Chapter II

THE ATTITUDES OF THE PHILIPPINES AND INDONESIA TOWARDS JAPAN IN 1962
The Japanese peace treaty has been called "a political act of the greatest possible importance". (1) Its importance lay chiefly in the fact that it restored to the comity of sovereign nations a country like Japan "having its great population, its history and traditions, its industrial and military potential and its strategic importance". (2) The restoration of Japan to the status of a sovereign nation meant the re-emergence of a Power which had overrun and subjugated the whole of the Southeast Asian region during the Second World War. It was, therefore, natural that the countries of the Southeast Asian region should attach great importance to the re-emergence of Japan. The Philippines and Indonesia were seized of the importance of this political development, and they evinced a keen interest in it. There were many similarities and differences in their attitudes towards Japan.

THE ATTITUDE OF THE PHILIPPINES

The attitude of the Filipinos towards Japan after the end of the Second World War was shaped by certain considerations. First, the Filipinos firmly believed that the question of their relations with Japan was a national and emotional problem on which they had

1. See the Philippine delegate Carlos P. Romulo's speech delivered in the Peace Conference on 7 September 1951, Provisional Verbatim Minutes of the Conference for the Conclusion and Signature of the Treaty of Peace with Japan (Ministry of Foreign Affairs, Tokyo), p. 258. (Hereafter cited as Verbatim Minutes)

2. Ibid.
"an unmistakable, a solid and strong stand". (3) On account of the Japanese aggression during the Second World War, they had sustained not only physical damages, but also "moral traumatia". President Quirino said that the Japanese aggression had left "its permanent scars in our soul as a nation". (4) The Filipinos claimed with much justification that their country had suffered the heaviest damages at the hands of the Japanese in Southeast Asia. It was, therefore, natural that despite their attempts to maintain an "objective attitude" in their relations with Japan, the policy of the Philippines towards Japan was not "untouched by emotion". (5) Second, the geographical proximity of Japan made the Filipinos fear that their country would be the first victim in the event of a revival of Japanese militarism in the post-world-war period. They, therefore, adopted a vigilant attitude towards Japan. Apart from these two reasons, there was a consideration which exerted by far the greatest influence on the attitude of the Filipinos towards Japan, and that was the relationship which the Philippines maintained with the United States after the end of the Second World War.

Filipino Objectives

Before we examine the influence of the United States on the attitude of the Filipinos towards Japan after the Second World War, it is necessary to have a clear idea of their objectives. In


November 1949, a Foreign Office spokesman of the Philippine Government stated that the Philippines wanted an "early and material recognition of our just claims against Japan, and an unequivocal position against Japan's resurgence in the future as a dominant power capable once more of threatening the peace in this part of the world". (6) President Quirino in his inaugural Presidential address dated 30 December 1949 stressed the same objectives. He said:

The Japanese people will play an important rôle in our part of the world, but we expect them sufficiently to repair the injuries they inflicted in a war of aggression, and we want to be convinced that they have sufficiently experienced a change of heart which will induce them not to repeat it, but to cooperate instead in keeping our neighbourhood peaceful, free and prosperous. (7)

The Philippines, in short, demanded "just" reparations from Japan and adequate security guarantees against any possible revival of Japanese militarism. These two objectives formed the main guidelines of the policy of the Philippines during the early post-war years when the Japanese peace treaty was discussed. The Filipinos hoped to realize these two objectives without great difficulty, since it was the United States that had been primarily entrusted with the task of occupying Japan as well as of making peace with her. During the initial years, when the United States carried out the punitive phase of the occupation, the Philippines broadly supported American policies. But when the United States passed on to the stage of reconstructing Japanese economy, and sought to

6. Under-Secretary Felino Neri's address over Station DZFM, 17 October 1949. [Official Gazette, October 1949, p. 4358.]

7. President Quirino's inaugural address, 30 December 1949. [Official Gazette, December 1949, p. 5384.]
formulate a soft peace treaty, the Philippines vigorously protested against it. This was because there was a sharp conflict between the American objectives in Japan and the Filipino national interests. The fulfilment of the Filipino objectives — namely, reparations and security — depended upon the nature and degree of pressure that the Philippines could bring upon the United States.

Relations between the Philippines and the United States

The pressure that the Philippines could exert upon the United States was directly linked to the intimate relations she had built up with her soon after the attainment of freedom in July 1946. (8) Unlike Indonesia, the Philippines retained the influence of her former colonial Power in the economic and military spheres, and the kind of bitterness that marked the transfer of sovereignty from Holland to Indonesia was absent from their relations. This peculiar phenomenon of a newly independent country having intimate relations with its former metropolitan Power was due largely to the recognition by the United States of the assistance which the Filipinos had extended to her during the Second World War. As a mark of this recognition, President Franklin Roosevelt pledged himself to the grant of political independence and economic rehabilitation of the Philippines. He declared in December 1941 that "the people of the U.S. will never forget what the people of the Philippines

---

Islands are doing this day, and will do in days to come. I give to the people of the Philippines my solemn pledge that their freedom will be redeemed and their independence protected." (9)

Having granted freedom to the Philippines in July 1946, the United States also undertook the economic rehabilitation of the Islands on the ground that political freedom without economic stability would be meaningless. The Philippines Rehabilitation Act (1946) was a product of the growing realization that the war-shattered economy of the Philippines should be rehabilitated as speedily as possible. (10) The Philippines Trade Act (1946) envisaged a prolonged period of free trade between the United States and the Philippines, and thus continued the latter's economic dependence on the United States. The relations between the two countries were also strengthened by certain military arrangements between them. On 14 March 1947 both signed an agreement, called the Military Bases Agreement, which gave the United States rights to keep for a period of ninety-nine years, a number of naval, air and army bases in the Philippines. Another military assistance agreement was concluded on 12 March 1947 providing for the training of the Philippine forces with the help of a group of American military experts known as the Joint United States Military


Advisory Group. (11) The United States thus continued to exert a great influence in the economic and military spheres of the Philippines even after 1946. This fact had to be taken into account by the Philippines in her relations with Japan. The Liberal Party, which held the reins of Government during the years immediately following the war, found itself in the delicate position of having to pursue a tough policy towards Japan even at the risk of displeasing the United States. It is true that the Government of the Philippines broadly agreed with the United States during the punitive phase of the occupation of Japan. But later, when the United States changed her policy on account of economic and strategic compulsions and sought to build up Japan as a "bastion of democracy", she found that the Filipinos were reluctant to follow suit. It required a tremendous amount of persuasion on the part of the United States to convince the Filipinos of the need to change their attitude towards Japan. A close examination of the Philippine policies in the Far Eastern Commission will reveal it. The policies of the Philippines in the Far Eastern Commission may be studied broadly under three heads: a) policies relating to Japan's resumption of international personality; b) policies relating to Japanese fishing and c) policies relating to Japanese reparations.

(a) Resumption of International Personality One of the objectives of the United States during the occupation of Japan was to "bring about the earliest establishment of a democratic and peaceful government which will carry out its international

responsibilities, respect the rights of other states and support the objectives of the United Nations". (12) From the beginning of the occupation of Japan, the United States kept this as a cardinal guide-line and gradually sought to implement it. As early as 26 June 1947, she presented to the Far Eastern Commission a draft policy decision for an interchange of persons between Japan and other countries. (13) This proposal envisaged an interchange of persons between Japan and other countries for educational, religious, scientific and cultural purposes, including participation in international conferences and conventions. The immediate aim of this proposal was to "expedite the re-education of Japan in the democratic way of life" by providing "an effective means of countering the undermining influences of Japanese militarists and reactionaries by enabling reliable Japanese to gain first hand knowledge of the ways of democracy in other countries". (14) As the proposal encountered the opposition of many member nations, there was considerable delay in taking a decision on it. (15) However, on 28 October 1948, despite the Soviet veto, the Supreme Commander for the Allied Powers carried out the proposal by means of an interim directive. (16) The Philippines voted for the US proposal, but her


15. Ibid., p. 82.

16. Ibid.
representative made it clear that the time had not come to "permit the Japanese to travel abroad" and that the Government of the Philippines would not permit Japanese nationals to enter the Islands. (17) The Philippines followed a similar policy with regard to Japan's participation in inter-governmental conferences. The United States wanted the Japanese to be permitted to attend especially those inter-Governmental conferences abroad which related to technical matters. (18) Owing, however, to the strong opposition of many member nations, she modified the proposal. She now said that the SCAP should be authorized to permit the members of his staff to be accompanied by Japanese technical advisers, if the attendance of such advisers was acceptable to the host country. (19) The Philippines supported this modified version only in "the interest of getting agreement on the subject", but put it on record that she was "opposed to the attendance by Japanese nationals in any capacity, at inter-governmental conferences". (20) It may be noted that even before a decision was taken on this proposal by the Far Eastern Commission, the SCAP, using his discretionary powers, had been sending members of his staff accompanied by Japanese technical men to various inter-Governmental conferences. (21) Similarly, the SCAP, using his discretionary powers, had authorized the Japanese Government to accede to the Convention of the International Telecommunications Union on 1 September 1948. Except the

17. Ibid., p. 81.
18. Ibid., p. 83.
19. Ibid., p. 86.
20. Ibid., p. 87.
21. Ibid.
Netherlands, all member nations (including the Philippines) took exception to it on the ground that the final authority to take the decision vested in the Far Eastern Commission. (22)

In October 1948, the Philippines voted in favour of an American proposal to facilitate the re-entry of Japan into trade relations with other countries by providing for the travel or residence of Japanese commercial representatives outside Japan during the period of occupation. (23) The Philippine representative, however, hastened to make it clear that "notwithstanding the approval of this paper", the Philippines would not "permit any Japanese allowed to leave Japan under the programme authorised in this paper, to enter the Philippines". (24) Carlos Romulo, the Philippine representative, said that

the devastating effects of Japanese occupation upon cities and towns and defenceless civilians of our country are still very fresh in the memory of the Filipino people and that the strong anti-Japanese feeling still prevalent among the masses does not warrant the admission of Japanese nationals in the Philippines now or in the immediate future. (25)

Lastly, on 21 April 1949 the United States circulated a paper to the members of the Far Eastern Commission expressing her anxiety to place more and more responsibility in the hands of the Japanese Government. She believed that a quick resumption by Japan of her international responsibilities would be in accordance

22. Ibid., p. 92. Also see Under-Secretary Felino Neri's address on 17 October 1949, n. 6, p. 4361.
24. Ibid., p. 96.
25. Ibid.
with the terms of the Potsdam Declaration. She also believed that the process of restoring to Japan her international responsibilities under the guidance of the occupation would greatly help in promoting a "healthy international outlook among the Japanese and in averting the confusion that might well arise from any abrupt removal of current restrictions after a peace treaty". (26) But the proposal faced the vehement opposition of the member countries at the committee stage where it remained for six months. (27) Finding that the members would be agreeable to Japan's resumption of responsibilities in certain specific spheres, the United States divided the subject under three heads: Japanese official agents abroad for trade purposes; Japanese official agents for handling civil and property matters; and Japanese participation in technical agreements and conferences. When the vote was taken, the Philippines opposed all the three proposals. (28) The Philippine representative declared that his country was very much concerned about the admission of the Japanese people into the Philippines as it would arouse the "latent antagonism" of the Filipinos. (29)

The above analysis shows that the Philippines "vigorously" opposed Japan's resuming her international responsibilities "in the conviction that Japan may not legally hope to attain an 'international personality' pending the conclusion of a peace


27. Blakeslee, n. 13, p. 98.


29. Ibid., p. 102.
treaty". (30) She said that she would support Japan's entry into the comity of nations "the moment that country can meet the following set of criteria; 1) Concrete assurances of the peaceful intentions of the Japanese Government and people; 2) Assurance that the last vestiges of militaristic and expansionist thinking have been abolished in Japan's ruling clique to create a climate in that country thoroughly congenial for the growth of free, democratic institutions, and 3) willingness of Japan to assume her international obligations to the Allies pursuant to the provisions of the Potsdam Declaration and the terms of the post-surrender policy Agreement". (31)

30. Felino Neri's address on 17 October 1949, n. 6, p. 4361.

31. Ibid., pp. 4361-2. It is worthy of note that as late as December 1952 the Philippines abstained from voting on a US resolution seeking the admission of Japan into the United Nations. The Philippine abstention was based on the consideration that there were "serious questions subsisting" between Japan and the Philippines relating to the Japanese peace treaty. See Carlos Romulo's speech, Official Records of the General Assembly (GAOR), plen. mtgs, mtg 410, 21 December 1952, p. 475. Also Lopez's statement, GAOR, session 7, Ad Hoc Political Committee, mtg 50, 19 December 1952, p. 316.

A similar stand was previously taken by the Philippines on the question of Japan's admission into the ECAFE. At the 8th Session of the ECAFE (1952), Pakistan tabled a motion recommending an amendment of the ECAFE's terms of reference so as to include Japan within its scope and the subsequent admission of Japan as a member of the Commission. The Philippines, while supporting the extension of the geographical scope of the Commission, opposed associate membership for Japan on the ground that it was too premature. Report of the Economic Commission for Asia and the Far East, 8th Session, 29 January - 8 February 1952, Supplement no. 3, p. 16.

It was on 24 June 1954 that Japan became a full-fledged member of the Commission even though she had been serving as an observer earlier. ECAFE Annual Report, 19 February 1954 - 7 April 1955, p. 1.

Similarly in May 1951 the Philippines abstained from voting in favour of Japan's admission to the World Health Organization. See The Hindu (Madras), 18 May 1951.
(b) **Japanese Fishing**  Japanese fishing was another subject on which the Philippines differed with the United States. The basic agreement on Japanese fishing was embodied in a US directive dated 13 November 1945 authorizing the SCAP to permit the Japanese to carry on "deep-sea fishing" anywhere in the open seas except in waters "near" the territories of the United States or the Allies, and to fish "near" the Allied areas with the consent of the country concerned. (32) General Douglas MacArthur, however, using his discretionary power, gradually increased the area of Japanese fishing. The Philippines opposed this policy. (33) She also opposed the SCAP's authorizing the Japanese on 11 May 1950 to carry on a mother-ship type tuna expedition in a wide area south of the existing authorized fishing area. She opined that the authorization was a "violation" of the policy decision dated 13 November 1945 and should be reviewed. She also argued that the Japanese should not be permitted to fish within three hundred miles of Philippine territory. (34)

(c) **Reparations**  The Philippines actively co-operated with the United States in the matter till 12 May 1949, when American policy underwent a major change on the question. During the initial years of the occupation, the United States made earnest efforts to implement the terms of the reparations as laid down in the Potsdam Declaration, the Initial Post-Surrender Policy and the Basic Post-

---

33. Felino Neri's address, n. 6, p. 4361.
34. Blakeslee, n. 13, p. 121.
Surrender Policy for Japan. The Philippines believed that during the initial years, the United States was "motivated less by self-interest (since it needed and perhaps wanted nothing from Japan) than by the larger responsibilities which devolved upon it as the virtual leader of the victorious Allies and as the occupying power in Japan". (35) But when the United States modified her stand in May 1949, the Philippines reacted adversely, as she felt that American policy, as modified, was contrary to her own objective on the issue. A conflict of interests, therefore, became inevitable.

Reparations was one of the major problems that engaged the attention of the Far Eastern Commission in general and the United States in particular soon after the commencement of the occupation of Japan. The obligation of Japan to make "reparations in kind" to the aggrieved countries had been recognized in the Potsdam Declaration, the United States Initial Post-Surrender Policy for Japan and the Basic Post-Surrender Policy for Japan. It was now decided, as a part of the programme of demilitarization of Japan, that pending decision on an overall policy on reparations, an advance transfer of the surplus war and industrial plants should be made as "interim reparations removals" to those countries which had suffered during the war. The Pauley Committee, which studied the problem, recommended such interim reparations deliveries in ten categories of industrial

35. "Our Fight for Reparations in the Far Eastern Commission", address by Carlos P. Romulo, Secretary of Foreign Affairs, 21 August 1951. Brochure issued by the Division of International Information, Department of Foreign Affairs, Manila 1951, p. 5.
plants and equipment. (36) Edwin W. Pauley in his report stated that despite the devastations of the war, the industrial plants and equipment left in Japan "have a production potential far greater than anything which the rulers of Japan, throughout Japanese history, ever allowed the people of Japan to enjoy for their own peaceful use", and recommended that these excessive industrial plants and equipment should be used for reparations. (37) According to Pauley, the interim reparations deliveries would serve two purposes. First, they would disarm and demilitarize Japan without affecting the living standards of Japan since only excess capacities were to be removed. Second, they would raise the industrial and living standards of the neighbouring countries of Asia. Pauley stated that "the problem of Japanese reparations is a problem of contributing to the economic stabilization and thereby to the political stabilization of East Asia as a whole". (38) He put the crux of the problem thus: "We, as a nation, are concerned to see that Japan is not to be pauperised, but neither is Japan to be allowed to rehabilitate her economic life in a form which will allow her to gain control or to secure an advantage over her neighbours." (39)


In accordance with these recommendations, the United States proposed on 13 February 1947 an advance transfer of Japanese reparations to China, the Philippines, the Netherlands (Indonesia) and the United Kingdom (Malaya). (40) Though the actual transfer was unduly delayed, the Philippines hailed the proposal and received reparations goods worth 20,000,000 pesos. (41) She supported the policy of advance transfer of reparations on the ground that it "would give a cast of urgency to the problem of reparations and take it out of the realm of mere conjecture and debate". (42) As Romulo put it, "the meeting of minds between the United States and the Philippines was never more complete than at this stage". (43)

The United States was simultaneously preoccupied with two aspects of the reparations problem, namely the determination of the shares of different countries and the determination of the economic and industrial levels that should be retained in Japan. In order to tackle the first question, she proposed, as early as in April 1946, the organization of a semi-autonomous committee called the Inter-allied Reparations Committee to determine the countries entitled to reparations, as well as their shares. (44)

---


41. "Our Fight for Reparations in the Far Eastern Commission", Romulo's speech, n. 35. It may be noted that in addition to this, the Philippines also took over the Japanese properties in the Islands under Article 14 (2)(1) of the peace treaty.

42. Ibid., p. 7.

43. Ibid.

44. For details, see Blakeslee, n. 13, p. 129.
Philippines supported the proposal on the ground that a committee functioning outside the Commission "would have a better chance of approaching the reparations problem from a technical rather than a political angle, and of concentrating the necessary expert knowledge to facilitate its early solution". (45) Similarly, when on 25 July 1946 the United States made another proposal to convene a reparations conference of the eleven countries represented on the Far Eastern Commission, the Philippines supported it as a measure of the "utmost importance to the prompt rehabilitation of the war devastated countries". (46) Both these proposals were, however, defeated by the Soviet veto, as the Soviet Union feared that a conference of the type suggested by the United States would also discuss the "war trophies" she had seized in Manchuria. (47) During 1947-48, the Far Eastern Commission discussed the question of determining the shares of different countries. But these discussions failed to bring about any decision. (48)


46. Ibid.

47. Blakeslee, n. 13, pp. 131-3.

48. In April 1947, the United States asked each of the member countries of the Far Eastern Commission to state the percentage of reparations it believed it was entitled to receive from the general pool. All the members made excessive claims, so much so the total sum amounted to 204.5 per cent. The Philippines claimed 15 per cent. This attempt having failed, the United States made a new approach to the problem by presenting her own shares for each country and allocated 8 per cent to the Philippines. Even though the Philippines accepted the reduced percentage, other countries like the Soviet Union, Great Britain, France, the Netherlands and India did not accept their respective shares as determined by the United States. As a result of this deadlock, no decision on the shares of reparations could be made. See ibid., pp. 142-50.
In order to determine the economic and industrial levels that should be retained in Japan, the United States sent out a number of technical missions to Japan to study the Japanese economy during 1947-48. Of these, the reports of the Committee of the Overseas Consultants under Clifford Strike and the Johnston Committee exerted a great influence on the US policies towards Japan. Both committees concluded that the quantity of capital equipment in Japan which could be properly considered in excess of Japan's peaceful needs had been greatly overestimated. They also advised against the transfer of further reparations from Japan as they felt that the Japanese economy was operating at a heavy deficit whose "end is not in sight".

The report of the Committee of the Overseas Consultants under Clifford Strike stated:

Removal of productive facilities (except primary war facilities) which can be effectively used in Japan would hurt world production; would reduce the likelihood of her becoming self-supporting, and in any case increase the time required to accomplish this objective, would be expensive to the American tax payer; and in our opinion would not be to the best interests of the claimant countries. (49)

The report submitted by Percy H. Johnston was still more favourable to Japan in so far as it recommended further reductions in the transfer of industrial facilities. It stated:

Our major purpose in recommending this reduction is to retain for the rehabilitation of Japan's peacetime industry a substantial number of machine tools of modern design. Only by retaining such tools can the peace-time industry of Japan quickly be rehabilitated on an efficient basis. In view

of the developments of the last two years and the continuing deficit economy, there is, in my opinion, a cumulative urgency for the rapid rehabilitation of Japan's industry.

Paramount to all other considerations is the need for prompt and final action. Further delay in the settlement of the reparation problem will not help the claimant nations and will hurt Japan greatly. (50)

Thanks to these two reports, the United States undertook measures to strengthen Japanese economy and make it self-sustaining. The programme of economic stabilization launched in December 1948 was one such measure. (51) Soon it was increasingly realized that the transfer of industrial facilities from Japan would not be consistent with the policy of stabilizing Japanese economy. On 12 May 1949, the US Government informed the members of the Commission that it had decided to rescind its policy of removing advance reparations from Japan. While announcing the decision, it enumerated the reasons for taking that decision. It said:

(a) The deficit Japanese economy shows little prospect of being balanced in the near future and, to achieve eventual balance, will require all resources at its disposal.

(b) The burden of removing further reparations from Japan could detract seriously from the occupation objective of stabilising the Japanese economy and permitting it to move towards self-support.


There is little or no prospect of Far Eastern Commission agreement on a reparations shares schedule despite the repeated initiatives by the United States over the past three years to assist the Commission in reaching such an agreement. Without agreement on a shares schedule, the existing Far Eastern Commission policy decisions regarding reparations are incapable of implementation. (52)

Criticism of the Philippines

Of all member nations, the Philippines reacted most bitterly to the new American policy on reparations. The Philippine representative, Carlos Romulo, called the US decision a "flagrant repudiation by the U.S. of its commitments under the Potsdam Declaration". (53) He argued that the decision would "nullify both the letter and spirit of the terms of reference of the Far Eastern Commission as well as the series of policy decisions on the problem of reparations laid down by the Commission, particularly bearing on the disposition of interim reparations assets covering eleven categories of Japanese industries". (54) He charged that the US decision was contrary to the intent of the Philippines Rehabilitation Act of 1946 which, he said, "was premised in part on the payment of the Japanese reparations". (55) He also declared that the Filipinos had assigned "a vital strategic rôle" to the reparations in the economic reconstruction of their country and


54. Ibid.

55. Ibid.
that the American decision would cause "dislocation" to their plans. (56) Finally, he declared that the US decision was political in nature dictated largely by American strategic interests. Japan, he alleged, "had become a major prize in the struggle for power, and the future of Japan became important as the future of a potential ally against the Soviet Union, and no longer as that of a country which must be deprived of the fangs of aggressive power". (57) He stated: "The problem of reparations is not a problem of Japanese-American relations. It is not a question of Soviet-American power relations.... It is a question of grave international concern to all the states on the Commission that have a stake in the future of Asia." (58)

The American stand

The United States repudiated the charges and released her answers on 10 June 1949. (59) She sought not only to assuage Filipino misgivings, but also to explain why she had taken the decision in question. She stated that the Filipino allegations rested on "a number of serious misconceptions both as to the United States policies toward Japan and the fundamental nature of the Japanese problem". (60) Reiterating that the programmes of

56. Ibid.
57. Ibid., p. 14.
58. Ibid., p. 16. See also a good article by Marcelino V. Bernardo, "Reparations - a Philippine View", Department of Foreign Affairs Quarterly Review (Manila), vol. 1, no. 1, May 1950, p. 13.
60. Ibid., p. 831.
democratization and reform prescribed for Japan could succeed only in a "tolerable economic environment" in Japan, she pointed out that she had single-handedly assumed the responsibility of providing assistance to Japan to ensure such an environment, and that she "cannot indefinitely bear the burden of Japan's support", not only because "the American tax-payer is already carrying a heavy load" but also because "there is a limit to the U.S. resources". (61) She claimed that it was only with the objective of lessening her own burden that she had undertaken in 1947-48 many measures calculated to stabilize Japanese economy and make it self-sustaining. She had no doubt that any further industrial reparations would only hamper that objective. She declared that Japan had been "completely disarmed and that Japan was likely to become a threat due to "difficult problems in developing its agriculture, industry and trade" rather than due to the retention of the "existing industrial plants for peaceful, productive purposes". (62) Pointing out that there was no conflict between her decision and the Potsdam Declaration, she referred to Paragraph 11 of the Declaration, which says: "Japan shall be permitted to maintain such industries as will sustain her economy and permit the exaction of just reparations in kind but not those which would enable her to rearm for war." She interpreted this paragraph as laying primary emphasis on the needs of a self-sustaining economy for Japan and only secondary emphasis on reparations, and stated:

61. Ibid.
62. Ibid., p. 832.
Since the Japanese economy today is a heavily deficit economy, and since the exaction of further reparations would increase that deficit and deter the achievement of self-support, the U.S. position is fully consistent with the above-quoted Potsdam provision, and with the pertinent provisions of the FEC Basic Post-Surrender Policy for Japan, the clear intent of which is that reparations shall be restricted to resources surplus to Japan's peaceful needs. (63)

She also repudiated the contention of the Philippines that she had implicitly undertaken in the Philippines Rehabilitation Act to collect reparations from Japan on her behalf. She made it clear that the Act was aimed mainly at a speedy rehabilitation of the Philippine economy and that she had no intention to charge the same upon the reparations from Japan. She declared that the Rehabilitation Act did not in any way prevent the Philippines from putting forward her claims for reparations. She concluded that the Philippines had always advanced her claims independently in the Far Eastern Commission and that there never was any doubt "as to its rights and responsibility to submit its own reparations claims". (64)

Change in the United States attitude towards Japan

The US decision on reparations dated 12 May 1949 was not an isolated measure, but an integral part of the plans to strengthen Japan economically. It was a major event which reflected the momentous changes that had occurred in the American

63. Ibid., pp. 831-2.
64. Ibid., p. 832.
policies towards Japan and which had great relevance to the formulation of the Japanese peace treaty.

The formulation of a peace treaty had been contemplated as early as 1947. Different views had then been expressed as to the kind of peace to be made. (65) Only MacArthur had advocated a quick and generous peace for Japan. In the American State Department, however, there had been two distinct schools of thought. The group led by Hugh Borton had advocated a punitive peace, and the Policy Planning Staff under George Kennan had doubted the wisdom of dictating a harsh peace for Japan in the context of the cold war. Kennan had nevertheless advocated the prolongation of the occupation period so that Japan could be politically and economically stabilized by the time the occupation came to an end. The Defence Department on the other hand had advised the retention of Japan from the viewpoint of military interests. (66) Hence the treaty drafts made in 1947-48 had been punitive in nature and governed largely by pre-cold-war considerations. (67)

The United States had undertaken in 1947-48 a number of economic measures to make the Japanese economy self-sustaining.


66. See Dunn, n. 65, pp. 54-62.

67. Ibid., p. 70.
The reports of the committees headed by Strike and Johnston had brought to light the grave difficulties which then beset Japanese economy, and had shown how the United States compelled by economic considerations, had had to undertake measures like the economic stabilization programme, the suspension of interim reparations, the liberalization of trade and so on. (68) Though these changes had been caused primarily by economic needs, they had been "consistent with American global strategy and had certainly received some of their impetus from the architects of the containment policy". (69) As the Philippine Foreign Secretary, Carlos Romulo, put it, the Strike and Johnston missions had been dispatched "at a time of heightened international tension arising from the sharpening conflict between the U.S. and the Soviet Union". (70) Hence "a definite political objective always had hovered in the background" of the change in American policies. (71) Such political objectives, however, had begun to gain importance in the formulation of the peace treaty only towards the end of 1948. The decision of the National Security Council in November 1948 was a "turning-point" in that it had pleaded that Japan should be considered more as a friend and less as an enemy and had set at rest all talk of a punitive peace and led subsequent peace efforts to proceed on the lines of protecting Japan against aggression and

68. Aduard, n. 65, pp. 73-96.
69. Dunn, n. 65, p. 76.
71. Dunn, n. 65, p. 77.
making her a dependable ally. (72) But still there had remained some scepticism about the wisdom of retaining Japan as an ally in the context of the cold war. This scepticism had found clear expression in the statements of Royall, the Secretary of the Army, in February 1949. (73)

It was thus only towards the end of 1949 and in the beginning of 1950 that the US conception of Japanese peace crystallized. The draft treaty drawn up in October 1949 embodied the National Security Council's decision of 1948 and envisaged a mild peace for Japan. As Frederick Dunn says, this was the first draft treaty to be made with a "full awareness" of the cold war and the containment policy. (74) It made an objective appraisal of the US position "which was less favourable than at the end of world war II and even less favourable than in 1947". It also recognized that China was in Communist hands and that "therefore the focus of strategic planning in the Far East would have to be elsewhere". (75)

In January 1950, the US Secretary of State, Dean Acheson, gave clear and unmistakable expression to the new US policy towards Japan. In his well-known speech entitled "Crisis in Asia", he declared that the real threat to peace in the Far East was the Soviet Union and not Japan. He said that the Soviet Union's territorial interests in the far East ante-dated Communism and that the Communist concept added only new methods and techniques

72. Ibid., pp. 77-78.
73. Ibid., p. 79.
74. Ibid., p. 83.
75. Ibid., p. 86.
to the old "thrust of Russian imperialism". (76) He said that the Asian states were, owing to their political instability and economic backwardness, susceptible to "Soviet penetration". He pointed out that this had "placed upon the U.S. the necessity of assuming military defence of Japan so long as that is required both in the interest of our security, in the interests of the security of the entire Pacific area, and in all honour, in the interest of Japanese security". (77) He regarded Japan as a vital link in the "defence perimeter" that ran from the Aleutians to the Philippines through Japan and the Ryukyus. (78) Japan was thus not only not an enemy country, but a vital link in the security of the "free world".

Dulles and the peace treaty

When John Foster Dulles took up the task of drafting the Japanese peace treaty, US policies had already crystallized. All that he had to do was to embody them in a treaty. Dulles went about his task with two basic concepts. First, the spirit of the treaty should be governed by justice. Second, the greatest threat that the world faced was Communism. The outbreak of the Korean War in June 1950 strengthened his conviction in the two concepts and spurred him to draw up not only a "just" treaty, but also a "prompt" treaty. He believed that the Korean War was "made because

77. Ibid.
78. Ibid., p. 116.
of the strategic importance of Korea in relation to Japan. It showed the lengths to which the Soviet imperialism was prepared to go to dominate Japan." (79) He had no doubt that the war was started with a "desire to embarrass our plans for putting Japan more and more onto a peace basis, with increasing self-government in the Japanese people themselves". (80) Stressing the importance of Japan in this context, he declared: "Japan represents the only large industrial power in Asia outside of the Soviet Union, and that power should, in the future, serve the cause of freedom, and not become a tool of despotism." (81) He called for quick action in Japan, view of the Korean War. He cautioned: "Neglect and indecision in Japan could lose the great gains of General MacArthur's superb administration. We could, indeed, lose more in Japan than can be won in Korea." (82) He believed that the loss of Japan to communism would irreparably damage the cause of democracy. To quote Dulles again,

In the still free Asia that communism has not conquered, Japan occupies a key position. Japan's industrial position is great and unique in that part of the world. That fact, of course, increases


82. Ibid.
the danger, for, Japan's industrial capacity is something that Russia covets. If Japan should succumb to communist aggression, there would be a combination of Russian, Japanese and Chinese power in the East which would be dangerously formidable. Therefore the free nations face the task of turning what was an enemy into a dependable friend and uniting separate and discordant elements into a harmonious whole. (83)

The Seven-Point Memorandum which the United States had circulated late in 1950 to the members of the Far Eastern Commission envisaged total waiving of all reparations claims by the Allies. (84) As for security, it contemplated that pending an alternative security arrangement such as assumption by the United Nations of effective responsibility, "there would be continuing cooperative responsibility between the Japanese facilities and the U.S. and perhaps other forces for the maintenance of international peace and security in Japan area". (85) During September-October 1950, Dulles, taking advantage of the UN General Assembly session, conducted talks with the countries concerned. He discussed the reparations and security questions with the Philippines also. The Philippines objected to the absence of restrictions on Japanese rearmament and to the waiver of reparations. (86)

The Filipino response to new United States Policies

The changes in the American policies related to reparations

84. See Documents on American Foreign Relations 1950 (Princeton, 1951), vol. 12, p. 437.
85. Ibid.
86. See Dunn, n. 65, p. 109. For a good article in Japanese, see "Tainichi kowa no mitoshi", Sekai, January 1951, pp. 2-7. See also Sangyo Keizai Shimbun (Tokyo), 9 October 1950.
and security, which were the twin objectives of the Filipinos in the post-war period. Being an ally of the United States, the Philippines was naturally expected to follow the US line. But such a course would have adversely affected her national interests. She therefore had to fight hard with the United States in order to get the maximum fulfilment of her national objectives.

**Dulles's visit to Manila**

In February 1951, Dulles visited the Philippines on his way to Canberra from Tokyo and held discussions with Filipino leaders. He found their mood similar to that of the French at the end of the First World War. (87) He explained to them his country's stand on the two questions of reparations and security. Though he was sympathetic to the Filipino claims, he ruled out the possibility of payment of reparations by Japan on the ground that "reparation is not merely a matter of justice, it is a matter of economics". (88) He told them that any imposition of reparations on her would only "assure the conquest of Japan by communism, and not be in the real interest of the Philippines". (89) On the question of security, he assured them that under any peace settlement, Japan would be a "good neighbour to all who practise freedom and a bulwark against a new tide of despotism which threatens from

---

88. Ibid.
89. Ibid.
Asian mainland". (90) He also probably told them that American troops would be maintained in Japan after the end of the occupation in order to prevent the vacuum from being filled by the Communists. (91) In short, he tried to reconcile the Filipinos to his conception of peace by focussing their attention more on the threat of Communism than on the possible revival of Japanese militarism. In March 1951, he completed his preliminary draft and circulated it to the Philippines. This draft called upon the Philippines to waive her claims for reparations. As regards security, it contemplated that Japan should make her own contribution to security though it should not be "a pretext for militarism". (92) The security system which Dulles contemplated in the draft had a dual character. First, it would protect Japan from the "communist menace"; and second, it would protect Japan's neighbours from the "nightmare" of Japanese militarism. (93) The security plan of Dulles was based on his discussions in Manila, Canberra and Wellington. He found that the Pacific Allies, while recognizing the need to strengthen Japan against Communism, also entertained misgivings about her and that this was why they demanded


93. Ibid. This point has been well analysed in a Japanese article, "Dulles kosho to Nihon no tachiba", Sekai, April 1951, pp. 2-7.
a security system which would ensure their safety and that of Japan against Communism and at the same time constitute a guarantee against the revival of Japanese militarism. The underlying objective of Dulles was to incorporate Japan within the security system of the "free" nations and simultaneously make her a peaceful member of that system.

The Filipinos reacted very sharply to the March draft. In a letter to Dulles, dated 20 March 1951, Foreign Secretary Romulo expressed the deep concern of the Philippines about reparations and security. (94) He declared that the Philippines would not withdraw her claim for reparations which constituted an "indefeasible right". He maintained that the need to keep a self-sustaining Japanese economy should not "supersede" the claims of the Philippines for reparations. He considered this question as still remaining "open". (95) On the question of security, he declared that the Philippines would not be "willing to risk the emergence of a remilitarised Japan", and he therefore wanted "adequate and effective safeguards both on the restoration of Japanese industry and rearmament of Japan". He stated that while the Philippines would respect Japan "as an important bastion of the proposed defensive wall against communism", it would serve no purpose if the countries which were sought to be protected by that defensive wall were "permitted to fall into economic chaos to be subverted by communism from within". He concluded that the Philippines


95. Ibid.
would not withdraw her claim for reparations as a "price of Japan's participation in a collective security arrangement for the Pacific". (96)

Realizing the intensity of Filipino feelings, especially on the question of reparations, Dulles conceded on 31 March 1951 that "the U.S. has not closed its mind on this subject, and is with an open mind actively exchanging views with countries which were most grievously damaged by Japanese aggression". (97) In June 1951, J.M. Allison, Secretary to Dulles, visited Manila to study the Filipino viewpoint. He found Filipino feelings on reparations as strong as ever. As for security, he impressed upon the Filipinos that the continuance of US military forces in Japan even after the end of the occupation would be an adequate guarantee against the resurgence of Japanese militarism. (98)

The Anglo-American draft in July

The Anglo-American joint draft treaty published on 12 July 1951 was a disappointment to the Filipinos in two respects. First, it ruled out the possibility of their receiving any reparations beyond Japan's ability. It recognized that Japan would make compensation for the war damages by "making available the skills and industry of the Japanese people and other services to be

96. Ibid. See also Senator Vicente J. Francisco, "Japan Should Pay Reparations", Lawyers' Journal (Manila), vol. 16, no. 3, 31 May 1951, p. 140.


rendered to the Allied Powers in question". (99) Second, it also recognized that "Japan as a sovereign nation possesses the inherent right of individual or collective self-defence referred to in Article 51 of the Charter of the United Nations and that Japan may voluntarily enter into collective security arrangements". (100) The release of the draft treaty coincided with the publication of a draft tripartite security treaty between the United States, Australia and New Zealand. (101) This caused considerable irritation to the Filipinos, who believed that the United States had been partial to White nations.

The disappointment of the Filipinos soon manifested itself in intense anti-Japanese and anti-US sentiments. President Quirino himself spearheaded the attack on the draft treaty. He called the draft "a brash and bland departure in studied silence on and avoidance of the moral issue crucial to the settlement of a lasting peace in the hearts of aggressor and victim". (102) He remarked: "We cannot in conscience be a willing party to any transaction that would give it [aggression] speedy clearance to rear again its ugly head in our midst by simply writing off its accountability at the behest of a cherished friend." (103) He disputed the claim of Dulles that the Japanese peace treaty was a milestone in

100. Ibid., p. 133.
101. Ibid., pp. 147-8.
102. President Quirino's 33rd monthly radio chat, 15 July 1951, n. 4, p. 3410.
103. Ibid., p. 3409.
international conciliation. He bitterly stated: "It conciliates the powerful who flouted the law and the decent instincts of humanity. It insures all possible assistance to the aggressor who now has not long to wait to be able to impose with his wonted assurance. And it rides roughshod over the sensibilities and memories of his mingled victims." (104) The argument of Dulles that the Allies must make sacrifices in the larger interests of the "free world" fell on deaf ears. Quirino retorted: "We are not rancorous or revengeful. But we cannot sustain such a callow gesture of false generosity and keep our self-respect." (105)

The Filipinos registered their stubborn opposition to the draft. The All Party Consultative Committee and the Council of States unequivocally objected to the provisions of the draft. (106) At the local level, the Provincial Boards, the City Councils, and the Municipal Boards strongly endorsed the stand taken by the Central Government. On 31 July 1951, President Quirino convened a conference of governors and city mayors in order to make a "strong and solid stand" in support of the Government's attitude towards the peace treaty. (107)

104. Ibid.

105. Ibid. To know the true feelings of the Filipinos, see New York Governor Thomas E. Dewey, Journey to the Far Pacific (New York, 1952), pp. 149-52. See also an article written by Eugenio Perez, Speaker of the House of Representatives, "Our Moment of Decision", Freedom (Manila), 28 July 1951, pp. 19-20.


This intense Filipino opposition made it clear to the United States that unless some concessions were made, the Philippines might not agree to the terms of the treaty. Hence, a series of talks followed in Manila between the United States and the Philippines on issues concerning reparations and security. A basic accord was reached by 10 August 1951. This accord ran on the following lines:

a) Both the Philippines and the United States agreed on the necessity of a strong Japan in the "basic defence" against Communism of the world, particularly Southeast Asia and the Far East; (b) any aggression on the Philippines from any source would be treated as a threat to the United States; and c) the Filipino claims for reparations would be recognized. (108) The final text of the peace treaty was released on 15 August, and it was followed by the publication on 16 August of the text of the U.S.-Philippines bilateral security pact. (109) The terms of these two texts did much to mollify Filipino feelings, and there was considerable appreciation about these developments. (110)

The final text of the peace treaty contained certain modifications of Article 14 dealing with reparations. The modifications were intended to satisfy the wishes of the Philippines and other Southeast Asian countries. Article 14(a) read:

110. For example, see the editorial "We Won", Manila Chronicle, 17 August 1951.
It is recognised that Japan should pay reparations to the Allied Powers for the damage and suffering caused by it during the war. Nevertheless it is also recognised that the resources of Japan are not presently sufficient, if it is to maintain a viable economy, to make complete reparations for all such damage and suffering and at the same time meet its other obligations. (111)

The modifications constituted a definite improvement upon the July draft of the treaty. The final text made the recognition of Japan's obligations to pay reparations more categorical. Further, the inclusion of the term "presently" afforded much scope for the Philippines to enter into negotiations subsequently on the basis of an assessment of Japan's ability. As for the form of reparations, the final text made no substantial change. It stated that Japan would compensate aggrieved countries for the damages by "making

111. Article 14(a) of the Peace Treaty. For the July draft of the treaty, see Department of State Bulletin, vol. 25, no. 630, 23 July 1951, pp. 132-5.

Article 14 of the July draft reads:

14(a) It is recognised that, although Japan should in principle pay reparations for the damage and suffering caused by it during the war, nevertheless Japan lacks the capacity, if it is to maintain a viable economy, to make adequate reparation to the Allied Powers and at the same time meet its other obligations.

However, Japan will promptly enter into negotiations with Allied Powers so desiring, whose present territories were occupied by Japanese forces and damaged by Japan, with a view to assisting to compensate those countries for the cost of repairing the damage done, by making available the skills and industry of the Japanese people in manufacturing, salvaging and other services to be rendered to the Allied Powers in question. Such arrangements shall avoid the imposition of additional liabilities on other Allied Powers, and where the manufacturing of raw materials is called for, they shall be supplied by the Allied Powers in question, so as not to throw any foreign exchange burden on Japan.
available the services of the Japanese people in production, salvaging and other work for the Allied Powers in question". (112)

Peace Conference and the Philippines

That the Philippines was not fully satisfied with the terms of the peace treaty was clearly borne out by the speech of Carlos Romulo in the Peace Conference. Romulo declared that "the peace treaty in the present form falls short in certain respects of what it deems to be just and necessary". (113) Firstly, he stated that the restriction of the payment of reparations to the services of the Japanese people was not acceptable to the Filipinos. He quoted facts and figures to prove that the Japanese economy was making steady progress. The Philippines stood by the Allied aim that the imposition of reparations should be subject to the maintenance of a viable economy in Japan, the satisfaction of Japan's other obligations and the need to avoid additional liabilities on other Allied Powers and additional foreign exchange burdens on Japan. But she refused to "foreclose the whole question in advance" and "limit her right to the payment of reparations to services in production, salvaging and other work...". She therefore demanded a "freer hand" to negotiate with Japan for "forms" other than those contemplated under Article 14(a)1. (114) In this attempt


114. Ibid., p. 263. As the conference procedure did not permit any amendment, the Philippines made the following reservation: "The right of the Government of the Republic of the Philippines to negotiate and mutually agree with the Government of Japan on the kinds and forms of reparations due to the former from the latter and the manner of their payment or delivery is hereby reserved, any provision of the present treaty to the contrary notwithstanding." Ibid., p. 264.
to have a "freer hand" to negotiate with Japan in future, she eventually succeeded. At the time of the Peace Conference, the delegates of the Philippines met the Japanese Premier, Yoshida Shigeru and discussed the matter. On the advice of Dean Acheson, Yoshida made it clear to the Philippines that she could "rely upon Japan's good faith" in fulfilling the provisions concerning reparations. (115) Furthermore, in his speech at the conference, he gave an assurance that Article 14 would be given a "fair interpretation". (116) In view of these assurances, the Philippines believed that "it will be possible to mitigate the shortcomings of the treaty and make its provisions conform more closely to the requirements of equity and justice...". (117) The assurances given by Premier Yoshida undoubtedly cleared the path for the fulfilment of one of the Filipino objectives.

Security

The Philippines also had much to say about security. She refused to consider that Japan had been thoroughly democratized. Romulo candidly put it that "it is straining human credulity to believe that Japan within a brief period of six years, has been completely and permanently transformed from the aggressive, feudal, militarist police state which it has been for centuries

115. Yoshida Shigeru, Yoshida Memoirs - The Story of Japan in Crisis (London, 1961), pp. 257-8. See also the official statement of Romulo on 2 October 1951, Manila Chronicle, 3 October 1951; and Japan Times (Initially it was called Nippon Times. In this thesis, it is referred to as Japan Times, Tokyo), 9 September 1951.


into a practising and thorough-going democracy." (118) The Philippines also wanted to incorporate in the peace treaty certain provisions aimed at controlling Japanese education thereby facilitating the growth of a democratic way of life as well as at ensuring the control of civilian authority over the military in the Japanese governmental system. In fact, she wanted these two to be carried out under the supervision of the United Nations Organization for a period of twenty years. (119)

A more detailed analysis of the security aspects will be made in a subsequent chapter. Suffice it to say that the Philippines would not have agreed to Article 5(c), which recognized Japan's right to individual or collective defence, if she had not entered into a bilateral security pact with the United States. (120) Contrary to her stubborn stand on reparations, she showed a great degree of flexibility in her views on security. It was inevitable in view of the dramatic political changes in the Far East. The flexibility of the Philippine attitude was discernible as early as August 1949, when President Quirino called upon the United States not to "tarry too long in the redefinition of fundamental attitudes towards Asia" and urged her to build up a security system for the Pacific against Communism. (121) The success of

118. Ibid., p. 259.

119. These were two amendments to the July draft. But the Filipino amendments were not accepted by the United States. Manila Chronicle, 18 July 1951. See also Keesing's Contemporary Archives (Bristol), vol. 8, 1950-1952, p. 11085.


121. President Quirino's speech before the United States Senate on 9 August 1949. Official Gazette, August 1949, pp. 269-74.
the Communists in China in 1949, the outbreak of the Korean War, and the Huk disturbances in the Philippines further strengthened Quirino's conception of a Pacific security system. By 1950-51, the Filipino conception of security had assumed a dual character. Firstly, the Philippines sought security against Japan. Secondly, she sought the security of all democratic countries of the Pacific, including Japan, against the Sino-Soviet bloc. When President Quirino mooted the idea of a Pacific security system in 1949, it did not find favour with the United States. (122) But when, in 1951, the United States initiated three separate bilateral security pacts — namely the U.S.-Philippines Security Pact, the ANZUS Pact, and the U.S.-Japan Security Pact — as "initial steps" towards a collective security system in the Pacific, Quirino readily gave his consent. The bilateral pact between the United States and the Philippines fulfilled the dual need of the Filipinos. This pact, together with the U.S.-Japan Security Pact, was hailed by Quirino as removing once for all the "so-called yellow peril which has been the concern of our country ever since we wanted to establish our own government". He observed:

The mutual defence pact we signed with the U.S. means that the U.S. will defend us in case of aggression, in the same manner that we will participate in the defence of the U.S. when she is invaded. The mutual security pact signed between the U.S. and Japan means practically the same thing as between these two countries. And this virtually amounts to a non-aggression pact between the Philippines

122. For full details, see Carlos P. Romulo, Crusade in Asia; Philippine Victory (New York, 1955), p. 103.
and Japan. Japan cannot invade the Philippines without involving America because of the latter's mutual defence pact with us. So the two Pacts serve as a moral deterrent to Japan. (123)

The dual nature of the bilateral security pact between the United States and the Philippines was firmly stressed by Romulo at the time of its signing on 30 August 1951. The treaty obligation, he declared, "covers any act of aggression, whether proceeding from a new source or arising from a repetition of aggression". (124) The bilateral security pact, together with the assurances given by Premier Yoshida, at last induced the Philippines to sign the peace treaty on 8 September 1951.

Nacionalista opposition

Though the ruling Liberal Party signed the peace treaty, it had to face stiff opposition at home. The question of a peace treaty with Japan had become so enmeshed in Filipino domestic politics that the Liberal Party had a hard time in "selling" it to the people. It explained that though the peace treaty was not wholly satisfactory, it had to be signed because of "the limited area of choice within which we had to act". (125) Having explained thus, the Liberal Party vigorously sought to justify its action.

It said that opposition to the Japanese peace treaty would have


given comfort to "political enemies" because the Soviet Union and Communist China favoured the continuance of the state of war between the Philippines and Japan. (126) It called upon the opposition Nacionalistas to take a non-partisan stand on the Japanese peace treaty and the U.S.-Philippines bilateral security pact. But the Nacionalista Party expressed its vigorous opposition to the Japanese peace treaty. It was not satisfied with the terms of the peace treaty on reparations and security. On account of this dissatisfaction, it refused to take part in the Peace Conference, and withdrew the members of its Party from the Filipino delegation. It considered the signing of the peace treaty by the Philippines "a great betrayal", "a new abdication of our rights" and "her Munich at San Francisco". (127) The dissatisfaction of the Nacionalista Party stemmed from two reasons. First, the Party wanted a categorical declaration that reparations would include "forms" other than mere Japanese services stipulated in the treaty. (128) Second, it wanted the bilateral security pact to include automatic and obligatory US action in defence of the Philippines on the pattern of the North Atlantic Treaty Organization. It was not satisfied with Article IV of the pact, which says: "Each Party recognises that an armed attack in the Pacific area on either of the parties would be dangerous to its own peace

126. Under-Secretary Neri’s statement, Manila Chronicle, 24 October 1951; also Manila Chronicle, 24 August 1951.

127. Senator Recto’s speech, Manila Chronicle, 9 September 1951.

and safety, and declares that it would act to meet the common dangers in accordance with its constitutional process." Senator Recto believed that while this clause was sufficient to protect the Philippines against Communist aggression, it might not be satisfactory with regard to any possible Japanese attack through infiltration or subversion. (129)

The Nacionalista Party was bent upon blocking the ratification of the peace treaty. In the Senate elections held in November 1951, the Japanese peace treaty was an important issue. (130) The striking success of the Nacionalista Party in the elections gave it the strength needed to block the ratification in the Senate. Its slogan was "No ratification without adequate reparations". The attempts of the Liberal Party to have the peace treaty ratified failed. The Nacionalista Party made the conclusion of a reparations agreement a condition precedent to the ratification of the peace treaty.

THE ATTITUDE OF INDONESIA

Though the question of the re-emergence of Japan was one of the main foreign-policy issues in Indonesia during 1950-52, it never stirred the emotions of the Indonesians as it stirred those of the Filipinos. While it is a fact that a few Indonesian leaders expressed misgivings about the re-entry of Japan into the comity of free nations, the Indonesians on the whole remained


unapprehensive of it. (131) But the Japanese peace treaty stirred up a political controversy of a different type in Indonesia. Unlike in the Philippines, the controversy in Indonesia related less to the terms of the peace treaty than to its authorship. As Kahin says: "In general, the Indonesians opposed the Treaty not so much because of its terms, as because it seemed to symbolise an abandonment of their independent foreign policy in favour of alignment with the United States." (132) Since the peace treaty was largely drafted by the United States, the adherence of Indonesia to its terms was generally construed as lending support to the Western bloc, and abandoning her active and independent foreign policy. The Japanese peace treaty became indeed a test case for the Indonesians to judge the independence of their foreign policy.

A brief account of the nature of Indonesia's foreign policy is called for here. Soon after gaining sovereignty in December 1949, Indonesia pursued an active and independent foreign policy which was meant to be a policy of peace and friendship with both Power blocs on the basis of mutual respect and non-interference. (133) This policy was shaped by two important factors.

131. See for example the misgivings expressed by Information Minister Arnold Mononutu, *Japan Times*, 17 September 1951.


First, it was a product of Indonesia's anti-colonial struggle. Second, it was governed by national interests. Indonesia, like India and Burma, was confronted with the urgent tasks of nation-building, and wanted to direct all her energies towards building up economic and political stability in the country. She could not, therefore, afford the luxury of embroiling herself in cold war politics. The tasks of national reconstruction involved foreign assistance on a large scale. Indonesia, like India, took the decision of accepting technical, material and moral assistance from any country, provided such assistance did not involve the barter of her independence and sovereignty. The ideological orientation of Indonesia was similar to that of India and Burma, and there was a natural tendency for these countries to work together in the international sphere. The drafting of the Japanese peace treaty provided an occasion for the three countries to deliberate together and attempt to arrive at a consensus. But in the end, Indonesia chose to sign the peace treaty, whereas India and Burma abstained.

Indonesia and March 1951 draft

Indonesia was not a member of the Far Eastern Commission, and her attempts to join the Commission did not succeed. The Netherlands by virtue of her fight with Japan held that seat. (134) It was in September 1950 that Dulles brought Indonesia within the purview of the treaty talks, and conducted preliminary talks on the Japanese peace treaty with the Indonesian delegation in the

From March 1951 onwards, when the prospects of the conclusion of a peace treaty became more and more bright, the Indonesian Government began to pay much thought to it. In April 1951, a Foreign Ministry spokesman of the Indonesian Government declared that "Indonesia would prefer to sign a peace treaty in which all nations involved in the Pacific war against Japan would participate". He, however, added that if such a conference proved impossible, Indonesia would join in a "partial peace settlement" without the Soviet Union. Two considerations remained uppermost in the mind of the Indonesian Government with regard to the Japanese peace treaty. One was that Japan should pay adequate reparations to Indonesia. The other was the rehabilitation of Japan. The Indonesian Government declared: "Japan is an Asiatic country which should be rehabilitated in the spirit of the U.N. Charter." It also wanted the terms of such rehabilitation to be included in the peace treaty. It believed that the Japanese peace treaty should be formulated in such a way as to promote the cause of world peace. It observed: "In considering the issues of Japanese peace, we must study extensively those factors which in the long run can guarantee world peace. We should not, in the expediency of a short-term policy, conclude a treaty with Japan which would only lead to various other crises later on."
Anglo-American July draft

When Indonesia received the Anglo-American treaty draft on 20 July 1951, she made many suggestions, and desired them to be incorporated in the peace treaty as "factors deserving of special attention". These suggestions were: a) that the sovereignty of Japan over her territories and waters should be recognized; b) that in order to ascertain the wishes of the people, a free plebiscite should be held in the areas taken away from Japan by the United States and the USSR; c) that fair and just reparations should be made to Indonesia; d) that a full discussion on the final text of the treaty should be provided for at San Francisco; and e) that attempts should be made to secure the participation of the Chinese People's Republic and the Soviet Union in "endeavours leading to a peace treaty" in the interests of lessening tension in the Far East. (139) But the final text of the peace treaty rejected Indonesia's suggestions for a plebiscite in the areas taken away from Japan by the United States and the Soviet Union. It also disapproved of the participation by Communist China in the Peace Conference. It further rejected the suggestion for a discussion and an exchange of views on the peace treaty in the Conference. The only Indonesian suggestion to be accepted was the one which concerned the recognition of Japan's sovereignty over her territories and waters. (140) As regards Indonesia's suggestion


140. See Chapter I, Article 1(b) of the peace treaty. This particular article was included in the March draft, but omitted in the July draft. Indonesia wanted its inclusion.
on reparations, we have noted in an earlier section that the United States introduced certain modifications with a view to satisfying the wishes of South-east Asian countries. (141)

The rejection of these suggestions made the position of the Sukiman Government difficult. It could not make up its mind whether it should attend the Conference. It therefore pursued a policy of "watchful waiting". In the meantime, Indonesia evinced a keen interest in the views of other Asian countries on the issue, and even attempted to convene, in Rangoon, a conference of four countries — India, Burma, Pakistan and Indonesia. (142) But Indonesia could not hold such joint talks on 7 August, as contemplated, for want of time. She therefore suggested that the talks could be held in Jakarta after the publication of the final text of the treaty. (143) But the talks never came through. The Indonesian Government discussed the Japanese peace treaty only with Burma. On 8 August, the Indonesian Foreign Minister, Ahmad Subardjo, visited Rangoon and held discussions with the Burmese Government. (144) For a time, it appeared that Burma and Indonesia would form a common front in the Peace Conference. (145) But Burma was more influenced by the views of India than those of Indonesia;

141. See Aduard, n. 65, p. 208.
142. Secretary-General of Indonesian Foreign Ministry, Dharmasathiaran's statement. Nation (Rangoon), 6 August 1951.
the Burmese Foreign Minister, Sao Hkun Hkio, visited New Delhi in the last week of July and held discussions with the Indian Prime Minister, Jawaharlal Nehru, on the implications of the Japanese peace treaty. (146)

About 25 August, the stand taken by these three nations became clear. India and Burma declined the invitation to attend the Peace Conference, whereas Indonesia accepted it. But the decision to attend the Conference did not mean that Indonesia would automatically sign the peace treaty. The final decision was to be taken in the Conference in the light of "the political situation", with the approval of the Jakarta Government. (147)

**Indonesia's decision to sign**

In the San Francisco Peace Conference, Foreign Minister Subardjo wished to make amendments to certain terms of the peace treaty concerning reparations and fisheries on the ground that "the treaty does not go far enough to accommodate our desires, and offers inadequate terms to meet our position in regard to a

---


Even after the signing of the peace treaty, there were reports that common action could still be brought about between Indonesia, India and Burma. On 21-22 October Premier U Nu paid a visit to New Delhi, and discussed among other questions the Japanese peace treaty with Prime Minister Nehru. The Burmese Premier revealed that he had invited the Indonesian Prime Minister to the New Delhi talks. He also disclosed that though the Indonesian Prime Minister accepted the idea of a conference in New Delhi "in principle", he was "very busy in his own country". By October, Indonesia's signing of the treaty was a fait accompli, and she could not do anything to alter it. See Nation, 22 October and 4 November 1951.
number of matters that we consider essential". (148) He would have proposed these amendments, had the Conference permitted them. He had to be content only with making known the desiderata of Indonesia. On reparations, Indonesia proposed that Japan should assist the Allied countries by making available

(a) The skills and industry of the Japanese people for the interest of the Allied Powers in question, in manufacturing, salvaging, and other services to be rendered to the Allied Powers in question;

(b) By paying all expenditures incurred by the consignment of raw materials which will be made available by the Allied Powers for the manufacturing of goods stipulated in (A);

(c) By making available such goods as machinery, and workshops required for the reconstruction of the Allied Powers so desiring;

(d) By making available technicians required by the Allied Powers so desiring;

(e) By giving opportunity for trainees to work in Japan;

(f) In conjunction with the suffering of the nationals of the Allied Powers during the war, by making funds available to mitigate the suffering. (149)

Thus, Indonesia's idea on the form of reparations was much broader than that stipulated in Article 14 of the peace treaty. With regard to fisheries, she wanted Japan to sign a separate bilateral agreement with her, and she said that until such an agreement was signed, Japan could fish in the seas "between and surrounding" the Indonesian Islands only with special permission. She also wanted an amendment to Article 12 to the effect that Japan would adhere to "internationally accepted fair practices"


149. Ibid., pp. 252-3.
in public and private trade and commerce. (150) As the Conference did not permit any amendments, she sought guarantees from Japan that she would promptly enter into negotiations with Indonesia for the conclusion of agreements on reparations and fishing. (151) Premier Yoshida in his private talks with the Indonesian delegation gave assurances both orally and in writing that Japan would carry out her obligations in "good faith". (152) Yoshida's assurances of "a fair interpretation of Articles 14 and 9 of the treaty" resolved to a great extent the Indonesian scepticism about Japan's intentions and encouraged her to sign the treaty. (153)

The attitude of the Indonesian political parties

The Japanese peace treaty stirred up a political debate of considerable magnitude in Indonesia. Political parties like the Indonesian National Party, the Socialist Party and the Communist Party opposed the signing of the treaty. There were two reasons for this opposition. One was that Indonesia ought to have rejected the treaty, since the suggestions made by the Indonesian Government had not been incorporated. The other was that the signing of the treaty violated Indonesia's active and independent foreign

150. Ibid.
151. See the three queries put by Subardjo, ibid., p. 254.
153. See Yoshida's reply to Indonesia, Verbatim Minutes, n. 1, p. 329.
policy. (154) The non-participation of India and Burma further intensified the conviction of the critics that Indonesia had abandoned her independent foreign policy. The correct attitude, they argued, "would have been to send no delegation to San Francisco". (155)

Even Sukiman's Masjumi Party was divided on the issue. One of the two wings of the Masjumi Party led by former Premier Natsir opposed the signing of the treaty. The group argued that the peace treaty treated Japan as a conquered power and that it would not guarantee peace in future as Japan would try to liberate herself from the economic and military ties with the West. It also pointed out that owing to the limitations placed on Japanese territories, the Japanese might feel tempted to expand their *lebensraum*. (156) Yet another influential view of the Natsir group was that the peace treaty aimed at making Japan a tool and bulwark of the Anglo-American countries against Russia and that the signing of it by Indonesia was a deviation from the independent foreign policy that she had pursued till then. (157)

---

155. Ibid. See also the views of different dailies. See the statement of former Premier Sjahrir made in New Delhi on 23 September 1951. He said that the differences between India and Indonesia on the peace treaty were unfortunate and that a large section of people in Indonesia "appreciated India's viewpoint in this matter". *Japan Times*, 25 September 1951.
157. Ibid., pp. 251-3.
group therefore wanted Indonesia to enter into a bilateral pact with Japan. This group, however, fully sympathized with Japan's right to enter the comity of free nations as early as possible.

The National Executive of the Masjumi Party discussed the peace treaty on 4, 5 and 6 September, and finally decided in favour of signing the treaty. The voting in the Executive was 17 for and 14 against, with 2 abstentions. It should be noted that out of the 60 members of the Executive, only 33 participated in the voting. Thus, though the Sukiman group had the backing of the Party, the final decision represented only the wishes of a minority. (158) This greatly weakened the position of Premier Sukiman in pushing the ratification through Parliament. Another factor that weakened the position of Sukiman Cabinet was the opposition of the Indonesian National Party which controlled five of the sixteen Cabinet posts. The PNI took the final decision of opposing the signing of the treaty on 7 September. When the Sukiman Cabinet finally voted for signing on 7 September, the decision was supported by 10 to 6 votes. The Masjumi, Catholic, PIR and Democratic ministers and the non-party member, Djuanda supported it while the PNI and the Labour Party opposed it. (159) With the Masjumi Party itself divided, not only did the ratification become impossible, but the Cabinet itself faced a crisis. The crisis was, however, averted by the decision of the

158. Ibid., p. 245. See also Report on Indonesia, 16 September 1951. Also Kahin, n. 132, pp. 191-2.

PNI Council on 30 September that though it would oppose the Parliamentary ratification of the peace treaty, it would not precipitate a Cabinet crisis by withdrawing its members from the Cabinet. (160) The PNI decision only saved the life of the Sukiman Cabinet, which had no strength to ratify the treaty and therefore refrained from doing it.

The Government's stand

The stand taken by Sukiman in favour of signing the treaty rested on certain grounds. First, the Sukiman Government believed that the Japanese peace settlement was an Asian affair in which Indonesia must take interest. On 11 September, Premier Sukiman declared that the Japanese peace treaty was "an attempt to establish a new structure of relationships in the Pacific" and that "it would become a reality with or without Indonesia's consent". He also claimed that the treaty was "bound to affect the political and economic as well as the military situation in Southeast Asia". He contended that, "whether or not Indonesia participates in such a treaty, she will be influenced directly or indirectly by this new structure in the political, economic, social, military fields. If we participate, we have the chance to utilise our position to our interests." (161)

Second, the Indonesian Government rejected the contention of the opposition parties that the signing of the treaty virtually


161. Report on Indonesia, 29 October 1951, p. 3.
meant the rejection of an independent foreign policy and the abandonment of Asian allies like India and Burma. It averred that an independent foreign policy did not mean "non-activity" or neutralism. It stated: "Indonesia is bound to participate in the development of the political situation of Asia. In itself that implies that Indonesia must consider herself as a subject in Asian problems, to whose solution she must contribute." (162) It firmly believed in a policy of friendship with all countries in general, and with neighbouring countries in particular. It declared: "No nation whether conquered or victor can forever remain outside the circle of nations; the world is one whole, and Japan has a part to play in this world as have also other nations." (163) As regards the failure of Indonesia to fall in line with India and Burma, it categorically stated that though Indonesia's foreign policy generally paralleled that of India, in regard to the Japanese peace treaty the two policies differed, due to their respective national interests and geographical positions. (164) It felt that if Indonesia had followed in the footsteps of India, she would not have created goodwill among the participating countries. (165) Furthermore, it observed that in the Conference most countries, including the former enemies of


163. Ibid., p. 5.


Japan, like Australia and New Zealand, had shown a change of attitude towards Japan. It had been emphatically advised by its own delegation, which had seen the situation for itself "at and around the conference", that it should approve the signing of the treaty. (166) Summing up his Government's action on the issue, Foreign Minister Subardjo declared: "With the signing of the Japanese Peace Treaty, Indonesia has strengthened her position in the international world; if we had not signed the treaty, we would have become isolated, lost prestige and suffered damage in our international relations." (167) Besides there seems to have been a fear that if Indonesia refused to sign the treaty, the United States and Australia would take a less favourable attitude towards Indonesia's claim to West Irian. (168)

A third consideration in favour of signing was the economic co-operation which Indonesia hoped to build up with Japan. While the Indonesian Government was conscious of "the dangers of Japanese economic expansion", it refused to believe that "there is no hope to be gained from new Japan". (169) It was its view that

If MacArthur is right, and the Japanese people are well on the way to absorbing the attitudes of democracy, then it is surely the duty of all peace-loving nations to assist them. Japan cannot be either occupied or isolated for ever, and if other

167. Ibid.
nations are inclined to be still watchful and vigilant, they can nevertheless see that certain advantages accrue to them in ending the occupation and bringing the isolation to an end. (170)

Bilateral agreement as a device for ratification

In view of the stiff opposition in Parliament to the ratification of the peace treaty, the Indonesian Government decided to conduct bilateral negotiations with Japan and settle the questions of reparations and fisheries. The idea was to submit this bilateral agreement along with the San Francisco peace treaty to Parliament for ratification. Sukiman believed that such a course of action would mollify the opposition and facilitate ratification. (171) The bilateral talks started in December 1951 at Tokyo, and the outcome of the talks provided the real key to the ratification of the peace treaty. (172) Though an interim agreement was signed between Indonesia and Japan on the form of reparations, they failed to come to any understanding on its amount. (173) Furthermore, they could not reach any settlement on fisheries. Even the interim agreement on the form of reparations was subjected to scathing criticism in Indonesia. (174) Hence, no action was taken by the Sukiman

172. See the statement of Indonesian Information Minister Mononutu, Report on Indonesia, 14 December 1951, p. 5.
Government on the Japanese peace treaty. In the meantime, there arose a sharp controversy over the Government's action on the Mutual Security aid with the United States which ultimately led to the downfall of the Sukiman Cabinet on 23 February 1952.

Wilopo, a member of the Indonesian National Party, succeeded Sukiman as Premier. He re-emphasized the active and independent foreign policy of Indonesia, and thought it fit to keep the Japanese peace treaty in abeyance. (175) By May, the Wilopo Cabinet, however, decided to conduct diplomatic relations with Japan at the Consul-General level. (176)


176. Report on Indonesia, n. 175, p. 5.