

controls in the form of specified limits on the import of strategic raw materials will be particularly effective in the case of Japan, since those industries which would constitute the Japanese war potential depend of necessity on imports.

24. To be effective, economic controls of the type suggested above would require a close check on all Japanese industrial activity (which would presumably be supplied by the inspectorate) and the co-operation of all the potential supplying countries of key raw materials. The international council would therefore require a fairly large membership.

25. During the initial period after the signing of the peace treaty it may be considered desirable that the demilitarization of Japan be guaranteed by some military agreement between a group of the Allied powers, in addition to the system of economic control mentioned above. Such an agreement would lend some power and authority to any inspectorate located in Japan and provide for military action if in cases of violation of the treaty by the Japanese, economic sanctions proved ineffective. It is difficult to speculate on the sort of relationship which might exist between an international council of the type mentioned in paragraphs 23 and 24 above and the nations which would be responsible for military action against Japan, but it is clear that all the nations which should become parties to any agreements for the economic control of Japan would not be prepared to accept the same responsibility for military action.

26. The questions therefore arise as to what form of military agreement would be most appropriate to supplement a system of economic controls in the enforcement of the demilitarization of Japan, who should be parties to any such military agreement, whether military, air and naval forces should be specifically earmarked for this purpose, and, if so, whether such forces should be garrisoned in Japan or strategically located outside the country.

27. The only information we have on United States views concerning appropriate military enforcement machinery for the demilitarization of Japan is contained in the United States draft treaty of June, 1946. This treaty leaves open the questions of the type and location of the military forces which would be required to enforce its terms. It should be noted, however, that General MacArthur has on several occasions expressed the view that the military occupation of Japan should cease after the peace treaty is signed.

28. The United Kingdom will undoubtedly wish to keep their military commitments in the Pacific area to a minimum, and will probably be willing either to relinquish their responsibilities with respect to the provision of forces for guaranteeing the demilitarization of Japan to the Australians, or share their military obligations in this regard with other interested Commonwealth nations. Australia will almost certainly wish to participate in any military agreement which may be drawn up to guarantee the demilitarization of Japan. We have no information as to what attitude the Chinese Government is likely to take on this question. Our most recent estimate of the Soviet position is that the Russians will probably demand the withdrawal of troops within a brief period after the conclusion of the peace treaty and will oppose any suggestion that military control in its present form continue.