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Memorandum of Conversation

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SUBJECT: United States-Japan Relations

PARTICIPANTS: Minister Takeso Shimoda, Embassy of Japan  
Mr. Okinori Kaya, Member, House of Representatives, National Diet of Japan  
Mr. Takashi Ihara, Managing Director of the Bank of Tokyo  
Mr. Yusuke Kashiwagi, Financial Secretary, Embassy of Japan  
Mr. Walter S. Robertson, Assistant Secretary  
Mr. J. Graham Parsons, Deputy Assistant Secretary  
Mr. Gardner E. Palmer, Deputy Assistant Secretary for Economic Affairs  
Mr. Lewis E. Gleec, Jr., Officer-in-Charge, Economic Affairs, NA

Copies to:

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American Embassy, Tokyo (1)

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[Mr. Kaya first met with Mr. Parsons and Mr. Palmer from 3 p.m. until 4:30 p.m.]

Minister Shimoda introduced Mr. Kaya and described his purposes at some length. He noted that Mr. Kaya had been Finance Minister in several pre-war cabinets, was a member of Prime Minister Kishi's "Elders Council", and a good friend of the United States. Mr. Kaya was disturbed at widespread Japanese popular misunderstanding of United States policies. The Japanese Government understood these policies, and it now had a public relations office, but that was not enough. In order to expound his views more authoritatively and persuasively at home, Mr. Kaya had formulated them in writing and was now seeking confirmation.

Mr. Parsons said that Mr. Kaya could be sure of a warm welcome. His visit would show the cordiality of our feelings toward Japan and our aspirations for cooperation. We know of Mr. Kaya's close personal friendship with Prime Minister Kishi, ex-Premier Yoshida and our other good Japanese friends.

[Mr. Kashiwagi, who interpreted, then read Mr. Kaya's four-page paper on defense questions. Mr. Kaya, noting that his paper had been discussed with Mr. Kishi and Mr. Yoshida, and had their agreement, then asked for Mr. Parsons' comments.]

Mr. Parsons commenced by commenting that for someone who had been out of the United States for forty years, Mr. Kaya showed in his remarks a great understanding of our purposes. Though the paper was short, it dealt with large

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problems. Mr. Parsons could not make any definitive comments, but he could offer a few preliminary reactions. In the meantime, he would pass the paper along to others in the Department and in the other agencies whose reaction would be sought. Since Mr. Kaya was here on an unofficial visit, it was important not to create the impression of negotiations. Mr. Parsons' views would therefore be preliminary and personal.

Mr. Parsons agreed with most of what appeared in Mr. Kaya's paper. It was important to make United States policies clear to all, and the United States made great efforts to explain its policies to peoples and governments. The United States could talk frankly to governments, but enemy propaganda distorted our intentions among peoples, and we counted on people like Mr. Kaya to make our true policies known to the Japanese. Mr. Kaya was one hundred per cent right in assuming that the United States would under no circumstances start a "preventive" war. Aside from moral inhibitions, there was the constitutional provision that only Congress can declare war. The United States was fully aware of the great destructiveness and the unbelievable horrors that would be wreaked on innocent and guilty alike in a modern total war. No United States official in a responsible position would dream of a preventive war. We hoped that the Japanese, with their inherent good sense, would reject Communist propaganda which reverses the truth. For example, the fact is that it was the Communists who attacked the Republic of Korea from the north, not the reverse as the Communists allege. In contrast the United States, for its part, lived up to its pledge to give the Philippines its independence. Our record is one of liberation of other nations, while that of the Communists is enslavement. It is the United States purpose to prevent aggression by the USSR, and we hope to deter it.

Mr. Kaya then asked for an official statement on preventive war, and Mr. Parsons gave him copies of Secretary Dulles' speeches of November 13, 1958 and January 14, 1959, with the pertinent passages underlined.

Mr. Parsons then said he wished to comment on the use in the memorandum of the phrase "communization of countries." Communism was per se a great evil, degrading the human species as our system exalts it, but every people should be free to choose the system of government it prefers. It was Communist expansionism that we oppose. If the Russians would stay at home, we would have no objections. However, the Communists seek to expand everywhere and dominate others. We object to the use of force, even to the point that we have opposed our friends when they resorted to force.

Mr. Parsons particularly thanked Mr. Kaya for the sentence in his paper which noted that it was the military might of the United States which was the principal deterrent against aggression and hence the basis of the present peace. The United States was working for world peace, Mr. Parsons noted, which depended on the United States and its friends being strong and united.

Turning to Mr. Kaya's comments on the relationship of the ICOM to the question of whether the United States would need allies after its perfection, Mr. Parsons said that he was not competent to comment on military technology, but the character of military bases had changed historically. There would never be a

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time when the United States could accept a world hostile to itself. Changing technology would in any case not change our need for allies. We would continue to need them and be interested in their welfare. We were also bound to them by treaties, both bilateral and multilateral. Collective security would be important whatever the prevailing technology. Moreover, the horror of modern war, while it lowered the likelihood of total war, had in his view greatly increased the possibility of limited wars. Therefore, local forces for local deterrence were necessary. Mr. Parsons wished to express his confidence in Japan and the Japanese people. We were aware of their attachment to independence and determination to survive. We wished to stand with them and others who were attached to freedom.

Mr. Kaya commented that the Japanese believed that they were powerless to affect the outcome of a global war, but in limited war its forces might have some effect. Japan had, however, a military budget only one per cent of the United States. Only the United States could defend Japan, and it must make this intention crystal clear. World military power was monopolized by the United States and the USSR. The small nations had no role to play.

Mr. Parsons replied that despite their lesser resources, the smaller nations too had a significant military role to play.

[At this point, the participants, except Mr. Palmer, proceeded to Mr. Robertson's office.]

Following brief introductory comments by Minister Shimoda, Mr. Robertson said that the greatest problem in the Far East today was the threat of international communism. In every country, the Communists were working assiduously through the Communist parties. In the current Communist Party Congress in Moscow, Chou En-lai, the Chinese Communist representative, declared that there could be only one leader in the Communist movement and that it must be Moscow. The leaders of the national Communist parties were not nationalists but members of an international conspiracy trying to take over the world. Even if there were no threat of international communism, the economic problems of Asia would be gigantic. We were keenly aware of these economic problems, particularly those of Japan. Japan, for its part, recently experienced how the Communists turn economic into political problems when the Red Chinese cut off trade with Japan because they were not allowed to fly their flag. They cancelled a trade agreement, tried to defeat Prime Minister Kishi in the election, called for a boycott on Japanese goods by the overseas Chinese, and began to dump Chinese goods in Southeast Asia. Our own policy toward Southeast Asia was very clear. We wanted to help the nations of the Far East maintain their independence and to assist in every appropriate way to develop viable economies and to raise living standards in order to help the people become less vulnerable to the Communists. We were opposing the Communist use of both military and economic pressure.

Mr. Kaya replied briefly that he appreciated obtaining official confirmation of United States policies as he had understood them. He had discussed defense questions with Mr. Parsons. There remained the question of trade, which broke down into four parts: (1) the Chinese Communist economic offensive in Southeast Asia; (2) cooperation with the United States in Southeast Asia; (3) the induction

of United States capital into Japan; and (4) United States-Japanese trade.

Mr. Robertson continued by saying that despite planted stories to the contrary, the United States would refuse to recognize Red China and would oppose its entrance into the United Nations. Under the United Nations Charter, the Red Chinese could not possibly qualify for membership. When the United Nations was being set up, there was a debate on whether the membership should be based on universality or qualifications, and it was decided in favor of qualifications. One important qualification was that members should be peace-loving. Throughout the period of their domination of the continent, the Chinese Communists have been a disturbing, expansionist force. Within two months of taking over power they called on the peoples of Southeast Asia to overthrow their governments. They invaded Tibet and Korea before the year was over. For the latter attack they were branded as aggressors by the United Nations. They then moved into the Indochina conflict and capitalized on that. They were now threatening war in the Taiwan Strait. Under no possible stretch of the imagination could the Chinese Communists be regarded as peace-loving. They also did not satisfy our traditional criteria for recognition. In addition to the de facto control of territory, the United States has always insisted on a government's ability and willingness to live up to international obligations and Red China has repudiated all its international obligations.

[Mr. Kaya and his party then continued the discussion in Mr. Parsons's office.]

Mr. Kaya said that he hoped some official approval could be given to his views as expressed in the papers given to Mr. Parsons. Best of all would be a statement of approval of some highly placed personage such as the President or the Secretary of State.

Mr. Parsons replied that he could investigate what might be done along these lines. The Secretary was in any case about to leave for Europe.

Mr. Kaya then asked what he might tell the press of the discussions, and Mr. Parsons said that it would be preferable to say nothing at all specific now, but that he would see what could be done which would permit Mr. Kaya to make some public use of the informal talks.

[Mr. Kaya and party then went to Mr. Palmer's office for a discussion of economic questions.]

Mr. Kaya referred to the two economic papers that he had presented ("A Proposal for U.S.-Japan Cooperation in the Economic Development of South and Southeast Asia"; "Proposed Method of U.S.-Japan Cooperation in Southeast Asia Economic Development"). He explained that the proposals were highly tentative and that he wanted to know how they might be modified in order to be made acceptable. The Japanese needed capital, but could furnish manpower and technology. They wanted to develop mines in Borneo, widen the railway gauge between Tokyo and Osaka, increase Japanese electric power and tourist facilities, for all of which capital was required.

Mr. Palmer emphasized, as did Mr. Parsons, that he could speak only unofficially and give his preliminary reaction to the proposals. The Japanese should be complimented on their foresightedness in wishing to help in the development of Southeast Asia as a means of increasing their trade with that area on a sound basis. It would be impossible to comment on Mr. Kaya's proposals in any detail without studying them further, but Mr. Palmer would like to repeat the statements which Mr. Dillon had made to the Japanese Foreign Minister last autumn: that U. S. aid appropriations are on an annual basis and that the creation of new institutions would not mean the availability of more funds; that the Asian countries apparently preferred bilateral to multilateral aid; that if this situation changed and it became clear that the majority of these countries want new institutions and would take the initiative in forming them, we would consider in what way we could cooperate; in the meantime, we would prefer to review regional projects on an individual basis, as for example the Orissa iron ore project.

Mr. Palmer also made reference to DLF. The DLF was the main source of U. S. Government funds for economic development and the Kaya proposals ran counter to their rules. The U. S. had stated at the Colombo Plan meeting in Seattle that it would request the Congress to increase funds for the DLF. Although we could not speak for the DLF, it would appear that it would give high priority to sound regional projects involving one or more Far Eastern countries. Setting up another fund would not add to the resources for economic development, but we have repeatedly emphasized that we would give favorable consideration to contributing, as we did in the case of Orissa, to any desirable project. The DLF can be helpful in such cases.

Mr. Kaya said that his proposal was a good way of countering the charge that Japan's aspirations were economically aggressive.

Mr. Palmer replied that the area had need of Japanese skills but that new economic development institutions were unlikely. Mr. Kaya's ideas would be carefully studied and use would be made of any acceptable features of the proposals.

(Mr. Kaya left the Department at 5:45 p.m.)