

hope that the Allied nations will be prepared to enforce them during the period of supervision. Nor is there reason to suppose that such controls need be unduly oppressive or inconsistent with the attainment by Japan of a viable economy.

No restrictions are considered practicable or desirable on the production level of those peaceful industries to which there is no security objection.

The production of certain goods, such as light metals, synthetic oil, and synthetic rubber, which have strategic importance, should be entirely forbidden. Such industries are, in any case, uneconomic in Japan and were developed solely as war potential. Production and productive capacity in other key industries, such as iron and steel, and oil refining and storage should be limited to defined levels determined after consideration of Japan's legitimate peaceful needs. These prohibitions and restrictions should be supplemented by the institution of appropriate import controls which would be supervised by inspectors attached to the Japanese Customs administration.

On the general principle that the treaty provisions should be precise it is considered that these restrictions should as far as possible be written into the treaty, but some discretionary power might well be given the supervisory authority to relax, within certain limits, the maximum requirements imposed by the treaty in order that the controls might have the desired degree of elasticity.

Special security restrictions will be required on Japanese shipbuilding and on civil aviation. Restrictions on shipbuilding should be such as will prevent Japan from recreating war potential in the form of shipping. It is possible that ships with a maximum size of 5,000 gross registered tons and a speed of 12 knots could serve Japan's needs economically, and it would seem desirable that Japanese shipbuilding industry should be limited to ships of a defined size and speed.

Civil aviation in Japan must also be subject to treaty regulation. The Far Eastern Commission has already adopted a policy decision providing for the removal as reparations of plants and establishments in the aircraft industry, and it is proposed to support the inclusion in the treaty of a provision prohibiting the re-establishment of an aeronautical industry or the conduct of aeronautical research. Such a prohibition is justified by the ease with which plant producing civil aircraft can be converted to the production of military aircraft, and by reason of the military potential involved in the possession of a pool of skilled aeronautical engineers.

Japan should not be permitted to operate or own external civil aviation services, but it does not seem advisable to attempt