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7 JUN 1945

MEMORANDUM FOR THE SECRETARY OF WAR:

With reference to the memorandum concerning which you asked General Handy for the reaction of the Staff, I am attaching a study with which I am in general agreement.

(Sgd) G. C. MARSHALL

Chief of Staff

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MEMORANDUM:

Jan 7
The Secretary of War has given to General Handy for "reaction of the Staff" a memorandum furnished to him concerning the war with Japan.

In summary, the author of the memorandum has frankly faced the international economic, political and military dilemma which achievement of our war aims precipitates for the U.S. In destroying Germany, the nation which set out to dominate Europe using force, we have made Russia a nation with an economic system of national monopoly, the unquestionably dominant power in Europe. If we carry out announced war aims in the Far East, we destroy completely Japan, and, in doing so, eliminate the one effective check on Russia in the Far East which has existed, thus making Russia also dominant in that area. At the same time we make it easy for Russia to take over politically and economically, if not by annexation, Manchuria and huge areas of China. The author's solution is to (1) assure the continuance of a Japan as a nation of some weight in the Far East, and (2) cut U.S. expenditures of men and resources by achieving a negotiated peace which by its terms unifies China (including Manchuria). The Chinese aspect presumably is designed to block Russia from expansion to the southward by facing her with Chinese sovereignty at the line of the Amur.

From the standpoint of national strategy, the difficulty with the solution proposed is that Russia appears bound to become the dominant power in East Asia regardless of our action with regard to Japan, unless we completely renounce our war objectives. We have little reason to depend on Chinese strength to counterbalance the U.S.S.R. We are committed to a considerable extent to Russia by Yalta and vice versa. There is still a serious question that Japan is yet ready to accept a peace which gives up her Asiatic mainland holdings.

The proposed terms for peace between China and Japan appear to be acceptable from the standpoint of present U.S. policy except for the provisions that Korea and Formosa remain in the hands of the Japanese. The Cairo declaration and the Yalta agreement provide for freedom of some sort for Korea. The Cairo declaration and also long-term military policy

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indicate that Japan should not keep Formosa.

The proposed basis for peace between Japan and America and Britain seems acceptable from the military standpoint, but its implementation on the terms suggested is considered doubtful.

The author of the paper lists eight advantages which would accrue from making peace with Japan under his suggested terms, and comments are made below on six of these points.

1. America will save 500,000 to 1,000,000 lives and an enormous loss of resources.

Comment: It is obvious that peace would save lives and resources, but the estimated loss of 500,000 lives due to carrying the war to conclusion under our present plan of campaign, is considered to be entirely too high.

2. Another eighteen months of war will prostrate the United States to a point where the Americans can spare no aid to recovery of other nations.

Comments: This is an economic matter requiring further investigation but it appears doubtful that the U.S. would be prostrate in "eighteen months."

3. We gain everything that we can gain by carrying on the war to a finish.

Comment: This statement may be true, but it must be borne in mind that it is made on the assumption that the proposed peace terms, or something like them, will be accepted at this time and also that they can be implemented, which seems most doubtful.

4. It would stop Russian expansion in the Asia and Pacific areas. Japan, in these circumstances, would not be likely to go Communist.

Comment: The statement that the proposed peace would stop Russian expansion seems highly questionable. Rather, the Russians might consider, with some justice, that the U.S. and Great Britain had broken their contract made at Yalta, and hence, that the Russians had an excellent excuse for immediate aggression, if not military, at least political and economic, in the Asiatic area. It is noted that the proposed peace terms do not provide to Russia certain arrangements specified at Yalta.

5. These areas would be kept open to free enterprise.

Comment: The assumption is that keeping areas out of Russia's hands maintains the opportunity for free enterprise. Since it does not seem that the final result in east Asia, in so far as Russia is concerned, is going to be much different regardless of whether the Japanese war ends in a negotiated peace or in unconditional surrender, this point cannot be considered of much value in the discussion.

6. If we fight Japan to the bitter end, there will be (as in Germany) no group left who are capable of establishing government and order. We will be confronted with establishing a military government in which China, Russia and France will demand participation with all the dangers that that involves.

Comment: The political and military problems arising from a combined military government in Japan are to be avoided if at all possible. As to the first point, we have yet no reason to decide that the Japs intend to go down in complete governmental disintegration before they admit complete defeat. The conditions with reference to Japan are different from those which prevailed in Germany since the U.S. has not yet proscribed the entire ruling class in Japan, both as a group and as individuals, as we did in Germany.

SUMMARY

The point in our military progress at which the Japanese will accept defeat and agree to our terms is unpredictable. Their analysis of our problem may parallel that of the author of the memorandum under consideration. Like the Germans, their protracted resistance is based upon the hope of achieving a conditional surrender. Presumably, ^{with} the conviction that their position is completely hopeless will persuade them to give up their holdings in Asia. Probably it will take Russian entry into the war, coupled with a landing, or imminent threat of landing, on Japan proper by us, to convince them of the hopelessness of their position.

It would seem desirable to pursue further the thought contained in the memorandum under consideration, with a view to formulating the conditions ^{incident} ~~instant~~ to Japanese complete defeat or specific terms of unconditional surrender which may one day be arranged with the Japanese Government. Specific points to be considered in developing the proposed surrender terms are:

a. The ^{implied} ~~applied~~ procedure of separate arrangements by Chiang Kai-shek and Britain and U.S. is questionable.

b. From the military and political standpoint, Formosa should go to China. U.S. political commitments require that Korea be given up by Japan.

c. Provision must be made to take account of Russian desires and U.S. and British commitments to the Russians with reference to areas now held by Japan.

d. A more adequate formula than that proposed must be found for assuring complete Japanese disarmament and assumption by the Japanese of a way of life in international affairs consistent with U.S. political objectives.