

They added that the Supreme Commander for the Allied Powers, who was keenly alive to any possible security threat, had stated categorically that no such threat existed; and that this opinion was concurred in by the Department of the Navy.

7. The fact must be faced that, in the last resort, the United States Government can take unilateral action as regards Japan. The share of countries other than the United States in the physical occupation and control of Japan, and in the provision of economic assistance, has become so small that they are in a weak position to press upon the Americans arguments based on either security or economic grounds.

8. An outline of the new trend in American policy towards Japan, as seen in London, and suggestions as to the steps which the United Kingdom might take, in consultation with other members of the Commonwealth, to meet it, were considered in the exchange of views with Commonwealth Governments earlier this year. It was suggested that the interests of Commonwealth Governments might be best served by not adhering too rigidly to the proposals embodied in the Far Eastern Commission paper (which is based upon estimates made at the end of 1945) if good evidence were produced to show that, in view, for instance, of the unexpectedly rapid rise in the Japanese population, somewhat higher levels were required for the achievement of viability. At the same time, it was felt that certain restrictions on war-supporting industries should be insisted upon in the interests of security. In particular, restrictions upon the size and speed of merchant ships should be enforced. The view was put forward that it might be useful to seek to persuade the United States Government that Japanese viability could be achieved by the adoption of much lower levels than those suggested in the "Strike" and "Johnston" Reports. Other Commonwealth Governments expressed general sympathy with the objectives outlined but some doubt was expressed whether it would be possible to convince the United States Government.

So far, no such approach has been made to the United States Government. In the summer, it seemed possible that the United States Government were on the point of submitting new proposals to the Far Eastern Commission. They have not yet done so and the most recent indications are that the new proposals may not be ready for some time yet. On the whole, it seems probable that this matter, too, might best be left in abeyance until after the Presidential election. The views of Commonwealth Governments have been clearly set forth in Far Eastern Commission discussions and are therefore well-known to the United States Government.

Cabinet Office, S.W.1.,

8th October, 1948.