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Okazaki, accompanied by Iguchi and First Secretary Tanaka, called at Department October 23 to attend meeting with Robertson and McClurkin. Four main subjects brought up by Okazaki 1) Bikini compensation 2) defense expenditures 3) war criminals and 4) Bonin Islanders.

Re Bikini compensation, Okazaki said he now convinced \$1 million will not achieve satisfactory settlement. Japanese Government had already paid 430 million yen in loans to people in fishing industry who continuing suffer losses. While some in Japan favor partial settlement now, and further negotiation final amount, he would rather have one final settlement, which might be made for \$1-1/2 million and could certainly be achieved for \$2 million. Robertson emphasized while we recognize difficulties problem for Japanese Government and people and distressed unfortunate results of tests, US expenditures of billions of dollars on atomic program not for ourselves alone but serve dual purpose protecting world from Communist enslavement and developing peaceful uses atomic energy. US wants do what equitable but does not want set unfortunate precedents. Agreed final settlement preferable but suggested if this impossible legal inquiry might be initiated although we hoped this could be avoided. If Japanese could come up with reasonable firm figure we would seriously consider it. While

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*Admiral
H. Schmidt
10/27/54*

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Telegraphic transmission and classification approved by:

NA - Mr. McClurkin

SPECIAL ASSISTANT TO THE SECRETARY

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\$2 million perhaps too high something between \$1 and \$2 million might be satisfactory although anything over \$1 million may require action by Congress which could lead to bad reaction US public opinion. Press report Okazaki said Japanese Government requesting \$6 million resulted from misinterpretation what he said to Japanese press representatives here.

Okazaki referred to "misunderstanding" over Japan's 10 percent reduction in defense expenditures and said he had written Allison official letter to explain. Assured Robertson cut does not affect program for increase Japanese forces JFY54, and is related only to items which Japan will purchase in Japanese economy and which can be purchased for about 10 percent less as result reduced prices in Japan. No (repeat no) comment made. Expect subject will be discussed here later. Regarding possible increase Japanese forces JFY55, Okazaki said while Minister Finance wanted finance whole cost through reduction Japanese contribution US forces he intended urge some reduction contribution US forces coupled with increase in Japanese defense appropriations.

Regarding war criminals, Okazaki said they growing restless and have sympathy all Japanese people, including prison police. Difficulties avoided by hope of ultimate release although situation potentially difficult. /^{Referred} Philippine and Nationalist China grant amnesty all war criminals under their jurisdiction. Yoshida will probably bring up this problem although Japanese Government recognizes US doing better than British and Dutch since prisoners being paroled under our system although not as fast as Japanese Government and people desire. Robertson said our Board of Clemency and Parole working hard on problem and we want expedite process without destroying whole basis for trials. Further important consideration need parallel closely

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possible situations ~~and possible situations~~ of war criminals in Japan and Germany.

Okazaki said he talked with Admiral Radford re use of Trust Territory by Japanese fishermen and possibility of repatriation of some of Bonin Islanders and Admiral Radford had told him security factor was major problem. Okazaki thought repatriation only few hundred to islands not being used by US would be great help. If this not possible consideration might be given providing compensation Bonin Islanders for loss use their property as has been done for Ryukyans. Robertson confirmed problem primarily one of security. Re compensation, Robertson commented was Japanese Government which removed people from Bonins during war and therefore Japanese Government might be responsible for compensation.

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