

(d) 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 re-arm for war. To this end access to, as distinguished from control of, raw materials should be permitted. Eventual Japanese participation in world trade relations will be permitted.

4. REMOVAL OF PHYSICAL MEANS OF AGGRESSION

(a) TERRITORIAL QUESTIONS

In the endeavour to remove from Japan the physical means of aggression, the first measure and the most decisive will be to deprive her of her outlying territories, her "springboards for aggression."

The essential framework for the territorial provisions is set by the terms of the Cairo Declaration of 1 December, 1943, the secret Yalta Agreement of 11 February, 1945, and the Potsdam Proclamation of 26 July, 1945.⁵ Although New Zealand was not a party to these Big Power agreements, it would be unrealistic to suppose that their provisions could now be challenged, even if modification were desirable. In fact, New Zealand, by signing the Instrument of Surrender by which Japan accepted the Potsdam Proclamation, has already implicitly agreed that "Japanese sovereignty shall be limited to the islands of Honshu, Hokkaido, Shikoku, and such minor islands" as may be determined.

The *Potsdam Proclamation* further provided that the terms of the *Cairo Declaration* should be carried out—viz., "that all territories that Japan has stolen from the Chinese, such as Manchuria, Formosa, and the Pescadores, shall be restored to the Republic of China"; and that Japan shall be "expelled from all other territories which she has taken by violence and greed." By the *Yalta Agreement* the Soviet Union, the United States of America, and Great Britain agreed that the Kurile Islands should be handed over to the Soviet Union, and South Sakhalin, of which Russia was deprived by the Treaty of Portsmouth in 1905, should be restored to its original ownership.

The future of these territories is determined. Whether or not the peace treaty might provide for any guarantee of the human rights of the inhabitants of Formosa (which has been separated from China since 1895) or any strategic area trusteeship provision for the Kuriles (which, unlike Sakhalin, was never Russian territory) must depend very largely upon the attitude of the Powers to which these territories have already been allotted.

⁵ See Appendix 2 for full texts of these Agreements.