Evacuation of Japanese from South Korea .....	161
Return of Koreans .....	164
Pacific Ocean Areas .....	166
Philippine Islands .....	168
Ryukyu Islands .....	169
China Theater .....	170
Southeast Asia .....	176
Australian Areas .....	179
Soviet-Controlled Areas .....	179
Soviet Indoctrination of PW's .....	187
Summary: 1945—1948 .....	191

## CHAPTER VII: THE EIGHTH ARMY MILITARY GOVERNMENT SYSTEM

	Page
Concept of Military Government .....	194
Formative Period .....	198
Evolution of Organization : 1946—1948 .....	201
Social Affairs Division .....	203
Economic Division .....	212
Legal and Government Division .....	219
Finance and Civil Property Division .....	222
Procurement Demand .....	227
General Conclusion .....	230

## CHAPTER VIII: OCCUPATION SECURITY AND INTELLIGENCE MEASURES

Assignment of Responsibilities .....	231
Basic Plan for Civil Censorship .....	232
Evolution of Civil (Occupation) Intelligence .....	233
<i>Civil Intelligence Section</i> .....	233
<i>Operations Branch</i> .....	233
<i>Civil Censorship Detachment</i> .....	236
<i>441st Counter Intelligence Corps</i> .....	241
<i>Public Safety Division</i> .....	244
Security Surveillance and Law Enforcement .....	254
Internal Subversion .....	256
Repatriation .....	258
The Korean Minority Problem .....	260
The Japan Communist Party .....	264
Communist Infiltration of Repatriates .....	265

## CHAPTER IX: AIR AND NAVY COMPONENTS

Part I—Far East Air Forces: Initial Operations .....	268
FEAF: Organization and Missions .....	270
Maintenance of the Air Force in Japan .....	273
Aerial Mapping and Other Activities .....	275
Troop Carrier Aviation and International Air Traffic .....	275
FEAF—Present and Future .....	275
Part II—U. S. Naval Command in the Far East: Initial Operations .....	277
COMNAVJAP: Organization and Missions .....	278
Fleet Activities, Yokosuka and Sasebo .....	281
Mine-sweeping Operations .....	283
SCAJAP—Merchant Shipping .....	286
Repatriation .....	288
Suppression of Illegal Traffic .....	288
Miscellaneous Naval Activities : 1946—1948 .....	289

## EPILOGUE .....



labor legislation; and labor procurement for the Occupation forces.<sup>60</sup>

SCAP's mission in the economic field in Japan was an integral part of the total Occupation objective, namely, to insure that Japan would not again, alone or jointly with other powers, commit aggressive warfare. In an attempt to carry out this mission, three major lines of action were followed in the economic field: the industrial and scientific disarmament of Japan, the democratization and reform of the economic structure, and the restoration of the Japanese general economy on a self-supporting basis. Since Japan could feed herself only by exporting manufactured products, her economy was closely geared to foreign trade. American aid was limited to the most urgent requirements necessary to avoid disease and unrest in the harrassed population. American appropriation made possible the importation of food, fertilizer, petroleum products, and medicines. With the exception of cotton, Japan had no funds to import raw materials.

In March 1947 ESS was granted the power to issue licenses to approved foreign concerns desiring to conduct business in Japan. Such licenses incorporated restrictions which were necessary to assure compliance with all existing regulations.<sup>61</sup> On 15 August 1947, private foreign trade representatives were permitted to enter Japan.

\* As a still further potential stimulus to foreign trade, SCAP projected a plan to use Japanese-owned gold and silver as a base for acquiring foreign credits. This was achieved by creating the "Occupied Japan Export-Import Revolving Fund" which was to be used as a credit base for financing importation of raw materials for

6 processing and exporting. This credit base was first utilized on 13 May 1948 when one government and three private banks pledged to finance a 60,000,000 dollar credit. The Economic and Scientific Section was responsible for advising the Supreme Commander on policies and programs relating to the custody, operation, management, and control of this fund.<sup>62</sup>

*The Natural Resources Section.* Although Japan claimed that the basic reason for her aggression in the Far East was economic, the chief cause being the desperate need for raw materials, the ironic result was further depletion of her meager resources. To establish favorable economic conditions, which would help prevent the revival of militarism, it was necessary to increase Japan's resources to satisfy her needs and to democratize her institutions.

The Natural Resources Section was established as a special staff section to advise SCAP on agricultural, forestry, fishery, and mining (including geology and hydrology) policies and activities in Japan.<sup>63</sup> It arranged for and coordinated surveys and reports; located source data in Japan relating to agriculture, forestry, fishing and mining in countries formerly occupied by Japan; and recommended measures to insure the development, exploitation, production, processing, and distribution of basic industry products required for rehabilitation of the national economy.

*The Civil Intelligence Section* maintained a national system of intelligence and information coverage through its law enforcement and surveillance agencies. This section was the operating agency for counterintelligence and general security functions within the command and was primarily responsible for the dissolu-

60 GHQ SCAP GO No. 33, 29 Aug 46.

61 GHQ SCAP GO No. 3, 19 Mar 47.

62 (1) GHQ SCAP GO No. 12, 15 Aug 47; (2) GHQ SCAP Cirs No. 9, 15 Aug 47, and No. 15, 11 Dec 47.

63 GHQ SCAP GO No. 6, 2 Oct 45.

archival repositories, religious buildings, and historical monuments.

*The Civil Transportation Section's* duties consisted of making plans for the use and rehabilitation of water and land civil transportation facilities of Japan, except for operating responsibilities assigned to Commander, Naval Activities, Japan.<sup>70</sup> The Civil Transportation Section, in conjunction with the Economic and Scientific Section, established requirements and priorities in raw materials and industrial capacity necessary to provide the facilities and equipment for the transportation system in order to serve the essential needs of the internal economy of Japan.

*The Statistics and Reports Section* was responsible for the collection, tabulation, and presentation of statistical and other special and routine reports which pertained to the non-military aspects of the Occupation of Japan.<sup>71</sup>

*The General Procurement Agent* coordinated, controlled and issued regulations governing the procurement of supplies, equipment, materials, services, real property, and facilities in Japan in order to prevent competition in procurement. It provided for the equitable allocation of supplies, equipment, materials, real property and facilities, and services; standardized procedures for procurement; and effected equitable allocation of Japanese resources. The General Procurement Agent was also responsible for liaison with the Central Liaison Committee of the Japanese Government.<sup>72</sup>

*The General Accounting Section* was responsible for general policies and procedures pertaining to financial accounting matters and maintained records covering the financial aspects of the Occupation.<sup>73</sup>

70 GHQ SCAP GO No. 35, 7 Sep 46.

71 GHQ SCAP GO No. 6, 18 Apr 47.

72 GHQ SCAP GO No. 5, 2 Oct 45.

73 GHQ SCAP GO No. 4, 24 Jan 46.

7  
✱ *The Office of the Civil Property Custodian* advised on general policies and controlled and disposed of enemy and Allied properties and assets under its jurisdiction.<sup>74</sup> This office recommended and established procedures, and executed approved programs for the blocking and impounding of property which was acquired by Japan under duress, wrongful acts of confiscation, dispossession or spoilation. Lastly, it was responsible for the maintenance of complete records and accounts of all confiscated property and its disposal.

*The Reparations Section* planned the program for processing Japanese industrial assets considered available for claim and removal as reparations.<sup>75</sup>

The Reparations Technical Advisory Committee was established as a consultative committee to assist the Supreme Commander in the development of technical and administrative procedures to assure an orderly removal of reparations goods from Japan and in settling problems between countries arising over claims.<sup>76</sup> The Chairman of the Committee was the Chief of the Reparations Section. The other members of the Committee were chiefs of the Reparations and Restitutions Delegations which represented the Far Eastern Commission.

The Restitution Advisory Committee was established to assist the Supreme Commander in matters dealing with the disposition of property found in Japan and identified as having been located in an Allied country and removed to Japan by fraud or coercion by the Japanese or their agents.<sup>77</sup> The Restitution Advisory Committee consisted of a chairman and one member from each of the Reparations and Restitution Delegations representing nations in

74 GHQ SCAP GO No. 10, 8 Mar 46.

75 GHQ SCAP GO No. 8, 8 May 47.

76 GHQ SCAP GO No. 9, 21 May 47.

77 GHQ SCAP GO No. 5, 13 Apr 48.



\* the Far Eastern Commission who desired to participate. The Civil Property Custodian was Chairman of the Committee.

### Foreign Diplomatic Missions

In addition to the administrative and advisory staffs authorized for the members of the Allied Council of Japan, a number of foreign diplomatic representatives, pre-war embassies, legations and agencies were accredited to SCAP rather than to the Japanese Government. (Plate No. 27) These diplomatic agencies served as channels of communication on operational and administrative matters between their governments and SCAP. Certain functional representatives, distinct from these missions, worked directly with SCAP in handling matters which pertained to restitution and reparations, as well as to foreign trade, on a government to government basis.<sup>78</sup>

### Establishment and Missions of FEC: Far East Command

On 1 January 1947 a GHQ, FEC, order established the Far East Command, with General MacArthur as Commander in Chief.<sup>79</sup> This command was established as an interim measure for the immediate post-war period, with particular consideration to the tactical requirements for protracted occupation of former enemy areas. It was, in fact, an adaptation of the then existing AFPAC organization, with no change in the GHQ staff. It

was simply the old staff continuing under a new name, with many of its officers remaining in the same relative positions.

The Far East Command included the United States forces in Japan, Korea, the Ryukyus, the Philippines, the Marianas and the Bonins.<sup>80</sup> General MacArthur exercised unified command over all forces allocated to him by the Joint Chiefs of Staff and Allied Powers; however, it was at this time that the Army Forces in the Middle Pacific (AFMIDPAC) passed from his control.

The Commander in Chief, Far East Command, (CINCFE) was made responsible for United States occupation functions in Japan and in Southern Korea, and United States military duties in the Philippines. He was also responsible for security of the Far East Command, including the protection of sea and air communications, United States policy within the limit of his command, and support of the Commander in Chief, Pacific, in his mission. Lastly, he was charged with making plans and preparations in case of a general emergency. He was to provide for the safety of United States forces in Korea and China; oppose enemy advances; secure Japan, the Ryukyus, the Marianas, and the Bonins; and discharge United States military responsibilities in the Philippines.<sup>81</sup>

In the event of an emergency declared by General MacArthur, United States forces in China were to come under his control.<sup>82</sup> He was also assigned operational control of the facilities and local forces in the Marianas and

<sup>78</sup> SCAP instituted a Foreign Liaison Section, under control of G-2, through which communications with diplomatic missions and the Japanese Government were initially handled. ([1] SCAP Staff Memo No. 41, 9 Jun 46, sub: Official Relations and Contacts with the IJG, with Staff Secs of GHQ, and with US Occupational Forces; [2] SCAP Staff Memo No. 49, 27 Jun 46, sub: Channels of Communication with Foreign Govts.)

<sup>79</sup> GHQ FEC GO No. 1, 1 Jan 47. The order was in accordance with JCS Dir 1259/27, 11 Dec 46, sub: Unified Command Plan.

<sup>80</sup> GHQ, FEC Opns Instrs No. 2, 1 Feb 48 (S).

<sup>81</sup> *Ibid.*

<sup>82</sup> *Ibid.*



suspected a violation or when violations were reported by the Japanese, the information was forwarded to SCAP. The actual purge list was practically completed by the end of 1947. Thereafter, emphasis was placed on injunctions prohibiting these persons from holding public office, engaging in politics, or exercising influence in public life or over persons holding public office. SCAP directed local investigations of reported violations.

Legal and Government Division was also responsible for making investigations, forwarding claims, and maintaining liaison with other Occupation officials and with appropriate Japanese authorities. Another important function of this Division was the surveillance of customs, quarantine, and immigration.

\* Investigations were made when required by higher headquarters or upon receipt of information from other sources. Japanese police, procurators, and agencies were utilized. The police were encouraged and supported in their efforts to control large scale blackmarketing.

Military Government did not operate a claims service, but Japanese and other nationals often requested information and submitted claims to the teams. These were forwarded through channels to the Judge Advocate Section, Headquarters, Eighth Army, or to SCAP for appropriate action.

The Legal and Government Division officer maintained close liaison with Civil Intelligence Section and tactical troops on legal, government, and police affairs, and with appropriate Japanese authorities concerning government admission, laws, courts, procurators, legislative bodies, political parties, fire departments, and penal institutions.<sup>50</sup> Civil

Information officers were assisted in publicizing elections and new legislation.

The Legal and Government Division was concerned with the entry and exit of personnel and personal property, the import and export of commercial cargo, and the surveillance of Japanese customs. Although these functions were the duties of Military Government customs units at the designated ports, vessels occasionally stopped at other than specified ports of entry. For this reason all Military Government teams were required to be familiar with directives and regulations pertaining to customs, quarantine, and immigration.

The arrival or departure of all non-military personnel, personal baggage, and cargo was checked at designated ports in accordance with SCAP directives. Observation of the Japanese in customs inspection and examination of international parcel post was another duty of Military Government. Surveillance generally consisted of semi-monthly inspections. When the regulations established by SCAP for weight or content of packages were violated, the excessive or prohibited articles were confiscated and given to Military Government for disposition through established relief agencies.

#### \* Finance and Civil Property Division

The initial concern of the Finance (later redesignated the Finance and Civil Property) Division of Military Government was to assure Japanese compliance with SCAP instructions as they pertained to the closing of stock exchanges, and to the closing and liquidation of wartime banks, development companies, and other financial institutions which were

<sup>50</sup> The full account of CIS activities may be found in GHQ SCAP, Int Ser, Vol. IX, *Operations of the Civil Intelligence Section*, GHQ, SCAP (S). The Public Safety Division (PSD), a branch of CIS, was responsible for organization and surveillance of activities of Japanese police, prisons, jails, fire departments and other institutions concerning public safety. CIS was under the control of G-2, GHQ, SCAP, and was primarily a security surveillance unit.

\* organized to finance the Japanese war effort or to aid in the exploitation of occupied countries.<sup>31</sup> From these strictly fiscal activities, the Division's field of responsibility was broadened to include the custody and control of Axis property, precious metals and stones belonging to the Japanese Government, and valuables belonging to designated individuals, institutions, and organizations scheduled by SCAP for restriction or dissolution.

The Bank of Tokyo was designated as the liquidating agency for certain banks. The Division maintained close supervision of the personnel engaged in this work to prevent removal, defacement, or destruction of books, records, or other property. It submitted weekly reports on the progress of liquidation and matters of special financial interest. One of the spectacular tasks of the Occupation dealt with collecting and putting under guard the great hoards of gold, silver, precious stones, foreign postage stamps, engraving plates, and all currency not legal in Japan. Even though the bulk of this wealth was collected and placed under United States military custody by Japanese officials, undeclared caches of these treasures were known to exist. Consequently, the task of investigating, uncovering, inventorying, and safeguarding all property in this category was a continuing and increasing responsibility.<sup>32</sup> The precious metals were stored in the United States vaults of the Bank of Japan at Tokyo and in the Imperial Mint at Osaka. Eighth Army furnished custodial staffs for both depositories. The Osaka vaults were initially used for the storage of all types of seized property but in May 1946 the Bank of Japan was designated

as the sole depository for precious stones.

In April 1946 Eighth Army was relieved of supervising bank liquidations and its responsibilities were limited to the guarding of buildings, records, and physical assets. The functions of the Division thereafter were mainly: inspection and supervision of Japanese tax collection and administration; rehabilitation of postal savings branch offices; supervision of matters pertaining to the seizure and custody of civil property; and preservation and protection of United Nations nationals' property (not yet restored to its owners), Axis property, and looted property (which included packing, crating, and delivery to owners). Civil Property Custodian personnel (SCAP) attached to Military Government teams handled civil property affairs in areas not covered by regional custodian service teams.

**Tax Collections:** During the fiscal year beginning with April 1947, Japanese tax collections lagged to a serious extent. In January 1948 Military Government was directed to expedite national tax collections. Surveillance was begun immediately by the seven regional bureaus located at Sapporo, Tokyo, Nagoya, Osaka, Hiroshima, Takamatsu, and Kumamoto. Teams from tactical units began detailed supervision of the 450 local tax offices in February. Fifty-five teams were initially used on this project, which enabled semi-monthly inspections at each local tax office. Initial difficulties were: the public's general noncompliance with tax laws, particularly payment in advance of the self-assessed income tax, and the opposition and slowdown tactics of tax collectors' unions. However, improvement in tax payments was immediately notice-

31 A SCAP civil section, as usual, controlled this particular field, utilizing field agencies for local implication; fiscal and banking controls, including assets and alien properties, were handled by ESS and the Civil Property Custodian.

32 All Occupation agencies were engaged in this search; the counterintelligence, including field agencies, were enormously productive: between 30/40,000 carats of diamonds were recovered, war loot from South East Asia.



able when the program started, and supervision was extended for an indefinite period.

Occupation personnel did not attempt to interpret tax laws to Japanese officials. They first ascertained the tax goals set for each financial bureau and the allocation of quotas to local tax offices, then determined the progress made in the collections. Following that, they encouraged publicity of the program and exerted their influence to promote efficiency. Action was taken to alleviate the general shortage of competent personnel in the Japanese tax structure. Surveillance discouraged corrupt practices, and much was accomplished through the prosecution of dishonest tax officials and tax evaders, although relatively few of them were brought to trial.

**Financial Restrictions:** The *Zaibatsu*<sup>53</sup> and the many affiliates and subsidiaries which controlled the Japanese industry prior to the Occupation were reorganized by SCAP to eliminate monopolistic practices. These restricted firms were not permitted to perform financial transactions, except normal operating collections and payments, without specific SCAP approval. SCAP approval was necessary for: loan transactions, property transfers, stock transactions, construction contracts, and donations.<sup>54</sup> Military Government personnel did not maintain surveillance over these firms but did report monopolistic practices and illegal transactions by such concerns whenever reliable information indicated such violations.

\* The Japanese financial institutions which were created to finance and exploit Japanese conquests outside the home islands were closed early in the Occupation period. The "Closed

Institutions Liquidating Commission" (Japanese) accomplished the detailed work of liquidation.

**Rehabilitation of Postal Savings Branch Offices:** The progress of rehabilitation in fourteen of the twenty-eight Postal Savings Branch offices in Japan was subject to surveillance and report by Military Government. Japanese made deposits in local post offices, but permanent records were kept in branch offices. During the war many of the branch offices were damaged and records were destroyed. Originally, reports on all twenty-eight branches were required, but with improved conditions, supervision and reports for fourteen of the branches were discontinued by April 1948.<sup>55</sup>

**Civil Property Custodian Regional Service Teams:** The Civil Property Custodian Section (CPC) was established by SCAP on 8 March 1946. It developed general policies and established procedures for control or custody of the various properties and assets over which SCAP exercised authority. The seizure and custody functions became the responsibility of both MG field teams and tactical units; in view of manpower limitations and the technical nature of some of the property, it was found necessary to attach CPC (SCAP) personnel to Military Government units for this type of work.

Regional service teams of the Property Service Branch, Comptroller Division (CPC) were attached to Military Government teams in areas which could not be conveniently covered from Tokyo. The teams, composed of civilian personnel and augmented by Japanese hired locally, varied in strength and composition. Members had the same status

<sup>53</sup> *Zaibatsu*, big financial trusts, six of which (Mitsui, Mitsubishi, Yasuda, Sumitomo, Kawasaki, Fuji), together with their affiliates and subsidiaries, controlled practically all financial, commercial, and industrial life of pre-surrender Japan.

<sup>54</sup> HQ Eighth Army, 10th Info & Hist Sv, Eighth Army MG System in Japan (R), p. 45.

<sup>55</sup> *Ibid.*, p. 46.

as members of the Military Government teams to which they were attached except that work assignments were made by CPC.

**Seizure and Custody of Government Property:** Eighth Army was directed to seize and maintain custody of precious metals and diamond stockpiles owned or controlled by the Japanese or Axis governments in Japan during the war. Eighth Army agencies were also authorized to confiscate and deposit precious metals and gems in the United States vaults in Tokyo or Osaka whenever such items were to be found in violation of SCAP directives. The program, as it pertained to known stocks, was practically complete by August 1948. Hoarded precious metals and industrial diamonds, found from time to time by field units, were taken into custody,<sup>56</sup> and many offenders were prosecuted in provost courts.

Eighth Army was directed to take custody of excess movable property of Axis repatriates and movable property of Axis business firms which had ceased operating. Property to be taken in custody was specified for each repatriation operation of Axis nationals and for each seizure from Axis individuals or concerns. Seizure was accomplished by tactical troops on orders from Eighth Army. This property was then stored in three CPC warehouses which were operated by Eighth Army agencies in Tokyo, Kurihama, and Osaka respectively. The local accounting system in each CPC warehouse was prescribed by Eighth Army. Under the direct supervision of the CPC, property subject to deterioration was sold; it was auctioned off to the Occupation forces for dollars, while property unsuitable for sale to Occupation forces was sold to the Japanese

Government for yen.<sup>57</sup>

**\* United Nations and Axis Property:** The preservation and protection of United Nations property confiscated by the war-time Japanese Government became a concern of Military Government teams. The Japanese prefectural governments were required to furnish prefectural MG teams lists of wrongfully transferred items; checks were then made to determine whether there was proper maintenance and protection of such property. The Japanese Government was charged with preventing deterioration but was not required to rehabilitate war damage. It was further required to impound and maintain Axis property, and periodic inspections were made by Military Government teams to ensure compliance.

**\* Restitution:** Surveillance was maintained over the restoration of United Nations nationals' property. Most of it was American, British, or Dutch property which was taken over or disposed of by the Japanese Enemy Property Custodian during the war.

Copies of the applicable SCAPIN were given to the owner and to the Military Government team in the area where the restitution was to be made. A Military Government officer was present at the meeting between the owner and the Japanese Government representative in charge of the restitution to guarantee that SCAP directives had been obeyed and the owner received just compensation.

Some property ordered restored to United Nations owners had been utilized under procurement demand by the Occupation forces. In these cases the title transaction was completed by the military forces who continued to occupy the property until the necessity for its

<sup>56</sup> Personnel operating the US vaults in Tokyo Bank of Japan were assigned to the MG Section, HQ Eighth Army, and those at the Osaka Mint to the Kinki MG regional team. The operating staffs were attached for administration to the Tokyo MG team and the Osaka MG team, respectively. The accounting system used in the depositories was prescribed by SCAP.

<sup>57</sup> SCAPIN 5338-A, 6 Mar 48, sub: Disposal of Certain German Property.



continued use no longer existed.



**Looted Property:** All property suspected as having been seized in areas occupied by the Japanese armed forces was classified as looted property unless definite legal ownership could be established. In general, it was handled directly by SCAP through the Japanese Government. Military Government personnel reported illegal transactions, prevented unauthorized transfers or movements, and maintained general surveillance over such property. Plundered property included occasionally in reparation plans was ordered removed from reparations inventory. In such cases, the property (usually machinery) was left in place and given a Civil Property Custodian number.

The Japanese Government was directed to maintain a "watch list" of looted vehicles. In August 1948 it was directed that all property which had been taken from or produced in areas occupied by Japanese armed forces during the war be impounded and reported. The Japanese Government was required to pack, safeguard, and deliver pillaged items to ports of shipment. Close observation and spot checks were conducted to ensure compliance.

### Procurement Demand

The Occupation forces in Japan were self-sustaining in food, clothing, ammunition, and other essential supplies. It was necessary, however, to procure billeting and office space, certain communication facilities, construction supplies, and labor.

A General Procurement Board was established in September 1945, and authority was delegated to the commanding generals of the Sixth and Eighth Armies for the normal overall procurement of indigenous supplies. The Japanese Government created a Central Liaison Office in September 1945 which established

branch offices in each of the prefectural governments to expedite all requests submitted by the Occupation forces. Initial operations were carried out by the Supply Division (later redesignated Procurement Division) of Military Government, which was instrumental in determining policy and procured all supplies and services needed by military units under Sixth and Eighth Army control. In January 1946 Eighth Army assumed control of all Occupation troops in Japan, and by March 1946 every Military Government unit included in its organization a procurement officer who was responsible for processing demands made by the various units located within his area. In order to expedite the procurement of various items and services, the commanding general of Eighth Army, in March 1946, delegated approving authority to the commanders of I and IX Corps, base commanders, and senior commanders of Air, Navy and BCOF forces.

To minimize Occupation demands upon the exhausted Japanese economy, special lists were prepared enumerating the items which could not be procured without specific approval from the controlling headquarters involved. These lists included such items as medical and dental supplies, nearly all types of food, petroleum products, certain categories of commercial vehicles and communications equipment, and numerous other indigenous products. Certain classes of real property which could not be procured without direct approval from Headquarters, Eighth Army, included religious institutions, any property occupied by members of the royal family, educational institutions, hospitals, and facilities designated for the distribution of food, clothing and shelter.

The procurement of communications and transportation was a Military Government responsibility at the beginning of the Occupation, but by the end of November 1946 procurement of communications supplies and

## CHAPTER VIII

## OCCUPATION SECURITY AND INTELLIGENCE MEASURES

## \* Assignment of Responsibilities

Parallel with the establishment and slow growth of Military Government, the operations of certain civil and counter intelligence units and agencies entered into play as an indispensable factor in the tranquil development of the Occupation. As the Occupation progressed, the duties of combating and controlling diverse elements, subversive or inimical to the objectives of the Occupation, which were envisioned in the basic plan for Operation "Blacklist,"<sup>1</sup> were expanded immeasurably to cover every facet of the intelligence problem.

Developed before Japan's capitulation,<sup>2</sup> the Intelligence Annex to "Blacklist" was originally designed to serve only during the initial phase of the Occupation; however, it already contained the essentials later appearing in the second basic document relating to the general intelligence information mission, "Basic Directive for Post-Surrender Military Government in Japan Proper."<sup>3</sup>

"Blacklist" recognized the "joint character of operational and counter intelligence"<sup>4</sup> and further envisaged that:

*The surrender of Japan . . . will alter the general mission of Counter Intelligence operations. In addi-*

*tion to insuring military security by denying information to the enemy, Counter Intelligence personnel will be confronted with the problem of suppression of organizations, individuals and movements whose existence and continued activities are considered an impediment to the lasting peaceful reconstruction of Japan.<sup>5</sup>*

This paragraph of "Blacklist" clearly characterized the operation of CIS from the beginning of the Occupation to the end.

"Blacklist" specifically identified in a general "wanted list" some of Japan's most dangerous elements, naming particularly the *Kempei Tai* (Military Police), *Tokumu Kikan* (Secret Intelligence Service), *Kokuryu Kai* (Black Dragon Society), *Dai Nippon Seijikai* (Political Association of Greater Japan), *Koku Sui-to* (Extreme Nationalist Party), and other extremist organizations, as well as lists of top personnel in the general staff and government.<sup>6</sup> It arranged for coordination in the field between counter and operational intelligence staffs in their work of apprehending and interrogating persons on the "wanted lists," and for a central card file on all persons arrested; this coordination also covered the seizure and safeguarding of valuable documents and the interrogation of prisoners and suspects.<sup>7</sup>

In addition to these specific tasks, the nor-

- 1 Military blueprint to cover Occupation of Japan and Korea under non-invasion conditions (3d ed), 8 Aug 45.
- 2 On the basis of a Joint Chiefs of Staff (JCS) Directive.
- 3 JCS Dir 1380/15 (TS), 3 Nov 45.
- 4 GHQ USAFPAC, Basic Outline Plan for "Blacklist" Opns (TS) (3d ed), 8 Aug 45, Sec. I, par. 5.
- 5 *Ibid*, Sec. X.
- 6 *Ibid*, Sec. I, 4.
- 7 *Ibid*, Secs. V and VI.

\*mal responsibilities of counter intelligence regarding enemy espionage, sabotage, and subversive activities continued in force, and intensive security education programs to alert troops in vigilance (especially necessary in enemy territory) were instituted.<sup>8</sup>

The civil censorship responsibilities outlined in "Blacklist" called for centralization of the technical direction and control at theater level. This control was to be exercised with the primary objective of promoting military security and the peaceful future of the country, for action by appropriate agencies and regulation of communications and information media.<sup>9</sup>

A general SCAP memorandum<sup>10</sup> defined certain responsibilities: criminal and police agencies were to be purged of undesirable elements; prisoners held solely under abrogated laws were to be released; certain Japanese political associations and all military and civilian ultra-nationalistic, terroristic, and secret patriotic associations and their affiliates or agencies were ordered dissolved; military training was banned; foreign nationals were required to identify themselves and be registered. CIS was instructed to place under protective custody diplomatic and consular officials of countries, except Japan, which had been at war with any of the United Nations, as well as to hold those civilians from neutral countries or United Nations nationals (resident or interned in Japan) who had participated in the war against the United Nations. The instructions also contained provisions to intern certain categories of Japanese who had played active and domi-

nant roles in the formation of Japan's program of aggression and to hold suspected war criminals incommunicado without distinction as to rank or position; Japanese and Korean collaborators were to be removed from positions of responsibility as rapidly as possible. CIS was further directed to establish censorship of civil communications and to preserve certain governmental and civil records.

### Basic Plan for Civil Censorship

The Basic Plan for Civil Censorship as formulated before Japan's surrender called for censorship control of Japan under military invasion conditions.<sup>11</sup> This outline was subsequently modified by "Blacklist" which delineated the primary objectives of civil censorship under "conditions of peaceful occupation."<sup>12</sup> A third plan, the one eventually followed, was adjusted to meet the favorable conditions actually encountered in the first days of the Occupation.<sup>13</sup> Under this modification, Civil Censorship in Japan developed into a medium of information on the Japanese military, economic, social, and political activities through control of Japanese communications. It became apparent early that the extent of compliance with terms of the surrender, and the trend of acceptance by the Japanese of Occupation directives could be determined. The Press Section of Civil Censorship was to assist also in the enforcement of the free and factual dissemination of news based upon United Nations standards. Through intelligent eval-

8 Ibid, Sec. X.

9 Ibid, Sec. XI.

10 The implementation of JCS Dir 1380/15 was by SCAP Memo No. 6 (TS), 28 Nov 45, which also assigned to various staff sections the execution of the provisions of JCS Dir 1512, 13 Sep 45, and State, War, Navy Coordinating Committee, Dir 176/9, 13 Oct 45.

11 GHQ USAFPAC, Basic Plan for Civil Censorship in Japan, 10 Jul 45.

12 GHQ USAFPAC, Basic Outline Plan for "Blacklist" Opns (TS) (3d ed), 8 Aug 45, Sec. XI.

13 GHQ USAFPAC, Basic Plan for Civil Censorship in Japan, 30 Sep 45 (Rev).



permitted CCD's Press, Pictorial, and Broadcast Division to expand its mission as an intelligence and analysis agency.<sup>41</sup>

As the facilities and communications surveillance techniques for obtaining information of subversive activities developed, this phase of CCD operations increased in importance until it dominated Communications Division reporting. Surveillance of telephone, telegraph and postal channels yielded a continual flow of "action leads" information to user agencies. Such reporting was concerned with violence, strikes, Communist activities or any other developments which were of a subversive or possible subversive nature. In addition to intelligence of this type, CCD often obtained, chiefly through the monitoring of telephone conversations, valuable advance information on plans for strikes, demonstrations and other activities. These spot reports were forwarded immediately to CIC and other action agencies in time for them to take precautionary measures. Individuals and organizations believed to be of a subversive nature were watch listed by CCD and communications to or from them were carefully studied by personnel trained to detect subversion and clandestine correspondence methods.

In January 1948 communications surveillance reporting of public reaction based on four million intercepts per month was instituted, providing all SCAP agencies with an unbiased, accurate picture of public reaction to the government, to SCAP policies, and to other controversial issues.

Information obtained through censorship was forwarded to SCAP sections or other user agencies in the form of so-called "comment sheets" that were, in fact, substantiated bases for corrective action. An enormous volume of information otherwise unobtainable by user agencies, since they did not maintain field surveillance themselves, was furnished through these comment sheets. (Plate No. 77)

\* The effect of this type of information was recognized as a direct contribution to the economy of Japan. Many SCAP civil sections benefited from this service and acknowledged its direct monetary or economic values. In a single month, CCD "leads" furnished to ESS disclosed thirty-eight large scale economic violations, leading in turn to the indictment of ninety-three companies and two hundred seventeen persons with a recovery of materials aggregating a value of 101,071,017 yen.<sup>42</sup>

CCD "watchlist" reports of over a year enabled ESS to recover critical items in illegal market operations to an aggregate amount of 431 million yen; blackmarket value of these goods was estimated at five billion yen.<sup>43</sup> Through investigation of one CCD intercept, the Civilian Property Custodian located 16,000 carats of industrial diamonds. Further searching disclosed the location of sufficient diamonds to make the final total 30,000 carats. As a result of only one intercept 52.5 pounds of hoarded platinum, with an official value of 53,679,377 yen, was recovered.<sup>44</sup>

*The 441st Counter Intelligence Corps:  
The 441st Counter Intelligence Corps (CIC)*

41 Memo, G-2 to CofS GHQ FEC, 18 Jan 48, sub: Post-Censorship of Newspapers.

42 Rpt, CCD to G-2 GHQ FEC, 14 Jan 49, sub: Contributions to the Occupation.

43 *Ibid.*

44 *Ibid.* In consonance with the CinC's general policy of relaxation of all forms of restrictive measures vis-a-vis the Japanese people, all categories of Civil Censorship operations were discontinued on 31 October 1949. This policy decision was one more decisive step toward liberalization of the Occupation and enlarged freedom of action and responsibilities on the part of the Japanese Government.

Civil Censorship, an operating agency of G-2, was instituted under JCS Directive in 1945 primarily as a preventive and security operation. It was designed to implement the broad features of the Potsdam Declaration with a view to