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August 31, 1967

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By Cb, NARA, Date 1-20-96

## MEMORANDUM FOR THE RECORD

SUBJECT: NSC Meeting August 30, 1967, subject: Reversion to Japan of the Ryukyus, Bonins and Other Western Pacific Islands

PARTICIPANTS:

The President  
Vice President  
Secretary of State Rusk  
Secretary of Defense McNamara  
Secretary of the Treasury Fowler  
Under Secretary of State Katzenbach  
Director Marks  
Director Helms  
Mr. W. W. Rostow  
General Johnson  
Mr. William Bundy  
Mr. Bromley Smith  
Mr. William Jordan

The President opened the meeting by noting three main questions to be covered:

- (1) The Japanese desire to begin moving toward settlement toward the Ryukyus and Bonins Islands issue;
- (2) our desire for Japanese cooperation in cutting our balance of payment problem, especially the problem in military accounts;
- (3) the need for Japan to do more in economic aid to Asia.

He noted that the upcoming visits of Foreign Minister Miki (Sept) and Prime Minister Sato (November) made consideration of these questions immediately urgent.

He asked Secretary Rusk to summarize the current situation.

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Secretary Rusk said it was in our vital interest to keep Japan a willing partner in the free world and to get them to carry the larger share of the common load. Japan soon will be the third most industrial power in the world. Their help in Viet-Nam has been quiet but important. They have been helping in aid to Asia but should do more. Japan's aid now represents .65% of gross national product; the Japanese are aiming at 1%. The Secretary said the coming visit of Prime Minister Sato would provide a good opportunity to raise this question.

The Secretary recalled that under the Truman Administration, he was one of those who favored an early return of the Southern Islands to Japan. He said he was not so anxious to see that now. He reviewed the Security Treaty problem and Japan's constitutional difficulty with any military commitment. He noted the Security Treaty would become subject to revision. The Secretary said that if the Defense Department felt that we urgently need the Islands to carry out our Asian commitments, they would get no argument from the Secretary of State. He noted that there will be elections in the Ryukyus Islands in 1968 and some forward movement toward reversion would have a favorable affect. He said Ambassador Johnson would discuss some interim steps in that direction. He said that we did not want to revise the Security Treaty and that the Japanese Government doesn't seem to want that either. He said that things to be decided were:

- (1) what we need primarily for our defense purposes, and
- (2) the timing and stages of new movement toward reversion.

He thought that action on the Bonins Islands would take much heat out of the Ryukyus question.

Ambassador U. Alexis Johnson called attention to:

- (1) The fact that the issue is not removal of bases -- Japan favorably desires that we retain military bases.
- (2) This issue is not being artificially created by the Japanese Government. The political situation in Japan and in the Ryukyus is forced upon Sato.

One reason this has received so much attention is that it is "the last remaining issue" between Japan and the United States. Also, the Japanese find it "unnatural" for Japanese territory to be run by an American General.

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The Ambassador underlined that Japan did not want to stir up the issue but wanted to keep it under control.

There were two principal questions:

(1) Under changed administration would we be able to carry out military action from Okinawa in defense of Taiwan and Southeast Asia; he noted under the present Treaty, we are permitted to help Korea directly;

(2) The nuclear question -- under the present Treaty, we could not bring nuclear weapons in without agreement of the Japanese Government.

Prime Minister Sato would not want or expect the Ryukyus to be returned in November. He does want a sense of forward movement. He himself needs time to deal with this matter, especially to educate his own people on nuclear realities.

Sato wants:

(1) to enter into negotiations or return of the Bonins, not to remove the bases but to put the Islands under the current Treaty;

(2) something on the Ryukyus that would look like movement; he would like to settle the Ryukyus issue by 1970.

On interim steps, the Ambassador suggested two possibilities:

(1) economic -- it would be useful to set up an Economic Advisory Committee under the high commissioner with representatives from Japan, the Ryukyus and the high commissioner's office;

(2) popular election of the Ryukyus Chief Executive who is now chosen by the legislator.

The President asked what we would get out of this.

Ambassador Johnson said that in the Ryukyus, without positive steps, we could get a hostile government.

The President said he wanted to know in all of this -- on bases and the Ryukyus -- what was in it for the United States. He said we always seem to think of what is necessary or good for others.

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Ambassador Johnson said he thought we could get Japan to assume greater responsibilities for security in the Far East. It was not realistic to think of military assistance from Japan, but it was realistic to think of Japan's playing a greater political role. He said we needed to involve them more with us in Asia.

The President asked if Japan could do more economically to assist with our balance of payments problem. Ambassador Johnson said he was sure the Japanese would do more in Asia. He was not sure of balance of payments.

The President said he wanted a list of the things we hoped to get from the Japanese.

Secretary Fowler said he thought the balance of payments problems should be kept separate from the Ryukyus question. He thought the United States should propose a balance of payments committee. The committee would, among other things, carry out joint accounting of the balance of payments and that this should include military transactions.

Second, he would stress joint US and Japanese planning of military expenditures. He noted that in Japan, plans for 2.8 to 2.9 billion dollars was earmarked for military equipment. He thought there would be an element of competitive bidding and of shared production. A reasonable share of the proposed outlay (up to one-third) would still defer only part of our unfavorable balance. He raised the desirability of increasing Japan's role in regional cooperation.

Secretary McNamara said he was not much concerned about the reversion problem. He said the issue was: should we maintain our bases there? What are the arguments for keeping bases? As for the Treaty, should we extend it in 1970?

The Secretary said by and large the Japanese were "standing aside" and taking "pot shots" at us. The nuclear threat in that area was not to us but to Japan. He thought the Japanese were going to have to convince us that we should keep the bases.

The President noted that Senator Mansfield was going to Japan and other Far East points to make lectures. He asked for one page memos which would list some of the things he might discuss with Senator Mansfield before the latter's departure.

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Secretary Rusk underlined that the Japanese help to us in Viet-Nam was a secret, and should not be discussed.

As for Japanese criticism, he noted that the voting record of Japan with us in international bodies was as good as any country in the world.

General Johnson said the Joint Chiefs position on Okinawa was very simple: we have commitments in Asia and we must have unrestricted uses of Okinawa as long as we have those commitments.

Director Marks said there were three main problems reflected in press comments in Japan and Okinawa. They were:

- (1) The offenses of US personnel;
- (2) the absence of a collective bargaining for labor; and
- (3) the nuclear problem.

Secretary Rusk raised the possibility of a "mid way point" regarding administration with a Japanese civilian and a United States General sharing administrative responsibilities. The President asked whether a civilian administrator would help the problem.

Ambassador Johnson said he thought this was no answer and didn't get at the heart of the problem.

Mr. Bundy mentioned the "enclave" idea for US bases but said it was an impossible situation since the bases are widely scattered and mixed into non-base areas.

Mr. Rostow asked what percentage of Japan's gross national product was going into military programs and economic assistance.

The President concluded the meeting by saying that we had a good idea what the Japanese want, but he wanted to know what we want.

There was a brief discussion of the elections in South Viet-Nam.

The meeting ended at 1:00 p. m.

  
William J. Jordan

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LIST OF ATTENDEES, NSC MEETING, August 30, 1967

Wednesday, 12:00 noon

Vice President Humphrey

Secretary of Defense McNamara

Secretary of State Rusk

Under Secretary Katzenbach

Assistant Secretary Bundy

Ambassador U. Alexis Johnson

CIA Director Helms

JCS - General Harold Johnson

OEP Director Bryant

Secretary of the Treasury Fowler

USIA Director Marks

Walt Rostow

George Christian

Bromley Smith

William Jordan

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