

III OUTLINE OF THE PLAN FOR THE EXPANSION OF

PRODUCTIVE POWER

By

PLANNING BOARD

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OUTLINE OF THE PLAN FOR THE EXPANSION OF PRODUCTIVE

POWER

In view of the present situation at home and abroad, this plan aims at the repletion and strengthening of the national power of our country which is the stabilizing force of East Asia, and for the establishment of a comprehensive productive power expansion plan for Japan, Manchoukuo and China, which will bring about the realization of the necessary goal in regard to important national defense and basic industries by 1941, in order to be prepared for the epochal development of our country's destiny in the future, and the realization of this is expected at all cost.

1. Basic Policy.

- (1) The scope of this plan chiefly aims at the perfection of the foundation of national defense and is restricted to major industries requiring rapid expansion under a unified plan.
- (2) This plan is for the establishment of a plan for the expansion of the productive power of the major industries of our country based on the policy for establishment of a comprehensive plan for Japan, Manchoukuo and China through close contact and co-ordination among Japan, Manchoukuo and China.
- (3) → This plan aims at the establishment of self-sufficiency in regard to important resources within the sphere of our influence and thereby avoid dependency on the resources of a third power as far as possible in time of an emergency.

2. Aim.

The types of planned industries, the production goal to be achieved in 1941 by this plan and the yearly production estimates are as follows:

KIND OF MATERIAL	UNIT	GOAL	Yearly Estimates			
			1938	1939	1940	1941
<hr/>						
<u>IRON & STEEL</u>	1,000 Kilo tons					
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Steel Material						
Ordinary Steel		7,260	4,615	5,630	6,280	7,260
Special Steel & Cast Steel		1,000	520	670	820	1,000
Steel Ingots		9,950	6,310	7,753	8,799	9,950
Pig Iron		6,362	3,300	4,000-	5,293	6,362
Iron Ore		5,700	2,250	3,200	4,400	5,700
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<u>COAL</u>	1,000 Kilo tons	78,182	58,363	65,803	71,725	78,182
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<u>Light Metals</u>	Kilo tons					
Aluminum		126,400	19,000	29,200	39,100	126,400
Magnesium		11,000	1,123	2,780	6,650	11,000
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<u>Non-Ferrous Metal</u>	Kilo tons					
Copper		179,000	97,406	128,183	149,477	179,000
Lead		35,550	18,744	26,785	33,625	35,550
Zinc		95,000	55,800	70,100	88,000	95,000
Tin		3,500	1,804	2,650	2,850	3,500
Nickel		5,000	150	2,150	3,980	5,000
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<u>Petroleum & its Substitutes</u>	1,000 Kilo-litres					
Gas. for Aircrafts		240	45	74	145	240
Gas. for Motorcars (nat.)		1,250	965	1,228	1,417	1,250
Gas. for Motorcars (art.)		290	10	26	76	290
Heavy Oil (nat.)		850	610	756	886	850
Heavy Oil (art.)		246	28	48	83	246
Lubricating Oil for Aircrafts		20		5	10	20

KIND OF MATERIAL	Unit	Goal	Yearly estimates			
			1938	1939	1940	1941
Absolute alcohol		270	20	90	170	270
<u>SODA & INDUSTRIAL SALT</u>	1,000 Kilo tons					
Soda Ash		908	736	667	757	908
Caustic Soda		574	408	396	471	574
Industrial Salt		325	50	71	157	325
Ammonia Sulphate	1,000 Kilo tons	2,039	1,510	1,760	1,936	2,039
<u>PULP</u>	1,000 Long tons					
For Paper		1,037	875	901	989	1,037
For Rayon		307	95	194	253	307
<u>GOLD</u>	Kilogram	106,534	51,669	76,025	91,909	106,534
<u>MACHINE TOOLS</u>	1,000 Yen	200,000	76,000	118,500	172,500	200,000
<u>ROLLING STOCK</u>	Cars					
Locomotives		1,100	877	980	1,050	1,100
Passenger cars		2,000	1,161	1,600	2,000	2,000
Freight cars		21,000	14,111	20,000	21,000	21,000
<u>SHIPS</u>	Ton	650,000	402,000	550,000	600,000	650,000
<u>MOTORCARS</u>	1,000 Cars	80	157	45	65	80
<u>WOOL</u>	Bale	9,166	2,722	3,902	4,103	9,166
Electric Power	K.W.					
Hydro.		2,693,700	415,000	528,000	658,700	1,092,000
Coal		1,000,000	295,000	245,000	230,000	230,000

N.B. The yearly figures for electric powers denote the estimated increase during the year and the figures given in the Goal Column represent the aggregates.

3. Method of execution.

This plan is to be realized in accordance with the real object of its planning, with the government and the people united as one, and with the entire strength of the nation backed by

For this purpose, the government should endeavor to make a proper and effective use of the various systems and facilities for the promotion of industries executed heretofore, and in view of the fact that this plan aims at a rapid and intensive expansion of the productive power, the government shall devise special measures in regard to the control and encouragement of enterprises, the supplying of technicians and laborers, the accommodation of funds and the supplying of necessary materials according to the condition of the various industries for accelerating and securing the execution of the plan.

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IRON & STEEL	UNIT	1938	1939	1940	1941
	One-Thousands Kilo tons				
Steel Materials		332	392	527	1,038
Steel Ingot		620	652	1,039	2,027
Pig Iron		910	1,760	2,320	3,322
Iron Ore		3,286	5,372	7,222	11,200

(Reference Material)

PLANS FOR EXPANSION OF PRODUCTIVE POWER OF
MANCHOUKUO & NORTH CHINA

In Manchoukuo, a 5-Year Plan for industrial exploitation has been framed aiming at 1941 (8th Year of Kotoku) as a goal and is in course of its execution, while in North China, a plan for expansion of productive power during a period of 1939-1942 was also undertaken and is at present under vigorous preparation.

In the above two plans, those factors corresponding to our expansion program of productive power may be outlined in the following tables.

Furthermore, these plans may^{be} subject to further re-adjustments from the point of view of an expansion plan for synthetic productive power of Japan, Manchoukuo ~~and~~ when our plan is finally decided.

(1) 5-YEAR PLAN FOR INDUSTRIAL EXPLOITATION OF MANCHOUKUO

ITEMS	UNITS	1938	1939	1940	1941
<u>IRON & STEEL</u>	One-Thousand Kilo tons				
Steel Materials		335	395	557	1,038
Steel Ingot		620	655	1,039	2,027
Pig Iron		910	1,760	2,350	3,325
Iron Ore		3,286	5,315	7,295	11,200
<u>COAL</u>	One-Thousand Kilo tons	17,185	21,450	26,410	31,910
Light Metals	Kilo ton				
Aluminum	" "	1,500	4,500	8,500	15,000
Magnesium	" "		10	400	1,000
<u>NON-FERROUS METALS</u>	Kilo ton				
Copper	" "	390	1,765	3,160	3,971
Lead	" "	2,993	12,395	27,487	46,152
Zinc	" "	2,575	14,319	31,850	50,525
<u>LIQUID FUEL</u>					
Gasoline	One-Thousand Kilo-litres	135	143	191	335
Heavy Oil	One-Thousand Kilo-tons	95	91	186	186
<u>SODA & SALT</u>	Kilo-ton				
Soda Ash	" "	54,000	72,000	72,000	72,000
Caustic Soda	" "	200	3,100	9,655	12,255
Salt	" "	391,180	509,190	679,400	910,160
<u>SULPHATE OF AMMONIA</u>	" "	270,670	308,162	382,420	593,990
<u>PULP</u>	One-Thousand Kilo tons	54	65	193	270
<u>GOLD</u>	Kilograms	5,142	10,065	20,568	33,277
<u>ENGINEERING MACHINERY</u>	No.	120	250	500	500
Automobile	No.				30,000
<u>SHEEP'S WOOL</u>	Kilo ton				
Select Breed		116	212	318	529
Ordinary Breed		3,171	3,346	3,548	3,757
<u>ELECTRIC POWER</u>	K. W.	603,730	898,010	1,394,210	2,066,010

N.B. 1. This Table shows the estimated amount of production in and after the 2d year, of the same articles enumerated in the expansion plan of productive power of Japan.

2. Respecting Sheep's Wool, plan on Japanese side has been provisionally adopted.

of gold (Vide attached Table No. 3). To remove

the holdings of the Manchurian Central Bank to the

Bank of Japan and to export necessary gold.

- (d) To create a long term credit abroad amounting ap-
proximately to 500,000,000 yen for five years, the
proposed countries being U.S.A., Britain, and Germany.

For Credit

III. Policy for Prices of Goods.

Price Control

As the result of increase of demand for goods, following the execution of this program, it is presumed that the price level within the period of this program may rise by 10% more or less per year.

Consequently, it becomes an urgent problem to make pertinent the measures for price and wages to ensure uninterrupted execution of this program and to prevent probable decline of export-trade which would follow^a rise of production costs and also to avoid the confusion of people's livelihood. For this purpose, the following measures are deemed necessary.

- A. To speedily increase the production of iron and other important materials. To amplify the supply of articles by all means and to facilitate their distribution.
- B. To intensify the price control, if conditions so require, not only on the standard of price of general merchandise but also on the individual price.
- C. To make all possible efforts to avoid stimulating the domestic market resulting from an excessive restriction of imports, namely, holding back of commodities, big increase of speculative imports and the resultant boosting of market price abroad.

Especially as regards the projected industries, export industries, and industries producing the principal necessities of life, to operate the priority import system and to examine the import prices according to the standard price to be determined from time to time.

- D. To intensify the Anti-Profiteering Ordinance and to control all attempts for limiting supplies and unreasonable profiteering, imposing heavy penalties on the offenders.
- E. To institute Price Inspectors (Kakaku-Kan) with function of inspecting prices in pursuance of the provisions of Anti-Profiteering Ordinance, Important Industries Control Law and Important Fertilizer Industry Control Law.
- To make it necessary to obtain government permission in order to raise the price of any important merchandise (to be enforced immediately).
- 2 F. To designate the cartels or associations of coal and other important home product materials and machineries (i.e. Engineering Industry Association, Commercial Association, Marine Products Association, Industrial Association, etc.) as the controlling bodies and make them exercise control on production, sales allocation of distribution, and on prices.
- G. To have the merchants submit monthly reports of amount in stock, amount under contract, and amount of production to the competent minister through the competent prefectural offices.
- H. To prevent increase of freight costs and to undertake importation of about 650,000 tons old ships, if found necessary, for the purpose of stocking scrap iron.
- I. To control use of iron and other important merchandises and also papers. This may be effected by way of building permission for iron materials and for papers by restricting the number of pages in newspapers and magazines.

J. To take measures for preventing rise in general cost of living.

- (1). To require permission of the competent authorities for raising house-rent, and to make it a fundamental principle not to grant such permission throughout the period of this program. This rule shall also apply to the case of beanpaste (miso), sauce (shoyu), meats, electric lights, gas, and water-supply. *Rent Control*
- (2). To effect reduction or exemption of sugar consumption tax within Japan.
- (3). To adopt regulation uniforms for civil service employees causing the private companies and banks to follow this example, and thus undertake to simplify general clothings.

IV. Policy for Control of Industries.

Although this policy may only be quickly achieved by people's close union brought about through collaboration of the Government and people and labour and capital under stern and confidence-inspiring guidance by the Government, the essence virtually lies in the most efficient utilization of the existing economic organizations. From this point of view, the existing economic organizations and useful persons engaged in their management shall be mobilized in a most logical and efficient way so as to make them leaders in the execution of this policy. *X*

Accordingly, in respect to the problem of forms of enterprises, it is planned to strengthen state administration where necessary with a view to attaining the nation's objectives by independent control of private enterprises without placing them under state ownership or state management. *X VG*

The urgent measures called for in the meantime in pursuance of the foregoing principle shall be as undernoted. *V G*

A. To extend the Industry Control Bureau as follows:

- (a) To strengthen the existing organization of the Industry Control Bureau.
- (b) To institute a committee composed of representatives of production, distribution and consumption to ensure pertinence and smoothness in applying the relative laws.

B. The important industries shall be subject to control in accordance with the following principles:

(a) To intensify the policy of aiding industries and, if necessary, to grant subsidy, compensation for loss, and guarantee of profit to those national policy enterprises.

(b) To enact a special law for each proposed industry.

(c) As to munitions industries, to make it compulsory to obtain the Government permission concerning the following items.

(1) The reduction and disuse of producing facilities.

(2) The important matters relating to production, sale, labour, and general trade.

(3) Disposal of profit or loss.

(d) Ceilings on unit prices shall be exercised in case especially necessary. The disposal of profit shall be directed from the point of view of state policy when necessary.

C. The fundamental industries shall be expanded in accordance with the following principle.

(1) Iron and Steel Industries.

- (a) To aid import and custody of material ores and to suppress importation of scrap iron, if required.
- (b) To urge disposition of the poor mines.
- (c) To stimulate use of iron sand.
- (d) To foster the spread of special tempering method.
- (e) To accelerate improvement of quality and increased production of special steel.
- (f) To unify control of importation and distribution of iron and steel from the standpoint of state policy.
- (g) To unify and rationalize the distributing and purchasing system of steel material throughout Japan and Manchuria.

2) Petroleum.

- (a) To enforce a decisive subsidizing policy for synthetic petroleum and exploitation of oil-fields in order to ensure self-sustaining of fuel oil supplies.
- (b) To establish special juridical person Imperial Fuel Industry Promoting Company in order to ensure an ample supply of funds for the petroleum industry, and also to let them put into effect synthetic petroleum industry, which is necessary.
- (c) To control and utilize the domestic manufacturing capacity of machinery (including those under governmental management) and to contrive for quick equipment of synthetic petroleum plants. Provided that in its early state, the equipping shall be aimed at approximately one million metric tons per year as the goal and to import German equipments as the national policy.
- (d) Having the above in view, to establish special juridical person National Policy Machinery Manufacturing Company

making synthetic petroleum manufacturing plants for the making of machineries of high precision and importance. For this purpose, 10,000 metric ton forcing press and other engineering machineries essential for their equipping shall be expeditiously imported preferably from Germany as the national policy.

(e) The manufacturing method of synthetic petroleum and the form of enterprise shall not be subject to any particular restriction. However, emphasis shall be laid on production of gasoline of superior quality for aircraft use and of Diesel Oil.

(f) In development of artificial fuel oil industry for war use stress shall be laid on the continent, especially in the rational utilization of Manchurian coal.

(g) In addition to acceleration of the prospecting of the existing oil-fields, to exert exploitation of hidden oil-fields by extensive and drastic investigation of oil veins running through the Empire and the neighboring countries under national management.

(h) To stimulate research and utilization of substitute fuels.

(3) Coal Industry.

(a) In the exploitation of coal-fields emphasis shall be laid on the continent.

(b) To make unified control over the price and distribution throughout Japan and Manchuria and specially to promote the importation of Manchurian coal.

(c) To unify and liquidate those inferior enterprises in order to rationalize this industry.

(4) Electric Power.

- (a) To put the generation and transmission of electric power under private ownership and governmental management, contriving the abolishment of double equipping, rationalization of equipments and thorough exploitation and utilization of hidden resources. For the above purpose, to create a special juridical person, The Japan Electric Power Equipment Company and let it administrate and manage these matters.
- (b) To exercise necessary control over the price, equipment etc., in connection with the distribution of electric power.
- (c) The jurisdiction shall be with the Ministry of Commerce and Industry and importance attached to the promotion of industries. Particularly, to practice the general low rate system and, moreover, to apply the specific low rate system to the specially designated industries for quickening the promotion of the important national defense industries.
- (d) To place emphasis on water power exploitation and maintain the principle of "water power prior to fire power".

(5) Aluminium and Magnesium.

- (a) To provide abundant and cheap electric power supplies so as to reduce the production cost to the lowest possible degree.
- (b) To cultivate positively their uses by dent of the national policy and extend the scope of their general demand.
- (c) To strive to utilize the continental resources as far as possible.

(D) To amend the Important Industries Control Law as follows:

1. To discontinue the designating system of industries and employ a general cartel law.
 2. To make the efficient use of the provisions controlling the establishment and extension of enterprises with a view to inducing new investments.
 3. To strengthen public benefit regulations, ensuring specially their prompt and appropriate application.
 4. To intensify the penalty provisions, adopting the corporal punishment system and imposing deprivation of the trade right according to the circumstances.
- (E) In order to unofficially guide and control the execution of this policy throughout Japan and Manchuria, to create in the capital an organ for unified guidance and control.
- (F) Particularly in Manchuria, to designate iron, coal and petroleum industries as war industries and urge their expeditious development by means of military aid in addition to ordinary aid.
- (G) Beside the above to take measures for uniformity of research, assistance, and encouragement of inventions as regard essential industries and spur research in and exploitation of requisite resources.

Plans for Technicians and Labourers.

Consequent to the rise of productive capacity and in general industries and the increase of traffic following the execution of this program, the demand for technicians, skilled workmen and ordinary labourers in the manufacturing, mining and transport industries around 1941 is expected to be so increased as shown hereunder.

(Unit = One Thousand Men)

Class	1936	1941	Number of Increase	Proportion of Increase
Technicians	137	232	95	1.7%
Skilled Workmen	674	1,339	665	1.9%
Ordinary Labourers	6,090	8,027	1,937	1.3%

Of the foregoing, the portion to be supplied by natural increase is anticipated to be 78,000 technicians, 559,000 skilled workmen and 6,975,000 ordinary labourers. In addition to this, it is calculated that 9,780 technicians are to be raised in their status from the lower grade as well as supplied from the graduates, therefore, the ultimate number of men needed for special replenishment training will be 6,700 technicians, 96,000 skilled workmen and 1,052,000 ordinary labourers. For this purpose the following steps should be taken by the Government.

LABOR

(1) Plans for Technicians.

To plan the increase of graduates from the industrial sections of government, public and private universities, and from the industrial technical colleges creation of industrial sections in private universities, raising of status of the industrial technical colleges and A-class industrial schools and also attaching of the technical colleges to government, public and private universities.

(2) Plans for skilled workmen.

To establish or extend the training institutes for skilled workmen in the metropolitan and local prefectures and also in large factories.

(3) Plans for ordinary labourers.

To contrive absorption chiefly from the agricultural and commercial population and strengthen the organization of employment agency office in order to ensure smooth progress of the absorption. Also, to make efforts in dispersing industries into the provinces.

(4) Necessary expenses.

The expense required for training technicians and skilled workmen is estimated at 87,600,000 yen (to include equipment, expenses and working budget for five years) of which 58,300,000 yen will be disbursed by the Government.

VI. Plans for Mechanical Industries.

From the present status of our productive capacity, it is quite impossible to self-supply immediately all the necessary machineries for this program, so that, it becomes imperative for satisfying the most urgent demand of the least amount to have recourse to importation. The import is roughly estimated as hereunder.

(Unit = One Million Yen)

CLASS	Total Amount Required	Amount to be Imported	Remarks
Needed for this Program			
General Machinery Engineering Machinery	2,900	950	All based on Assumption.
Machinery needed for Other General Industries	10,500	1,050	
TOTAL	13,900	2,250	

Even though we estimate the export amount of our home made machinery for five years at 1,700,000,000 Yen, the balance will result in a considerable excess of imports. However, such a phenomenon is quite unavoidable for a country in the course of building up her heavy industries and we have to make up with all despatch for our lacks by adopting the equipment and techniques of others so as to quickly secure the means of independence and self-support, aiming at advancing into the international market before long. For this purpose, the following steps are necessarily to be taken.

- (1) To create a special juridical person, National Policy Machinery-manufacturing Company and charge it with the manufacture of machineries of limited demand, engineering machinery of high precision, coal liquefying machinery and the like which are considered to be too difficult for the existing enterprises from the technical and economical point of view.
- (2) To expedite imports to undertake ^{techniques} and installation under the national policy. These ~~xxxxxx~~ shall be principally conducted by the National Policy Trading Companies which will execute control of orders abroad, investigation of order accepting capacity abroad, suppression of importing price and financing export funds, etc.
- (3) To plan quick promotion of productive capacity by standardization of various gauges of manufactures, rationalization of giving orders at home and control in the descriptions of manufactures.
- (4) To make efforts in controlling subcontractors to promote their qualities and capability.

VII . Traffic Policy..

The Government is to contrive complete equipping of railways, harbors and roads, over-all rationalization of the freight rates and cancellation of non-urgent transportations with a view to meeting the increased amount of freight following this plan. Apart from the above, the Government is to frame a resolute protective and fostering policy towards the civil air transportation in order to guarantee its epoch-making development. The principal items pertaining to the above problem will be:

- (1) Railways.
 - (a) To adopt the principle of "freight first", passengers second so as to assure the smooth working of freight traffic in spite of all difficulties.

(b) To expedite realization of the straight-line plan of principal main lines of Manchurian-Korean Railways to promote their transporting capacity.

(c) To adopt specific low freight rates system for the constructive materials of important industries and their essential commodities and particularly in Manchuria and Korea, to practice long-distance diminishing freight rates.

(d) To undertake construction and improvement of railways in the important industrial zones in Manchuria and Korea in accordance with their requirements.

(2) Marine Transportation.

(a) To firmly establish "Home cargo on home ship" principle. For this end, to execute import of old vessels, if it is found inevitably (as stated before).

(b) To stimulate increase in building of superior vessels.

(c) To accommodate special carriers for coal, steel material, iron ore and petroleum.

(d) To improve harbour accommodations in the important industrial zones.

(3) Land Transportation.

(a) To take up home made motor-vehicle principle with one accord of the Government and people, provided that during the period of this program, use of cheap "Ford" and "Chevrolet" within the limits of necessity is to be exempted.

(b) To urge propagation of large size motor-trucks of superior home manufacture to supplement the deficiency of railway transportation.

(c) Other measures to be taken are:

1. Equipment of roads to afford facilities to motorcar transportation.

2. Standardization of motor-vehicles for business

purposes and restrictions on the use of the cars

of inferior quality.

3. Propagation and fostering of Diesel cars.

4. Reduction and exemption of various taxation on motorcars.

(4) Aviation.

(a) To create speedily the Central Air Technical Research Institute to encourage epoch-making advancement of air techniques.

(b) To rationalize regular air-transport service rates and extend as much as possible its use for civil purposes.

(c) To spur working en bloc of railway and air transport and to stimulate progress of air-transport through the medium of the railways.

(d) To extend further the protection and fostering with a view to founding regular international air routes over the continent and ocean areas.

(e) Furthermore, to carry into effect the following progressive and protective policies.

1. Creation of duty of keeping aircrafts at the large companies and factories.
2. Encouragement of research and trial manufacture of special bodies or motor engines.
3. Aid to private purchase of home made aircrafts.
4. Stimulation and aid to export of home made aircrafts.
5. Encouragement of searching fish-shoals by aircraft.
6. Encouragement of various air work (photography, survey, etc.).
7. Establishment of air navigation insurance system.
8. Guarantee of upkeep of aircraft manufacturing equipment, etc.

People's living

VIII POLICY FOR ASSURING STABILITY OF PEOPLE'S SUBSISTENCE.

The development recorded by our industries in the recent years is worthy of special mention. However, owing to its recent origin, we can not deny the fact that in comparison with other powers, with national wealth and people's income, we have a remarkably lower standard. The prime object of this program of course lies in the unified organization of the nation's strength, so that, by the execution of this program, various industries now being expanded can make big advancement and it is assumed that through the increase in production the people's earnings will rise from the present 20,000,000,000 yen to over 30,000,000,000 yen by about 1941. However, special caution is called for at this moment on the question of how this expanded national wealth and people's income can be disposed among the various classes of people with appropriateness and fairness since expanded wealth is the basis of stability of the people's subsistence. From the above point of view, the following practical measures should be adopted pertaining to promotion of agricultural districts, improvement of the living conditions of urban workers and the relief of medium and minor industries.

- (1) Promotion of agricultural districts. With a view to avoiding the evil of preponderance of cities which is liable to result in course of execution of this program, to exert the promotion of economy of farm-villages by means of dispersal of industries into provinces and simultaneously to lessen the burden of farmers and improve their condition of living.

- (1) Reduction of Burden of taxation.

Total yen 216,000,000, of which

Total abolishment of Household Rate 140 Million Yen

50% reduction of Special Land-Tax

and its Additional Tax

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50% Reduction of Miscellaneous Tax
and its Additional Tax 50 Million Yen

Transfer of that portion of expenses
of Town and Village Offices belong-
ing to the Government business. 19 Million Yen

(2) Re-adjustment of the farmer's debts.

FARMERS

To clear off about 1,500,000,000 yen out of those high-
interest and unsecured debts caused by operating and living
expenses borne by the middle and small class farmers and con-
stituting an impediment to agricultural production. The
Government is to indemnify loss of the Loan Administrative
Association with the limitation of 10,000,000 yen per year.

(3) Creation of the Health Association System. To create the
Health Association in towns and villages and make it
obligatory for the inhabitants to join it. Medical expenses
amounting approximately to 175,000,000 yen a year (for
7,000,000 houses at 25 yen per house) will be divided
equally and borne by the health instalment of the inhabitants,
Government subsidy, payment by the patients, etc.

(4) New establishment of compensation system for the natural
disaster to agriculture.

To establish insurance association with several villages
as a unit to undertake crop insurance business on the
staple farm products. This shall be re-insured by the
national insurance at an assumed amount of approximately
60 million yen which is to be paid by the Government.

(2) Promotion of subsistence of urban workers.

(1) To contrive to the best of our ability, means for alleviating
intensity of labor resulting from expansion of industries
and decline of living level resulting from rise of prices
and to work for the cultivation of people's laboring
strength and for maintenance of industrial peace.

LABOR

- (2) To revise Factory Ordinance and especially to undertake alleviation of excessive labor and relief for the sick and wounded.
- (3) To plan enlargement of various labor insurances.
- (4) To promote welfare institutions for working class in general.
- (3) Protection of middle and minor class manufacturers. In view of the importance of the position occupied by the medium and minor industries in our industrial organization, to adopt the following measures for their revival and succor.
 - (1) Readjustment of debts of the middle and minor class manufacturers.
 - (2) Readjustment of banking organs for medium and minor industries.
 - (3) Removal of pressure by big enterprises.
 - (4) Rationalization of management and systematization of organization.

IX. Financial Policy.

The success or failure of this program is doubtless solely dependent upon the Government's consistent and firm guidance under the national policy. The Government should support various industries with all possible means from the standpoint of strengthening the nation's power and it is especially of vital necessity that measures for financial aid should be taken by our Government.

The assumed amount requisite for the financial aid to be executed by the Government for achievement of this program is as follows (As to outline of the items of account, vide attached table

No. 4).

(Unit = One Million Yen)						
ITEMS	1937	1938	1939	1940	1941	TOTAL
Amount of Subsidy for Construction of Projected Industries	: 30	: 146	: 261	: 278	: 289	: 1,004
Amount of Subsidy Incidental to Execution of this Program	: 27	: 82	: 59	: 55	: 49	: 272
TOTALS	: 57	: 228	: 320	: 333	: 338	: 1,276

The estimate of the future annual expenditure of our Empire for the purpose of realization of repletion of the nation's strength and completion of the national defense (i.e. amount of the future annual expenditure having as an object the execution of this program) is approximately as in the chart below and the foregoing subsidies are to be included in the amount of annual expenditure.

(Unit = One Million Yen)						
Classification	1937	1938	1939	1940	1941	TOTAL
Total Amount of Estimated Annual Expenditure (Assumed)	2,945	: 3,571	: 3,900	: 4,200	: 4,300	: 18,843
Increase as against 1937	(a) 72	: 626	: 955	: 1,255	: 1,355	: 4,263

NOTE: (a) Represents the requisite amount as the secondary additional estimate for 1937 following execution of this program and is included in 2,945 million yen.

The counter-plan for the above purposes will be:

1. Estimates for the annual revenue corresponding to the above quoted expenditure shall be dealt with in the following manner:

(Unit = One Million Yen)

CLASSIFICATION	1937	1938	1939	1940	1941	TOTAL
Fundamental Revenue	1,600	: 1,600	: 1,600	: 1,600	: 1,600	: 8,000
Natural Increase & Increased or New Taxes	400	: 784	: 903	: 1,073	: 1,211	: 4,371
Increase Transferred from Specific Account	50	: 60	: 73	: 86	: 99	: 368
National Loan Bond	895	: 1,127	: 1,324	: 1,441	: 1,390	: 6,177
TOTAL	2,945	: 3,571	: 3,900	: 4,200	: 4,300	: 18,916
Amount of Increase as Against 1937	(a) (72)	626	955	: 1,255	: 1,355	: 4,263

2. It is necessary for the Government, not only to carry out all possible synthetic measures to improve the financial situation regarding circulation of money, consumption and all the matters concerned with the people's subsistence, but also to take the following important steps for the purpose of successful accomplishment of the above financial policy.

- (1) To intensify the control of budget. To concentrate the annual expenditure on fostering and achievement of the execution of this program and to thoroughly cut down non-urgent and non-important expenditures.
- (2) In conjunction with the advancement of producing capacity and increase of the people's income, to contrive fundamental rationalization of the taxation system, etc., in order to increase the running revenue of the nation.
- (3) To strive all the more for drawing the military expenditure into industrial branches.
- (4) To stimulate the profits of heavy industries to be participated in by the agricultural and fishing districts.
- (5) To firmly establish the national loan bond policy in conjunction with the financial policy.
- (6) To enforce administrative and financial re-adjustment with a view to promoting efficiency of the Government and public officials.

REFORMATION OF ADMINISTRATIVE ORGANIZATION

X. In the course of execution of this program, it is imperative to firmly establish a powerful administrative organization and to maintain it as a systematic and immovable national policy, and for this purpose fundamental reformation of the present cabinet system, such as formation of the Board of National Affairs and severance of the heads of all ministerial departments from the ministers of national affairs, etc., and also re-investigation on the whole administrative organization, becomes inevitably necessary. However, due to the difficulty of rapid realization of the above objects, the following emergency measures at least ought to be adopted for the present to avoid any impediment in carrying out the national policy for execution of this program.

- (1) Formation of the Board of General Affairs as the central directive and controlling organ for the execution of this program.
- (2) New establishment of the Foreign Trade Ministry for adjusting and handling foreign trade.
- (3) New establishment of the Air-transport Ministry for realization of unprecedented advancement of our civil air-transportation.
- (4) New establishment of the Ministry of Health for the promotion of people's physique and cultivation of their labor strength.
- (5) Revision of the Civil Service Appointment Ordinance with a view to selecting and appointing capable civilian personnels to let them undertake fresh and active industrial administration.
- (6) As to personal affairs of the special juridical person, to make it a basic principle not to appoint any Government official in view of the evils in the past.

ESTIMATES OF DIRECT & INDIRECT SUBSIDIES OF JAPANESE GOVERNMENT
FOR INDUSTRIES PROJECTED BY THIS PROGRAM

Attached Table No. 4 - 1

(Unit - One Thousand Yen)

ITEMS	1937	1938	1939	1940	1941	TOTAL
Maintenance & Guarantee of Factory Equip- ments of Aircraft Manufacturing Company					3,574	3,574
Amount to be appropriated out of Army Air Expenditure for Aircraft Industry (Based on Assumption)	23,199	31,383	32,798	42,153	46,713	176,256
Aid for equipment in accordance with Iron and Steel Self-sufficient Policy	260	2,100	3,100	2,600	-	8,060
Subsidy to Petroleum Prospecting (Decided)	692	715	715	715	715	3,552
Subsidy to Exploitation of North Sakhalin Petroleum Resources (Ditto)	2,172	2,440	1,888	864	864	7,580
Prospecting Expenses of Navy Reserve Oil Fields (Ditto)	710	710	-	-	-	1,420
Subsidy for Prospecting Oil Fields	-	6,000	6,000	6,000	6,000	24,000
Government Investment in Imperial Fuel Joint Stock Company	1,000	9,000	5,000	5,000	5,000	25,000
Subsidy for Artificial Fuel Oil Manufacture	1,792	7,327	24,772	34,337	46,365	115,093
Security Money for National Policy Shipbuild- ing Companies	-	640	1,280	876	180	2,976
Government Investment to National Policy Machinery Company	-	5,000	5,000	5,000	-	15,000
<u>OTHERS</u>	-	51,000	150,000	150,000	150,000	501,000
<u>TOTAL</u>	29,825	116,320	230,553	247,545	259,268	883,511
Government Subscription to Mining and Industrial Section of Manchurian Railway Company	-	10,000	10,000	10,000	9,687	39,687
Government Investment in Other Enterprises in Manchuria	-	20,000	20,000	20,000	20,000	80,000
<u>TOTAL</u>	-	30,000	30,000	30,000	29,687	119,687
<u>AGGREGATE</u>	29,825	146,320	260,553	277,545	288,955	1,003,198

NOTE: This Table is a provisional calculation for the purpose of obtaining basis of Requisite Funds.

Attached Table
No. 1.

TABLE SHOWING PROPORTION OF EXPANSION OF PROJECTED INDUSTRIES

Comparison of Production Strength in 1941 of principal projected industries with that of 1936 shows approximately the following result:

ITEMS	(A)	PRODUCTION GOAL		(B)	PRESENT CAPACITY		MULTIPLE RATIO OF (A) to (B)		
	Total	Japan	Manchuria	Total	Japan	Manchuria	Total	Japan	Manchuria
Ordinary Automobile	(1,000 No.) 100	90	10	37	37	-	2.7	2.4	-
Engineering Machinery	(1,000 No.) 50	45	5	13	13	-	3.8	3.5	-
Steel Material	(10,000 Metric ton) 1,300	900	400	485	440	45	2.7	2.0	8.9
Petroleum	(10,000 Metric ton) 565	325	240	36.4	21	15.4	15.6	15.5	15.6
Coal	(10,000 Metric ton) 11,000	7,200	2,800	5,556	4,200	1,356	2.0	1.7	2.8
Aluminum	(1,000 Metric ton) 100	70	30	21	21	-	4.8	3.3	-
Magnesium	(1,000 Metric ton) 9		3	0.5	0.5	-	18.0	12.0	-
Electric Power	(10,000 K.W.) 1,257	1,117	140	721	675	46	1.7	1.7	3.0
Shipbuilding	(10,000 ton) 93	86	7	50	50	-	1.9	1.7	

- NOTES: 1. The expansion ratio of general machineries is approximately 18.
2. The expansion ratio of Petroleum shows exclusively that of home produced gasoline and heavy oil. In case the producing capacity (1936) based on imported crude oil is taken as standard, the multiple ratio becomes little less than 10.

Attached Table
No. 2

ASSUMED AMOUNT OF PEOPLE'S SAVINGS															(Unit = One Million Yen)													
Yearly Increase or Decrease	Reserve Companies	Fund Indus-trial Assn.	Investment by Industrial Assn.	Paid-up Capital of Companies	Internal			Insurance Reserve Fund		Mutual Financing Association Fund	Bank Deposits	Postal Savings & Postal Transfer Savings	Trust Deposits	Savings & Deposits in Organs belong-ing to Industrial Ass. System	Specific Deposits in Deposit Section	Cash Held by Individuals & Industrial Companies	TOTAL A	Owned by Banks, Ins. Trust, Mutual Finance Ass., Government, Local Public Bodies		Securities, Deposits & Cash Owned by Industrial Companies	TOTAL B	People's Savings (A - B)						
					Company Bonds	National Bonds	Local Bonds	Industrial Bonds	Insurance Companies									Govern-ment Insur-ance	Deposits				Securities					
1926	98	14	21	578	205	158	26	2	137	92	(-)	1	365	28	220	145	(-)	2	(-)	57	2,029	(-)	64	382	115	433	1,596	
1927	61	5	18	539	427	242	101	13	114	147	-		104	369	274	146		1		91	2,652		16	990	125	1,131	1,521	
1928	129	14	18	462	466	420	169	2	136	137	5		257	224	294	177		6		12	2,928	(-)	264	1,359	172	1,267	1,661	
1929	92	11	17	659	238	239	137	6	151	131	10		293	318	151	115		30	(-)	70	2,528		94	504	129	727	1,801	
1930	(-)42	10	12	299	295	66	48	17	113	138	8	(-)	343	296	4	(-)	7	(-)	7	(-)	151	756	(-)	122	291	11	180	576
1931	(-)78	7	6	273	136	204	145	-	123	127	8	(-)	542	265	46	(-)	35		16	(-)	56	645	(-)	307	403	14	110	535
1932	84	5	5	264	147	746	145	18	142	172	1		369	85	5	54	(-)	17		72	2,297		110	1,091	5	1,206	1,091	
1933	316	6	4	632	(-) 164	1,109	262	5	157	240	13		598	109	169	217		120		95	3,890		313	1,715	113	2,141	1,749	
1934	438	8	7	1,330	96	1,041	359	0	217	232	18		707	157	183	93	(-)	22		82	4,966		48	1,542	278	1,868	3,098	
1935	x 438	x 8	x 7	999	151	878	114	2	241	x 232	14		934	160	164	x 93	(-)	39	*	104	* 4,500	*	112	* 1,238	309	* 1,659	* 2,841	

X Represents unknown and figures for previous year provisionally adopted.

* Represents that which includes figures adopted as above.

ESTIMATES OF SUBSIDIES OF JAPANESE GOVERNMENT FOR COLLATERAL
ENTERPRISES FOR EXECUTION OF THIS PROGRAM

Attached Table No. 4 - 2

(Unit = One Thousand Yen)

ITEMS	1937	1938	1939	1940	1941	Total
Promotion & Subsidy to Civil Air-Transportation	-	12,998	14,168	14,158	14,403	55,727
Government Investment in The Industrial Bank of Japan	3,000	3,000	3,000	3,000	3,000	15,000
Government Investment in The National Policy Trade Company	5,000	5,000	-	5,000	-	15,000
Expenditure Cultivating Overseas Farm Products Markets	300	300	300	300	300	15,000
Training Expenses for Technicians & Skilled Workmen	17,418	13,850	15,155	5,950	5,950	58,323
Aid to Exploitation of Special Iron Resources	1,004	2,148	1,165	1,200	700	6,217
TOTAL	26,722	37,296	33,788	29,608	24,353	151,767
Government Investment for Other Industrial Enterprises, than the Manchurian Railway	-	30,000	25,000	25,000	24,105	104,105
Expenses of National Policy of Immigration to Manchuria	-	15,000	-	500	500	16,000
TOTAL		45,000	25,000	25,500	24,605	120,105
GRAND TOTAL	26,722	82,296	58,788	55,108	48,958	271,872

REMARKS:

1. The Amounts Shown in this Table are not included in the Amounts of Government Investment described in the text of Financial Policy.
2. This Table has been provisionally prepared for the purpose of calculating basis of requisite funds.

ESTIMATED AMOUNT OF REQUISITE FUNDS FOR EXTENSION PLANS OF IMPORTANT INDUSTRIES OF JAPAN & MANCHURIA.

CLASSIFICATION	UNIT	Amount to be Newly Extended			Construction Funds Required		
		Total	Japan	Manchuria	Total	Japan	Manchuria
Aircraft		-	-	-	375	302	73
Ordinary Motorcar	10-Thousand	11	10	1	153	146	7
General Machinery	10-Thousand Yen	125,000	117,000	8,000	625	585	40
Engineering Machinery	"	13,700	10,700	3,000	137	107	30
<u>Iron Manufacture</u>							
Steel	10-Thousand kilo tons	715	360	355	1,001	504	497
Pig Iron	"	839	474	365	98	-	98
Ore	"	1,207	477	730	97	38	58
<u>Petroleum</u>							
Oil-Field	"	151	151	-	100	100	-
Artificial Fuel Oil	"	400	165	Liquid 149 Shale 86	1,325	598	Liquid 621 Shale 107
Total	"			235			728
Alcohol	"	29	25	4	86	75	11
Total	"	580	341	239	1,512	773	739
Coal	"	5,844	3,400	2,444	769	476	293
Aluminium	"	6	4	2	141	79	62
Magnesium	1-Thousand Kilo tons	5	3	2	14	7	7
Electric Power	10-Thousand K.W.	536	442	94	2,477	2,210	267
Shipbuilding	10-Thousand tons	43	36	7	129	108	21
Vehicle Locomotive	No.			88(691) 3,000(7620)	28	-	28
Freight Car							
Soda	10-Thousand kilo ton	22	19	4	24	19	5
Dyestuffs	"	2	2	-	33	33	-
Pulp	"	28	23	5	98	81	18
Gold Mining	10-Thousand Yen kilo tons	21,141 57	14,175 40	6,966 17	186	144	42
OTHERS	-	-	-	-	641	481	160
GRAND TOTAL OF REQUISITE FUNDS					8,536	6,092	2,444

REMARKS: This Table has been specially studied and composed for the purpose of estimating total amount of construction funds required for execution of this program and consequentially does not completely coincide in basic figures with Table of Requisite Items and Attached Table No. 1. However, this Table has been inserted for reference as showing basis of calculation of such funds.

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SECRET

"PARTICULARS IN FRAMING A PROGRAM FOR EXTENSION
OF IMPORTANT INDUSTRIES".

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- I. Summary of 5-year Program of Important Industries
Prepared by War Ministry, dated 29 May 1937.
- II. Resume of Policy Relating to Execution of Essentials
of 5-Year Program of Important Industries.
Trial Draft Prepared by Army, dated 10 June 1937.
- III. Summary of Program for Extension of Productive
Capacity.
Prepared by Planning Board, dated January 1939.

ESSENTIALS OF 5-YEAR PROGRAM OF IMPORTANT INDUSTRIES

WAR MINISTRY, 29 May 1937

I PRINCIPLE

I. We plan systematically to promote the activity of important industries generally by 1941, so that, if anything happens, our country may be capable of self-supplying the important materials in Japan, Manchuria and North China and also to realize long-stride advancement of the nation's strength in peace time, ensuring the actual power of leadership in East Asia.

II OUTLINE

1. This program, having in view five years from 1937 to 1941 as its first period, is to strictly select the classes and goals of important industries for the national defense and to control and encourage the realization production. Although five years has been set as a general period, the extent and time of achievement of the advancement and expansion shall be adjusted in conformity with the degree of demand for the various materials

According to the degree of progress of the first period, necessary plans shall be prearranged for the second period.

2. Although our Empire is made the subject in the promotion of important industries for national defense, the requisite industries (for national defense) should be pushed ahead to the continent as far as possible according to the principle of right work in the right place with Japan and Manchuria as a single sphere and in consideration of their necessity in our national defense, and, furthermore, observing the farsighted future policy of our Empire, we should pick out the most important resources,

The promotion of the Munitions and Aircraft Industries should be in accordance with the plan separately framed by the Army, but, elements such as funds, machinery materials, labour, fuel, motive power, etc., which should be dealt with and arranged in parallel with the promotion of general important industries, are included in this program.

5. Based on the foregoing principles, the general goal for the promotion of important industries and their arrangement in Japan and Manchuria are roughly shown in the attached table.

should ingeniously take the initiative in economic exploitation of North China, and should make efforts to secure its natural resources.

2. 3. In carrying out this program, it is considered advisable to avoid causing an abrupt change in our present system of capitalism. However, proper and timely measures should be taken in connection with the control of circulation of money, finance, prices of goods, trade, settlement of accounts with foreign countries, transportation, distribution (of commodities), labour and non-important production and consumption so as to ensure the wholesale and satisfactory progress of the program.

4. In the promotion of important industries, those elements such as technique, capital, raw materials, etc., should be coordinated, and perceiving the mutual relationship of the various industries, we should eliminate any discord among them. However, we must distinguish the degree of importance and urgency and pick out in the first place the most important and urgent ones and encourage their achievement. With the above in view, the important items to be taken up with priority in our first period program are listed as follows:

1. Munitions industry
2. Aircraft industry
3. Automobile industry
4. Engineering machinery industry
5. Iron and steel industry
6. Liquid fuel industry
7. Coal industry
8. General machinery industry
9. Aluminium industry
10. Magnesium industry
11. Shipbuilding industry
12. Electric-power industry
13. Railway car industry

GENERAL GOAL FOR PROMOTION OF IMPORTANT INDUSTRIES

ITEMS	UNITS	GOAL FOR PROMOTION OF PRODUCTION			GOAL FOR	EXPANSION OF HOLDING CAPACITY		REMARKS
		TOTAL	JAPAN	MANCHURIA	TOTAL	JAPAN	MANCHURIA	
Aircraft	No.	()	()	()	Civil Use 2,000			Goal for promotion of production is not shown in order to keep secrecy.
Automobiles	10,000 Cars	10	9	1	30	26	4	1. Small size automobiles & tractors are not included. 2. Proportion of passenger automobiles & trucks to be generally equal.
Engineering Machinery	10,000 Machines	50	45	5				
Iron & Steel	Steel Materials	1,000 (1,300)	700 (900)	300 (400)				Deficiency in Japan to be supplemented from Manchuria.
	Pig Iron 10,000 Metric tons	1,150 (1,550)	750 (1,000)	400 (550)				
	Iron Ore	2,250	1,050	1,200	Ore in Stock 800	800		Deficiency of about 4,500,000 k. t. in Japan to be supplemented from Central & South China, South Seas & Australia. Besides, efforts shall be made to utilize Resources of North China to curtail the above imports.
Liquid Fuel	Gasoline	330	190	140	Compulsory Oil Storage as per present rule	Compulsory Oil Storages as per present rule	Compulsory Oil Storage as per present rule.	
	Alcohol 10,000 Kilo litres	50	45	5				To be mixed with Gasoline
	Benzol	20	14	6				Benzol to be exclusively for peace time
	Heavy Oil	235	135	100				1,000,000 Kilo-litre from Manchuria is Shale Oil
Coal	10,000 Metric tons	11,000	7,200	3,800				10,000,000 k.g. to be imported to Japan from Manchuria.
Aluminum	10,000 Metric tons	10	7	3				
Magnesium	1,000 Metric tons	9	6	3				
Vessels	10,000 tons	(93)	(86)	(7)	700	680	20	Vessels under 1,000 tons & above 25 years of age are not included.
Electric Power	10,000 k.w.							
Railway Cars	No.				L 2,200 W 52,700	L 1,000 W 30,000	L 1,200 W 22,700	1. Figures of this column represent required amount of increase. 2. Manchoukuo column includes Korea. 3. L. Represents locomotive & W. Represents Freight wagons.

NOTES: 1. Yearly production of General Machinery of approximately 2,700,000,000 is the goal. 2. With the progress of researches distribution between Japan & Manchuria, although pre-arranged as shown in this table, is to be subject to re-adjustment in accordance with the principle of "right work in right place". 3. Those figures in parentheses in "Goal for Promotion of Production" column represent Capacity of Equipment. 4. Munitions are not included in this Table. 5. Substantial investigation is urged in connection with the construction of Cross-Korean Channel Railway.

II. RESUME OF POLICY RELATING TO
EXECUTION OF SUMMARY OF
5-YEAR PROGRAM OF
IMPORTANT INDUSTRIES

(Draft)

Tentative Draft by Army.

10 June 1937

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No. 2. Plans

1. Financial Policy (for raising funds)
2. Foreign trade and exchange policy
3. Policy on Commodity Prices
4. Policy for Controlling Industry
5. Policy for Technicians & Labourers
6. Policy for Machine Industry
7. Transportation Policy
8. Policy for Assuring Stability of People's
Subsistence
9. (National) Financial Policy
10. Reformation of Administrative Organizations

Tables Attached: .

- No. 1. Table showing proportion of expansion of
projected industries
- No. 2. Table showing assumed amount of people's savings
- No. 3. Table showing approximate amount of necessary funds
under Japanese-Manchurian Industrial Extension
Program
- No. 4. Estimates of subsidy by Japanese Government to
the projected industries

1-ent

Outline of Plan for Expansion of Productive Power.

In view of the present situation at home and abroad, this plan aims at the repletion and strengthening of the power of our nation, which is the stabilizing force of East Asia, and at the establishment of a comprehensive productive power expansion plan for Japan, Manchoukuo and China, which will bring about the realization of the necessary goal in regard to important national defense and basic industries by 1941, in order to be prepared for the epochal development of our country's destiny in the future; to be attained in spite of all difficulties.

I. Basic Policy.

A. The scope of this plan chiefly aims at the perfection of the foundation of national defense, and is essential particularly restricted to industries requiring rapid expansion under a unified plan.

B. This plan is for the establishment of a plan for the expansion of the productive power of the major industries of our country based on the policy for the establishment of a comprehensive plan for Japan, Manchoukuo and China through close contact and coordination among Japan, Manchoukuo, and China.

C. This plan aims at the establishment of self-sufficiency in regard to important resources within the sphere of our influence and thereby avoid depending on the resources of a third power as far as possible even in time of an emergency.

The prospective distribution of the shares of capital expenditures necessary for the enforcement of this plan is generally as follows:

(Unit = Yen 1,000,000)

Years	Japanese Government	Manchukuo Government	Civilians	Total	NOTES
1937	30	4	700	734	1. Estimates of
1938	146	90	1,866	2,102	necessary funds for
1939	261	130	1,866	2,257	the respective
1940	278	130	1,866	2,274	industries are
1941	289	125	755	1,169	shown in attached
					Table No. 3
TOTAL	1,004	479	7,053	8,536	2. Estimates of
					investments by the
Remarks:	To be included		Principally		Japanese Govern-
	in increased		consists of		ment are shown in
	amount of		private in-		attached Table
	Government		vestment of		No. 4.
	Expenditure		Japanese		
			nationals		

And it is assumed that the people's savings, which must provide the required fund amounting approximately to 17,000,000,000 Yen as shown above, will reach about 17,000,000,000 Yen within the period of this plan (Refer attached Table No. 2).

However, in addition to the foregoing, there will be demand for funds of about a billion and several hundred million yen including local / bonds and foreign investment during these five years. Consequently, although it is thought needless to be extremely pessimistic over the

raising of funds, it is not difficult to presume that a control will be necessary to quite an extent.

For the above purpose, our nation should exert itself for a smooth progress of this plan with a complete collaboration among all officials and people.

Herewith, several financial policies essential for carrying out this plan, are set forth.

A. In order to facilitate supply of funds essential to the construction to accompany the fulfilment of this plan, the basic principle for guiding finance shall be carried out smoothly by the positive and voluntary cooperation of the existing banking organs.

B. However, with a view to avoiding various obstructions liable to be met with in the money market, necessary and appropriate control is to be exercised.

The prime object of this control may be summarized as follows:

To facilitate raising of necessary funds for this plan.

To contrive to increase positively new savings, which are the sources for the supply of funds.

To adjust the investment of capitals and to prevent double investment.

To firmly maintain the proper and relevant policy in respect to rate of interest.

C. Several concrete measures essential for the above purposes, may be stated as follows:

(1) Measures for facilitating raising of funds.

(a) To amend the Bank of Japan Act and have the bank administrate the finance of the basic industries.

- (b) To grant this bank the controlling and supervisory powers over various banking organs.
 - (c) To amend the Industrial Bank of Japan Act and extend the legal limit of issuance of debentures by 15 times the present system. For this end, necessary increase of capital shall be made by means of Government investment.
 - (d) To grant this bank monopoly power over issue and trust of public bonds and debentures and to have it exercise control over the loan market.
 - (e) To revise the system of real rights granted by way of security.
 - (f) To extend the financing of industries by the funds of Deposit Section / of Finance Ministry/ and Post Office Insurance.
- (2) Measures for increasing savings.
- (a) To open a national movement for practicing economy of consumption and thrift and saving.
 - (b) To lower the minimum limit of postal savings (from 10 sen to 5 sen).
 - (c) To start house-to-house collection system of postal savings (similar to post office insurance).
- (3) Measures for adjusting investment of capital.
- (a) To suppress fresh investment in non-urgent and non-essential enterprises.
 - (b) To have the Bank of Japan supervise and guide the employment of capital by the various banking organs.
 - (c) To restrain double investment.
- (4) Measure for interest rate.
- (a) To firmly maintain the general low money rate policy.

(b) To exercise control over the rate of interest of public bonds and debentures by unified acceptance of public bonds and debentures by the Industrial Bank of Japan.

(c) To make an adjustment of long-term interest and of interest on public loan bonds.

(d) To regulate employment of funds of the Deposit Section, for the purpose of suppressing sudden rise of money rates.

(e) To accelerate the amalgamation and rationalization of the various banking organs with a view to lowering the cost of raising funds to the utmost.

D. To carry out a sound currency policy and to manage the money market properly and opportunely under the control of the Central Bank.

II. Foreign Trade and Exchange Policy.

Upon estimating the international receipts and payments accompanying the execution of this plan, Japan and Manchuria considered as one unit, the deficiency in international payments as shown in the following table exceeded^{ed} 1,000,000,000 yen for the years 1937 and 1938, and this cannot be paid up with that year's gold export alone. However,^{with} the repletion of productive power, it is anticipated that this decline will be checked and that the international balance will improve from 1940 on.

ESTIMATES OF INTERNATIONAL RECEIPTS & PAYMENTS, JAPAN & MANCHURIA
CONSIDERED UNIT, ACCOMPANYING EXECUTION OF THIS PLAN

as one

(Unit = Yen 1,000,000)

	1937	1938	1939	1940	1941	Total	Average
Total Exports	4,085	4,478	4,987	5,420	5,917	24,887	4,977
Total Imports	4,699	5,367	5,423	5,458	5,470	26,417	5,283
Excess of Exports or Imports (-)	614	(-)889	(-)436	(-) 38	447	(-)1,530	(-) 306
Receipts & Payments outside of Foreign Trade	230	230	230	230	230	1,150	230
International Receipts & Payments (-)	(-) 384	(-) 659	(-)206	192	677	(-) 380	(-) 76
Export of Gold	154	370	180				
Excess or Deficiency of Payment (-)	(-) 230	(-) 289	(-) 26				

And as whether or not the balance would improve depends on proper foreign trade and exchange measures of the government, it is deemed necessary to consider the following policies.

A. Measure for Foreign Trade.

(1) Comprehensive Trade Control Plan.

- (a) To enact "a trade control law", regulating uniformly the domestic and foreign territories and institute "Trade Guild Law" with a view to promoting autonomous control and common interest of the traders.
- (b) To establish "A Foreign Trade Ministry" with a view to proper adjustment and management of foreign trade.

- (e) To establish a National Policy Foreign Trade Company, Ltd., to undertake the export and import of those manufactures important for national defense.
- (2) Positive measures for accelerating export. The emphasis in exportation shall be laid on the munitions industry and ^{materials} _{for} production. Provided that, in order to maintain balance of the international receipts and payments, the export of textile goods and consumable materials shall be encouraged as heretofore (Vide attached Table No. 3).
- (a) To strengthen the Export Association and enforce compulsory participation of all exporters. The association shall also be made to exercise independent control in respect to qualities, quantities and prices.
- (b) To undertake complete organization of export banking organs for the smooth functioning of export finance.
- (c) To intensify the existing Export Compensation Law and to promote overseas exportation by means of export compensation and credit compensation.
- (d) For the purpose of propagandizing Japanese and Manchurian goods and speedy collection of trade intelligence from various sources, to institute Trade Offices in the principal cities of the world and, in addition, to station trade intelligence officials in the necessary points.
- (3) Negative measures for suppressing import.
- (a) To keep in force the present import-bill permit system, if found necessary, and to apply proper and timely control over the importation of non-expedient and non-essential articles.

TRADE
OFFICERS

5/29/37
Ban

- (b) To vest the Trade Minister with the controlling power over customs duties. To amend the Customs Law, laying emphasis on international receipts and payments, and adopt the Japan-Manchurian Preferential Tariff System, which aims at the abolishment of double duty and customs duties.
 - (c) To demand, under the indemnification principle, the promotion of exportation or the suppression of importation to those over-import countries such as U.S.A., Australia, Germany, Canada, India, etc., and, on the contrary, to adopt the scattered purchase system according to the import compensation system, in response to the demand for indemnification of those over-export countries such as Central America and the Near East.
- (4) Improvement of receipts and payments outside of overseas trade.
- (a) To encourage the expansion of our shipping business and increase the income from overseas freight.
 - (b) To endeavour to attract the foreign tourists and simultaneously to curtail expenditures abroad of Japanese and Manchurian nationals.

B. Exchange Plan.

- Exchange*
- (a) To maintain, as far as possible, the exchange rate of 1s 2d against Britain for the purpose of stabilizing the exchange value.
 - (b) To intensify the Foreign Exchange Control Law and completely stop the flight abroad and speculative investment abroad of our capital..
 - (c) To fix appropriate and opportune purchasing value of gold in order to encourage an epochmaking production

(2) EXPANSION PLAN OF PRODUCTIVE POWER OF NORTH CHINA

ITEMS	UNITS	1939	1940	1941	1942
IRON & STEEL	One-Thousand Kilo-tons				
STEEL MATERIALS	"				130
Pig Iron	"	45	141	210	571
Iron Ore	"	290	822	1,260	1,689
<u>COAL</u>	One-Thousand Kilo-tons	14,200	17,900	22,700	22,300
LIQUID FUEL	One-Thousand Kilo-tons				
Gasoline				25	215
Heavy Oil					85
SODA & SALT	One-Thousand Kilo-tons				
Soda Ash	"	42	55	125	125
Caustic Soda	"			18	215
Salt	"	1,076	1,266	1,532	1,820
SHEEP'S WOOL	"				
Select Breed	"		30	74	334
Ordinary Breed	"	8,633	9,108	9,609	10,036
ELECTRIC POWER	K.W.	84,000	84,000	229,000	269,000

N. F.

1. This Table shows the estimated amount of production of the same articles taken up in the expansion plan of productive power of Japan.
2. Regarding Sheep's Wool, amount anticipated by Japan has been adopted.
3. Regarding Electric Power, figures planned in Mongolian-Sing Kiang Districts are not included.

C E R T I F I C A T E

W.D.C. No. _____
I.P.S. No. 1522

Statement of Source and Authenticity

I, TAKAHASHI, Michitoshi hereby certify that I am officially connected with the Japanese Government in the following capacity: Secretary of Cabinet, and that as such official I have custody of the document hereto attached consisting of 66 pages, dated _____, 1941, and described as follows: Book, "Progress for Mapping Out a Program for Important Industry Extension. I further certify that the attached record and document is an official document of the Japanese Government, and that it is part of the official archives and files of the following named ministry or department (specifying also the file number or citation, if any, or any other official designation of the regular location of the document in the archives or files): Cabinet.

Signed at Tokyo on this
17th day of August, 1946.

M. Takahashi (signed)
Signature of Official

Witness: R. Kuriyama (signed)

Secretary of Cabinet
Official Capacity.

SEAL

Statement of Official Procurement

I, Richard H. Larsh, hereby certify that I am associated with the General Headquarters of the Supreme Commander for the Allied Powers, and that the above described document was obtained by me from the above signed official of the Japanese Government in the conduct of my official business.

Signed at Tokyo on this
19th day of Aug., 1946

Richard H. Larsh (signed)
NAME

Witness: Edward P. Monaghan
(signed)

Investigator, IPS
Official Capacity

Logan

Re map

"Border drawn on that is superimposed in yellow point."

"~~It~~ would appear to be so."

Shelford Ray: "Reject it as proving evidence of that border."
"Well your point is that it is my jacking map."

DOCUMENT 2241

"Yes"

Page 1

"I would like some time to inspect this."

G. "In archives of S.U. or all treaties."

Doc. No. 191

"Can't find it."

"Proceed w/ something else."

From M.M. Litvinov's Diary

Extracts from the

Record of the Talk with Mr. Shigemitsu,
Japanese Ambassador in Moscow, of July 20, 1938

SHIGEMITSU: On July 11, the Soviet troops unexpectedly occupied the Chang-ghu-Feng district west of Lake Chang-Ghi and began to fortify it. In view of this Charge d'Affaires Nishi made a protest to Mr. Stomonyakov and demanded that an immediate evacuation of the Soviet troops from that district be effected. Stomonyakov declared the protest groundless and declined it on the basis of the Khunchun agreement and the maps attached to it.

On having studied the question the Imperial Government wired me and instructed to state the following:

According to the data founded on the agreements between China and Russia, the border is established in this region and likewise according to the data of the Zarist regime which are at the disposal of the Manchurian Government this territory belongs to Manchukuo. Besides, in the Khunchun agreement mentioned by Mr. Stomonyakov, it is said, that from letter "T" the frontier line runs north-west, follows the line of the mountains on the western side of Lake Khassan, and reaches the northern end of the sandy ridge, etc.

Therefore it is clear that the western coast of Lake Chang-Chi forms the border.

The fact that the Manchurian population have their religious rites on this mountain is another proof of this area being Manchoukuo possession.

It follows from the above that there is no doubt whatsoever that the territory belongs to Manchoukuo and the Japanese army in virtue of its obligations to Manchoukuo might take measures ensuing from these obligations.

X

LITVINOV: During his conversation with NISHI, STOMONYAKOV presented quite official documents, i.e., the Khunchun Agreement and the maps attached to it.

The frontier on those maps is defined quite clearly, and the maps are signed by the Chinese representatives. On this map the frontier runs west of Lake Khassan, which you call Chang-Chi. It seems to me that the

presentation of these documents should have put an end to all sorts of talk on the subject, and I was glad to learn from the Ambassador that the Japanese-Manchurian party had studied all the documents and I expected to learn from him that the Japanese-Manchurian party had come to the same, i.e., the only possible conclusion, that the lake and the adjacent hills belong to the Soviet Union. Unfortunately, the Japanese government insists upon its previous incorrect viewpoint. The Ambassador has mentioned certain data, yet he did not say what data were meant by him.

VG | He has mentioned certain religious rites which cannot be checked upon by anybody. We know and have always considered the hill in question to be on the Soviet side of the frontier. Our border guards always discharged their duties there. Therefore we must categorically decline every protest and demand, because we are dealing with the Soviet territory, and no claims on it of another power are acceptable.

-----X-----

".....The Ambassador has mentioned certain data, that are at the disposal of both parties. We presented our data to the Japanese Embassy represented by NISHI. I am ready to present them also to the Ambassador. If the Japanese party produce their data, we are willing to study them, but so far we have only heard unfounded statements and groundless demands.

-----X-----

VG | SHIGEMITSU: My opinion is that the Japanese government will not be satisfied with your reply. Firstly, you are speaking about the map as serving as a legal basis of the argument, but the map, which Mr. Stomonyakov showed to NISHI, had never been published, and, to my mind, at this critical moment speaking of some map is unreasonable. This will only complicate matters.

-----X-----

VG | LITVINOV: I must say I am greatly surprised at hearing you, an old and experienced diplomat, speaking so slightly about official maps and calling them "some maps". You must know that maps are the only means of establishing frontiers.

SHIGEMITSU: "...Japan has the rights and obligations to Manchoukuo to use force and make the Soviet troops evacuate from the territory of Manchoukuo, unlawfully occupied by them.

-----X-----

VG | LITVINOV: The Ambassador has not said anything new. The only new thing was that he threatened us with the use of force. The Ambassador

G.O. (a bottle w/ a div. of upstills) cannot be
evidently called a minor bader incident especially
when the amb. threatened to use armed force -
which proves that it was not a spontaneous clash
but was sanctioned on the part of Soviet Govt.
and case of Hotel.

DOCUMENT 2241

Page 3

me. Name - "Subject pro. Verifying."

evidently considers the tactics of threats a sound diplomatic means.
Unfortunately, there is quite a number of countries that are susceptible
to being frightened and threatened, but the Ambassador must know that
this means cannot be successfully used in Moscow.

u. If aggression is a violation of international law no one
nation can pardon that offense.
Signed: LITVINOV

The copy is correct:

Director of the State Central Historic Record Office of the USSR.

Professor V. Maksakov.

CERTIFICATE OF TRANSLATION OF EXCERPTS OF THE ABOVE DOCUMENT:

I, KAPLAN V., hereby certify that I am thoroughly conversant with
the Russian and English languages; and the above is a correct and true
translation of the indicated excerpts of the above document.

Signature: /s/ V. Kaplan
V. KAPLAN

TERESCHKINE
eshkine

7/13 (-
note

7/31 - Support come for border guards

Log
"moved to strike it referred to a minor border incident
settled amicably between Japan + Sov." - on about Aug 10
"no probative value."
might be like in a divorce case to be reviewed on
subsequent misconduct."
w/consult colleagues - "noting presupposes that Russia alone was concerned
with aggression even against Russia - other 10 nations

C E R T I F I C A T E

I, Lt. Colonel TARANENKO G. I., a member of the military forces of the U.S.S.R., do hereby certify that extract from the record of the talk of Litvinov and Srigenitsu on July 20, 1938 in Moscow concerning the Khassan Lake incident, on 10 sheets was delivered to me by the Central State Historical Records Office of the U.S.S.R. on or about 13 March, 1946, and that the original of the said document may be found in the Central State Historical records office of the USSR in Moscow.

I do further certify _____

/s/ TARANENKO

Lt. Col. TARANENKO
(Signature and rank.)

Tokyo, Japan

June 24, 1946.

Look up Biography.

Arrest
work.

was Shig-

(3)

Toncha say

at aug. 1943. told meeting high officer

In April 1943 Tojo was looking for way to M. Haulf
note here - Shig said so: told me in Aug 44

On 3/15/46 Jap Central Liaison Comm.

said. Shige. policy always in support of military

(got WA medal for 1931-34 Incident)
Dec by P.O. 41.

got second order of merit/dec w Order of Double
Rising Sun and granted 3000 ¥ for his
meritorious acts in the Incident 1931-34

Dec order of Sacred Treasure. -

got Dec. from Chinese puppet Nankai
govt.

got 27 Jul 27-1943. GROSS BRENZ ADLER
from German Govt.

22
22

3/4/46

Brit Del for asked

Shige be included

Humphrey - denied all Red comm
appears -

was for men under Higashidaira.

844

Affidavit of witness Chernopyatko, an eye-witness of
the Khassan Lake of February 26, 1946.

A F F I D A V I T

OF THE WITNESS INTERROGATION

Moscow, February 26, 1946.

I, military interrogator for the U.S.S.R. in the International Military Tribunal in Tokyo, Colonel Dolitsky examined and warned of the responsibility for false testimony under article 95 of the R.S.F.S.R. Criminal Code, the witness mentioned below, who testified:

Chernopyatko Ivan Davidovitch, born in 1914, in Voroshilovgradsky District, Kaganovitch region; rank-major, Hero of the Soviet Union, address:- Moscow, 5 Jamskoye Polye street; 19/21, flat 356.

The certificate of the witness duly warned of the responsibility for false testimony is attached.

In 1938 I was a platoon commander of the 59th frontier detachment.

From the 29-th of July to the 31-st July, 1938, I took part in the battles against the Japanese troops who attacked the Soviet frontier patrol on the Hill Zaozernaya.

Some time before the 29th of July 1938 for two weeks the Japanese troops were seen from the Hill Zaozernaya to be concentrating in this area, occupying the commanding hills where the artillery was being mounted and other fire nests were being built.

To my calculation by the 29th of July the Japanese had drawn up about an infantry regiment strengthened by artillery and mortars. There were 2 artillery divisions.

We, Soviet frontier troops on the Soviet part of the Hill Zaozernaya, were about 30 men. One night we heard noise and screams of women and children coming from the village Khamoki situated at the foot of the Hill Zaozernaya on the Manchurian territory. In the morning it turned out that there were no local inhabitants, and the village was occupied by the Japanese soldiers.

The Japanese carefully watched the Zaozernaya Hill and sent single scouts to our territory.

In the area of the Zaozernaya hill during the 18-th through the 20th of July, 1938 at different times our frontier outpost guards captured two local

civilians with letters from the chief of the Japanese detachment at Khunchun addressed to the Chief of the 59th frontier detachment demanding to clear all the territory of the Zaozernaya Hill including Lake Hassan, otherwise threatening to occupy this Soviet territory by force. We did not answer and went on guarding the state frontier, running atop the Zaozernaya Hill, staying all the time on the Soviet territory.

On the 29th of July 1938 at 16.30 hours the Japanese troops, 100-120 men strong made a surprise attack under the cover of fog on the adjacent Soviet frontier patrol, consisting of 11 frontier guards. We heard rifle and machine-gun fire and watched the development of fighting. Some advance movement of the Japanese on the Soviet territory on the hill Bezmyannaya, became noticeable.

The frontier guards retreated into the depth of our territory. Our reinforcement four men strong were sent out under the command of the section commander Batarshin, stopped the Japanese and after that the latter retreated beyond the State Frontier.

Shortly afterwards, 5 killed and 6 wounded soldiers of the Soviet frontier guards were brought from the hill Bezmyannaya to the place where my patrol and I were stationed. All of them were cut with sabres and had bullet wounds.

On the night of the 31st of July 1938 I was sent on a reconnaissance party into the depth of our territory for guarding the flank and rear of our disposition. About 12 o'clock at night I heard noise in the grass and Japanese speech. This was on the Soviet territory 200 meters deep of the State Frontier.

The Japanese also caught sight of us and opened fire. In a few minutes the Japanese batteries from the adjacent hills opened hurricane artillery and mortar fire on the Zaozernaya Hill.

After a short artillery preparation the Japanese troops simultaneously began attacking Zaozernaya Hill from all sides going deep into the Soviet territory everywhere. In the battle, at about 6 o'clock in the morning I was badly wounded and carried away from the battlefield, and then evacuated to the hospital.

I may testify that during the whole time of my service in the 59th frontier detachment there was not a single case of breach of the State Soviet-Manchurian frontier by the frontier guards of our detachment, in spite of a number of provocations on the part of the Japanese-Manchurian troops.

Of the participants in the defence of the Hill Zaozernaya besides Batarshin I remember the chief of the outpost Peter Fedorovich Tereshkin from Moscow now in the rank of Lt.-Col.

I have nothing else to testify. My testimony has been written down and read to me, to which I sign my name

The Investigator of the Prosecutor at the International
Military Tribunal in Tokyo.

Colonel Dolitsky.

CERTIFICATE OF TRANSLATION OF THE ABOVE DOCUMENT:

I, M. Menshova, hereby certify that I am thoroughly conversant with the Russian and English languages: and the above is a correct and true translation of the indicated document.

Signature: /s/ Menshova

84 ✓

AFFIDAVIT OF WITNESS BATARSHIN, AN EYE-
WITNESS OF THE KHASSAN LAKE INCIDENT OF
FEBRUARY 26, 1946.

I, military investigator for the U.S.S.R. at the International Military Tribunal in Tokyo colonel of the Judicial Corps, Dolitski having duly warned of the responsibility for giving false evidence under art. 95 of the Criminal code of the R.S.F.S.R. examined the following witness, who stated:

Batarshin-Gilfan Abubikerovitsh born in 1914, in the Donez Basin at the Golobovski mine. Military rank-major, hero of the Soviet Union. Address: Moscow, Bolshaya Kalujskaya ulitsa 28 flat 47.

A signed paper of the witness being warned of responsibility for giving false evidence, is attached to the minutes of the examination. In the period 1936-38 inclusive I served as section commander of 59 frontier detachment, that guarded the section of the Manchurian Soviet state frontier which included the Lake Hassan area.

From July 29 till August 12, 1938, I took part in military operations to defend the Soviet territory against Japanese armed forces, that unexpectedly attacked the Soviet frontier patrol on hills Zaozernaya and Bezjimjannaya.

Earlier on July 15, 1938, while being in the frontier patrol directly on the hill Zaozernaya I personally observed the Japanese troops concentrating in the vicinity of the Hill Zaozernaya.

In the course of 10-12 days troops and guns were brought up in trucks toward the state frontier in front of hill Zaozernaya. In my estimate in this section there were concentrated by the Japanese about 600-700 soldiers; two Japanese Batteries were mounted on each of the two hills. To these hills shells were carried daily by soldiers; the shells were passed from hand to hand as the hills did not allow any motor transportation.

At that time there were only 30 frontier guards on hill Zaozernaya. There were no other Soviet troops stationed even in the vicinity.

The concentration of Japanese forces in the area of hill Zaozernaya pursued the object of attacking the Soviet territory; not only was the concentration of troops and mounting of artillery by the Japanese itself a proof of it, but the

direct declarations of the Japanese command, made through their emissaries, as well.

Twice during this period local Manchurians were sent to our frontier guard detachment by the Japanese command and they brought letters from the commander of the Japanese detachment in which an immediate withdrawal of the Soviet frontier guards from the hill Zaozernaya was demanded. In the letters it was pointed out that hill Zaozernaya was to be occupied by the Japanese troops. A threat to start military operations against the Soviet troops in case they did not withdraw from hill Zaozernaya was added to it.

The Soviet frontier guards did not give any reply to the demands of the Japanese Command and remained on hill Zaozernaya on their territory.

On July 29, 1938, at 16 hrs. the Japanese troops suddenly attacked a neighbouring frontier guard patrol 11 men strong. There were about 100 Japanese soldiers armed with rifles, medium and light machine guns. Having attacked the frontier guards, the Japanese opened fire. The battle was taking place at a distance of 700 metres from us.

The commander of our outpost watched the battle and sent me with four frontier guards to help. Having taken a light machine gun, I approached the place of the battle and saw the following scene. All the Soviet frontier guards were lying wounded, unable to put up resistance; whereas the Japanese, with blades drawn, slashed the wounded and tried to drag some of them away on to their territory.

I immediately opened fire after which the Japanese started running towards their territory, leaving on their way corpses and wounded frontier guards.

On the battlefield I found five corpses of our frontier guards whose bodies were slashed with blades from head to foot. The other six frontier guards were badly wounded and all of them had slashed wounds.

On the night of July 31st 1938 approximately at midnight large Japanese forces attacked hill Zaozernaya that was guarded by our frontier guard patrol.

The Soviet frontier guards had given no reasons for an armed conflict either in the abovementioned Japanese attack against hill Bezimiannaya or in this case.

In general I don't know of a single case of trespassing the state frontier by the Soviet frontier guards during the entire period of my service in the 59 frontier guard detachment.

According to my observations the hill Zaozernaya was attacked by approximately one infantry regiment of the Japanese forces with a simultaneous use of artillery and mortar fire.

At the moment of the attack of the Japanese forces there were about 30 frontier guards; besides there was a platoon of field forces also 30 men strong.

Until dawn we held hill Zaozernaya. During this time we suffered losses; 15-20 men killed and the rest wounded I personally, was slightly wounded and remained on duty until our units arrived.

We left the hill Zaozernaya at 6 o'clock in the morning. At that time I watched the Japanese soldiers come onto the crest of the hill and wave blades.

In the following days the Japanese soldiers were building fortifications on our territory: barbed wire entanglement, artillery and machine gun defended posts trenches, a net of firing trenches.

From August 6th 1938 our units launched an offensive and by August 12, 1938 had driven the Japanese off our territory and stopped on the former state frontier.

Of the frontier guards, who together with me defended hill Zaozernaya, I remember Ivan Chernopjatko a major at present, living in Moscow and Peter Tereshkin, former chief of the frontier guard outpost, whose section included hill Zaozernaya. He also lives in Moscow and, as I have heard, has the rank of lieutenant-colonel.

I want to add that in the period during which the Japanese concentrated their forces toward the hill Zaozernaya I observed that the Japanese turned the inhabitants out of the village of Hamoka which is situated at the foot of hill Zaozernaya on the territory of Manchuria and stationed their troops in it. It was approximately between July 20-25, 1938.

I have nothing else to state.

My testimony has been written down and read to me, to which I sign my name.

G. BATARSHIN.

Military Investigator of the Prosecution for the U.S.S.R.
at the International Military Tribunal in Tokyo.

Colonel of the Judicial Corps Dolitzki

C E R T I F I C A T E

Moscow.

February 26, 1946.

I undersigned Batarshin, Ghilfan Abubukerovich pledge to tell the truth in my testimony in the case of Main War Criminals.

I am duly warned of responsibility for giving false testimony provided for by Article 95 of the Criminal Code of the RSFSR.

This certificate is signed by me in the presence of Colonel of Justice Dolitzki.

G. BATARSHIN.

The certificate is taken by:

Colonel of Justice DOLITZKY,
Military Attorney for the USSR in the International
Military Tribunal in Tokyo.

I, KAPLAN, V.A., hereby certify that I am thoroughly conversant with the Russian and English languages: and the above is a correct and true translation of the indicated Document.

Signature /s/ V. Kaplan

U.S.S.R. No. 185

Extract from a journal of battle actions
of the Red Army General Staff concerning the
incident in the Lake Hassan area in 1938.

"....On July 24, 1938 at 00.25 hours the Military Council of the front reported the situation on the frontier as it was on July 23, 1938 at 19.00 hours (see entry 482/336 of July 26, 1938)...."

On July 22 a number of violations of the frontier occurred. At 08.30 hours 10 Japanese and Manchurians armed with a light machine-gun violated the frontier 1 km. south of Hozyatwandi; at 12.50 hours on July 22 4 men in civilian clothes violated the frontier, penetrating 50 meters deep into our territory 1/2 km. northwest of Diasheli Zaozernaya. Besides, the Japanese 270 men strong were digging trenches 4 km. southeast of Tunsinachan, and a group 40 men strong deployed 600 metres west of the Zaozernaya hill. In some places the population of certain inhabited points was transferred to the points deep in the territory.

In the area 1 km. south of Kemurukuhi (west of Kenfun) a temporary stable arrangement for 100 horses was discovered at 18.00 hours on July 22.

In the area 2 km. east of Hatuheza a letter was found demanding the withdrawal from the Zaozernaya hill and threatening with serious complications if the demand is not fulfilled. On July 23, during the second half of the day the Japanese concentrated in the Kefun Area nearly an infantry regiment. According to the report of the Posyet frontier guard detachment the Japanese during July 23 and night of July 24 concentrated on the front Zaozernaya, Kenfun, Kemurukuhi more than 3,000 Japanese troops with artillery and tanks.

On July 24 at 23.10 hours the Military Council of the Far Eastern Front reported under N 12/002881 the reconnaissance information on the concentration of the Japanese troops. According to the military observation by the frontier guards on the front of Zarechye, on the Zaozernaya hill, on the Korean and Manchoukuo territory there were about 3,800 men. The Japanese moved the population out of Homoka and Tariton. They held meetings among the population calling upon them to seize the Zaozernaya hill. A unit of the 19th Infantry division arrived and detrained in Sisoievo at the station Zahve (Sikai) of the Uki-Tumen railroad.

July 25, 1938. On July 25 at 14.25 hours the Military council of the front under N 5991 reported on a number of violations of the frontier by the Japanese planes in different places and at different height. The Japanese planes penetrated 1-1/2 km. deep into our territory (in the Novo-Alekseevka area heading toward Grodekovo) 6 km. deep (in the area 2406). Heights - 4, 5, 6 metres; and at 12.50 hours a plane appeared over the town of Medvezhya at the height of 9,000 metres.

Data of the Events in the Zaozernaya Area.--
August 3, 1938.

At 3.12 hrs July 31, the shooting began, grenades are going off on the southern slopes of Zaozernaya hill; 4.00 hrs. the battle is going on. A company of the 118th rifle regiment with tanks attached was thrown into an attack from the direction of Podgornaya. The battalions and a tank company of the 119th rifle regiment are concentrated at hill 68.8 4.20. A group stationed between Zaozernaya and Bezymannaya hills commanded by Ratnic has entered into action.

New Groupings of Concentrating Japanese.

First--from the district of Ahopuskanry in the direction of frontier mark N5 -- a battalion strong and 10 - 12 tanks for the purpose of occupying hill 80.7.

Second -- just as strong appearing on the frontier between frontier marks N7 and N8 are constructing defenses on the hills....

Situation on July 31, 24.00 hours and
August 1, 1938, 2.00 hours.

1. The enemy supported by heavy artillery fire moving from the area Chismnut - Seotsin, Homoku, hill 653, 4 town of Sirumi at 20.00 hours seized the hills 68.8; 86.8; 64.8 (all of them northeast of the Hassan lake).

3. Nearly one enemy division is concentrated in the area of the Bezimannaya hill, Homoku.

4. Nearly one infantry battalion with artillery is concentrated in the area of the town of Sirumi, Komurukuki.

5. Nearly an infantry battalion with artillery in the area of Malaya Savelovka, south slope of the Malaya Novaya hill.

6. In the area of Panzan, frontier mark N2--nearly an infantry battalion. Arrival of the enemy infantry and artillery was observed at the stations of Agotch; and Sikai. Enemy armoured trains kept heavy artillery fire from the area of Sikai.

According to the reconnaissance information of July 31;

(a) 2 infantry columns came out of the Pogranichnaya station on July 31, at 12.00 hours. Probably these are the units of the 8th infantry division, which are transferred to Dunnin.

(b) Infantry with artillery and tanks detrained at the stations of Sikai (Sahve) and Aodi (Agochi), strength unknown presumably new units, arriving to the north Korean ports or the units of 120th infantry division, transferred to the north.

(c) In the actions the following units may take part on the side of the enemy; Unknown part of the 19th infantry division, stationed in the area of Hun-Chun, the 120th infantry division and new units almost a division strong, arriving from the North to the Korean ports.

Total number about 3 infantry divisions.

Battle report N II/I

Army Headquarters I.

Received 19.30 hours

August 1, 1938

Voroshilov 22.30 hours

August 8, 1938

Map 1:100,000

1. The enemy about an infantry regiment strong supported by two artillery divisions at 20.00 hours launched an offensive and at 20.00 hours July 31, 1938 seized the hills: 64, 8; 86, 2; 66, 8.

Battle Report of the Army Headquarters of
the 1st Far Eastern Front at 16.00 hours.

August 2, 1938.

Map. 1:100,000

No. 1

the General Staff 13.15 h.

August 2, 1938.

The enemy more than infantry regiment (with artillery) strong stubbornly defends the Zaozernaya hill, and created strong flanking artillery and machine-gun fire, in this way holding up the offensive of our troops. The enemy probably plans strong defense of the Zaozernaya hill. The enemy acts in a beguiling way not putting into action its entire fire power.

Reconnaissance Reports NN 1 and 2 of the Army Headquarters Town
of Voroshilov.

By 2.00 hours, August 8, 1938 and by 20.00 hours August 4, 1938

Map 100,000

Received at 11.20-11.50 hours and at 15.00 hours August 4, 1938

1. According to the reconnaissance reports it may be seen that: On July 30-31 about 800 cavalymen and 200 Japanese and Manchurian infantry arrived to Zhaohe from the area of Hulin, apparently these were the units of the 28th infantry division and of the 32d cavalry regiment of the Manchoukuo troops. Earlier the transferring of the 8th and 4th infantry regiments had been observed. On August 3 the 4 cavalry regiments of the 4th cavalry division arrived at the frontier in the area of Dambichzen Dalinchi. The garrison of Urnanshan consists of the 52d separate battalion and an artillery division of 3 AP. Military observation found that 350 infantrymen were deployed in Dambichzhan. 500 men of the Japanese infantry arrived there from Mishan and deployed 300 metres from the frontier.

2. On August 2 the arrival of an infantry battalion, an artillery division and 80 trucks to Bantzen was observed. Military observation found that a column of infantry, almost regiment strong and two cavalry squadrons came out of Dunnin and marched in the southern direction, at 16.00 hours the head of the column was entering Vanbabotzi. One cavalry regiment and one infantry regiment were in Hanchun. Almost an infantry regiment and an armoured motor detachment were in Satahe. An infantry battalion in Malaya Savielovka. Almost an infantry regiment with artillery in Kenhin Kemurukihi. About two infantry regiments and an

artillery regiment in Mantokusan-Zaczernaya, Hotoku. The arrival of 7 echelons with Japanese troops at the station of Sahoi was observed. About thirty transport ships with military cargoes were observed to arrive to the Korean ports Yuki-Kashin-Seishin-Genzan. Some artillery in the area of the lake "Bezimyannoe", southwest of Mantokusan, the Chaochi lake and Homoku.

3. From July 22 to July 28 the 8th infantry division concentrated in the area of Pogranichnaya, Synosurfin, Silinbo. The units of the 2nd infantry division were observed to concentrate in the area Mudantzin-Minan, the units of the 12th infantry division concentrated in Dunnin, a motor regiment of the Guntzulin motor brigade arrived there. (This information requires verification). August 1 the arrival of 5,000 Japanese troops is observed in Dunnin.

On August 3, at 10.45 hours the movement of 40 tanks is observed from "Verhnya Pad Sannaya" in the direction of the Suifunskaya hill. 10 transport ships taking troops on board were observed in the Ataru port. Several transport ships sail at 12.00 hours August 4.

44 carriages arrived at the Vantzche area; 96 trucks were observed; the materials were being brought by trucks.

(p.8-10)

Correct:

CHIEF MILITARY PROSECUTION SECTION
OF THE RED ARMY

CHIEF OF THE SECRETARIAL MAJOR OF
JUDICIAL CORPS.

/Bobovsky/

CERTIFICATE OF TRANSLATION OF EXCERPTS OF THE ABOVE DOCUMENT:

I, V. TARKHOV, hereby certify that I am thoroughly conversant with the Russian and English languages; and the above is a correct and true translation of the indicated excerpts of the above Document.

Signature: /s/ V. Tarkhov

C E R T I F I C A T E

I, Lt. Col. TARANENKO, G. I., a member of the military forces of the U.S.S.R., do hereby certify that extract from a journal of battle actions of the Red Army General Staff concerning the incident in the lake Hassan area in 1938, on 13 sheets was delivered to me by the Chief Military Prosecution Department of the Red Army on or about 13 March, 1946. and that the original of the said document may be found in the Chief Military Prosecution Dept. of the Red Army.

I do further certify _____

Lt. Col. TARANENKO /s/
Signature and rank

Tokyo, Japan

June 14 1946.

Doc. No. 2243

Page 1

U.S.S.R. No. 189

Extract from the record of the talk between
Litvinov and Shigemitsu on August 7, 1938

From

M. M. Litvinov's Diary

An Extract from the Record of the Talk with Shigemitsu
of August 7, 1938.

As I pointed out last time, we do not object to the redemarkation of this sector. But I call your attention to the fact, that we do not mean the establishment of a new frontier, but the redemarkation of the frontier, established by the Khunchun agreement. Therefore it will be useless to commence this work unless the recognition of the Khunchun agreement with the map and the protocols attached, is set as principle of it.

The Copy is correct:

Director of the State Central Historic Record
Office of the U.S.S.R., Professor V. Maksakov.

CERTIFICATE OF TRANSLATION OF EXCERPTS OF THE ABOVE DOCUMENT:

I, (Kaplan, V), hereby certify that I am thoroughly conversant with the Russian and English languages; and the above is a correct and true translation of the indicated excerpts of the above document.

Signature Kaplan V

From

M. M. Litvinov's Diary

An Extract from the Record of the Talk with Shigemitsu
of August 7, 1938.

I point out to Shigemitsu that, when we speak of the frontier, we mean the existing frontier established by the Khunchun and other agreements and it is the only frontier we can speak of.

Shigemitsu's reply is, that according to their interpretation of the Khunchun agreement, the Japanese party considers that the frontier before July 11 should be the one between Manchukuo and the U.S.S.R.

It means that the Chankhufing hill is a Manchurian territory. Therefore, it is desirable that the Soviet party should not attack the Japanese troops even if Chankhufing were now in the hands of the Japanese.

I say to Shigemitsu, I am afraid there is no use of conversing any longer and we had better discontinue the talk. We have shown the frontier on the map. The Bezimyanaya and Chankhufing hills are on the Soviet territory. We shall defend them at any cost and we shall not yield an inch. If the Ambassador does not agree with me, we had better discontinue the conversation.

The copy is correct:

Director of the State Central Historic Record
Office of the U.S.S.R. Professor V. Maksakov.

CERTIFICATE OF TRANSLATION OF EXCERPTS OF THE ABOVE DOCUMENT:

I, (Kaplan, V.), hereby certify that I am thoroughly conversant with the Russian and English languages; and the above is a correct and true translation of the indicated excerpts of the above document.

Signature Kaplan V

From

M. M. Litvinov's Diary

An Extract from the Record of the Talk with Shigemitsu
of August 7, 1938.

I said to Shigemitsu that I wanted to take advantage of his visit in order to express my surprise at the fact that the Japanese troops continued their attacks and artillery fire after he had proposed the cessation of hostilities and I had replied that we would cease hostilities if the Japanese troops ceased their attacks and fire from the Manchurian side of the frontier. I said that we were forced to counteract and even bring our aircraft into operation. Although the Japanese attacks were repulsed, the Japanese Government was responsible for the casualties.

The copy is correct:

Director of the State Central Historic
Record Office of the U.S.S.R. Professor V. MAKSAKOV.

CERTIFICATE OF TRANSLATION OF EXCERPTS OF THE ABOVE DOCUMENT:

I, (Kaplan, V), hereby certify that I am thoroughly conversant with the Russian and English languages; and the above is a correct and true translation of the indicated excerpts of the above document.

Signature Kaplan V

From the diary of
comrade M.M. Litvinov

Extract from the Record of the Talk with
SHIGEMITSU
August 31, 1938

SHIGEMITSU stated that the Japanese party has no objections to setting the treaties concluded by the representatives of China and Russia as principle of the work, but the Japanese party understands that additional documents may be submitted to the committee, and they will be considered by the committee, to make its work more successful.

SHIGEMITSU said that on the whole he had no objections to leaving point 4 in the version of the Soviet party. But as to the additional documents, of which he spoke, he thought there were no objections to using them.

I stressed this only as an argument. Whether the committee would accept them or not, is for the committee to decide. SHIGEMITSU repeated that he has no objections to leaving the contents of the point 4 in its present version, but speaking of the submission of the additional documents he repeated that he meant what I said to him last time and that which results from the contents of today's talk. Thus he, SHIGEMITSU, thought that both parties understand this point in the same way.

I replied to this: "Let us hope that both parties understand this point in the same way."

Here I added that to make it clearer I would make this point more precise. The Hunchun agreement and other documents signed by the representatives of Russia and China should be necessarily considered by the committee. The Japanese and Manchurian party cannot say: "We cannot accept this or that treaty." As to the other documents submitted by one of the parties, the opposite party may say that she does not accept this or that document. In this lies the difference between the nature of the agreements signed by the representatives of Russia and China and other documents. I think I made myself clear and the Ambassador probably understood me.

SHIGEMITSU answered that he understood it in the following way: The treaties and agreements concluded between Russia and China are set up as principle of the committee work, and other additional documents are taken into consideration—this is for the committee to decide in what manner to take them into consideration. Considering all that he stated that we had no differences.

The extract is correct:

Chief of the State Central Historic Record Office of the USSR

Professor

V. Maksakov

C E R T I F I C A T E

I, Lt. Colonel Taranenko, G. I., a member of the military forces of the U.S.S.R., do hereby certify that extract from the record of the talk between Litvinov and Shigemitsu on August 31, 1938 in Moscow on 2 sheets was delivered to me by the Central State Historical Record Office of the USSR on or about March 13, 1946, and that the original of the said document may be found in the Central State Historical Records Office in Moscow.

I do further certify _____

Lt. Col. TARANENKO /s/
Signature and rank

Tokyo, Japan

June 24, 1946.

Excerpt from "Japan's Mission in the Showa Era."

by Sadao AKAKI War Minister

Published by the Social Education Association

Mongolia

Next we must think of a country far way, Mongolia. What kind of a region these days is Mongolia? Is it a Chinese territory --- a Russian territory --- or an independent country? Perhaps no one in the world can give a definite answer. Neither can China herself make any affirmation. If peace in East Asia is to be an important problem the will of Mongolia must, first of all, be clarified.

Japan does not want such an ambiguous area as Mongolia to exist next to her sphere of influence. Mongolia, by all means, should be Mongolia of the East, and she should be given independence, peace and tranquillity. It would be outrageous to leave her to be preyed upon by other countries. The ambiguousness of Mongolia's position will be the source of troubles of the whole East. The problem of Mongolia may become a far greater obstacle to the proclamation of the Imperial Way than the Manchurian problem. Therefore, it will be necessary to make it clear at this point, that we have a resolute determination to crush any country that turns against the Imperial Way.

Excerpt from "Japan's Mission in the Showa Era."

by Sadao AKAKI War Minister

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C E R T I F I C A T E

I, Lt.Colonel TARANENKO G. I.,
a member of the military forces of the U.S.S.R. do here-
by certify that the book "Miscellaneous People Literature"
"Minao - Bunko" No. 516- 1933 with Araki Sadao's
article under the title of "Japan's Mission of Showa Era"
was taken from the Imperial Library in Tokyo.
on or about August 20, 194 6, and that the original
of the said document may be found in _____.

I do further certify _____.

/s' Lt Col Taranenko
(Signature and rank.)

Tokyo, Japan,

23 August, 194 6.

Def. Counsel objects request to comment
of Room Pin but this is
Int. Tail. so here request to
do comment.

~~But if~~
Will. "request to comment on
do but must not be involved
of Clarke."

Learn spoke

Log "cluttering record of minor details that could very be omitted"

Defense continues running sniping attack like police court
x U.S. — object immediate incident — moving
of solemn. — for million voted.

Will. her for some time been silent of defense.

Will. Riblentup, I suppose will be claimed as a co-conspirator.

Will. "I can read it and it will go into Eng + Jp and
that is all we are concerned with."

10/16/46

Will.
"objection upheld — document rejected" — re Spain.

C E R T I F I C A T E

I, Sokichi ISHIGURO, Chief of Section 2 of the Imperial Library do hereby certify as follows:

That the book described as,

Title: "Minshu Bunko" /Popular Library/
from Volume No. 56 to Volume No. 71

Author and Publisher, "Shakai Kyoiku Kyokai"
/Social Education Association/

Date of Publication, from Oct 1931 to Jan 1933

Number of Volumes: One

Case-Shelf Miscellaneous $\frac{56}{57}$

belongs to the possession of The Imperial Library,
and that the book was loaned out to the International
Prosecution Section, of the Headquarters of the
Supreme Commander of the Allied Powers, at the
request of the said International Prosecution
Section, on the 19th day of August, 21st Year of
SHOWA /1946/.

Signed and sealed on this 20th day of September, 21st
Year of SHOWA /1946/, by

Sokichi Ishiguro

"The Tokyo Nichi-Nichi"
11 March 1942
No. 23,588

A SPEECH BY KENRYO SATO
CHIEF OF THE MILITARY AFFAIRS SECTION
OF THE WAR MINISTRY.

Hot Pursuit of America and Britain. Not to be Relaxed.
Internal Structure Must be Reinforced.

Major General Kenryo Sato, Chief of the Military Affairs Section, War Ministry, delivered the following speech at the Army Day commemoration lecture meeting, held from 6:30 p.m. on March 10, the Thirty-Seventh Army Day, at Hibiya Public Hall, Tokyo:

"Recalling the Russo-Japanese War on this anniversary of the Mukden Battle, which, together with the Battle of the Japan Sea, brought about an end to the Russo-Japanese War, I wish to express my views on the direction of the Greater East Asia War and our firm belief in gaining ultimate victory.

The Time of Starting the Russo-Japanese War and the Initial Battle.

"Generally speaking, there are two points that are most important in a war. One is to select the right time for starting war and to obtain substantial results in the initial battle. The other is to gain a complete victory in the ultimate battle which truly determines victory or defeat. What required our country's deepest consideration in selecting the time for starting the Russo-Japanese War was to start the war before the construction of the Siberian Railway was completed and before its great transportation capacity was developed. We seized our opportunity to start the war, though we had many troublesome internal difficulties. This selection of the right time for battle and the resulting surprise attack against Port Arthur, the crossing of the Yalu River, the surprise landing on the Liao-tung Peninsula and other brilliant war results, brought to nothing the Russians' operational plan to mass their army between Haicheng and Kiao-yang and to defeat one by one with a determined offensive our forces which were marching northward from the direction of the Korean Peninsula on the one hand and from the Liao-tung Peninsula on the other.

Opening of the Greater East Asia War, The Time and the Initial Battle.

"The points which required consideration in the selection of the time for opening the Greater East Asia War were the amount of reserve war materials and the various tactical factors for the landing operations against Malaya. If there was no way of breaking the deadlock in the Japanese-American negotiations, the time for opening the war would surely decide the fate of our country. That is, with the opening of the war, reserve war materials would be fast consumed and, unless the graph of consumption of war materials could be completely adjusted with the graph of the new production which could be newly and steadily acquired by operations, the continuance of the war would become impossible.

"If our country were dragged along by America's policy of procrastination, we would have grown poorer and poorer and the adjustment of the consumption graph and the new production graph rendered impossible, thereby crippling the country, because we consumed annually hundreds of thousands of tons of oil, even if the Greater East Asia War had not been started. The other matter which was the subject of the greatest anxiety to the Army and Navy in the initial battle was the landing operations against Malaya. Landing operations are seriously affected by the moon, the tide, and the monsoon. Because of these factors, December 8 was the last opportune moment. The decision of our Empire to start the Greater East Asia War by seizing the opportunity in the direction of our national policy was a feat that finds its place in the most illustrious moments of history.

The Cardinal Principle of Directing the Greater East Asia War.

"Secondly, what will be the greatest decisive battle in the Greater East Asia War which will be comparable with the Mukden Battle and the Battle of the Japan Sea?

Our Empire has already captured Singapore, the greatest of the British strategic bases in East Asia, taken possession of all the strategic bases in the South Seas, and is now completing the occupation of Burma, whereby our military power will control the Indian Ocean. The loss of Singapore, which, together with the Suez Canal and Gibraltar, both of which will perhaps be occupied later by the German and the Italian Armies, forms Britain's three great key points in the world from the standpoint of strategy and trade, is not only a serious loss to the existence of the British Empire, but places under our complete control areas with important

resources in China and the South Seas. Furthermore, it will not be long before India and Australia fall out of the British Empire. Thus, even if the British Empire fails to collapse altogether, it will be nothing but a tributary of America.

"Thus, while bringing about the collapse of the British Empire, we shall be securing and consolidating strategic bases in the Pacific against America. Meanwhile, Germany and Italy while pressing hard on the British rear guard line, will secure and consolidate strategic points in the Atlantic. Finally, Japan, Germany and Italy, in perfect cooperation, will employ both political and military tactics to defeat Britain and America by carrying out active operations in both the Pacific and the Atlantic.

What Are the Enemies' Measures?

"What measures will the enemies take against us? America and Britain are placing great expectations on the Soviet-German War. They also appear to be planning to consolidate their contacts with Soviet Russia via Africa, the Near East and the Caucasus, and also their contacts with India and China via the Near East, with a view to smashing German and Italian spearheads, while checking cooperation between Japan, Germany and Italy. Then they hope to take the offensive against Japan. From what direction will this offensive come? First, they may force the Soviet Union to attack the Japanese mainland from the north, using the Maritime Provinces as their base. But it should be more than clear what the fate of Soviet territory in East Asia will be if the Soviet Union should attack Japan in cooperation with America. When Ex-Foreign Minister Matsuoka visited Stalin in Moscow, their conversation happened to touch on the problem of the Maritime Provinces. It is said that Stalin, holding a stick under his chin as if he were hanging himself, stressed that to lose the Maritime Provinces was to Soviet Russia like hanging herself. However, since it is always the cardinal principle of war to rely on one's own preparations, we have already fully prepared ourselves for any emergency.

"The second course is for the enemies to attack us from the Southwestern Pacific and the Indian Ocean, gradually taking back those strategic bases that have already fallen into our hands or will be occupied by us in the near future. Under present conditions, however, Anglo-American offensive operations against Japan are a very, very hard task, unless a great commander makes some very wonderful plan. We do not know from where the ~~next~~ attack will come, from the north or from the south, but we must anticipate that America and

Britain will seek a decisive battle with Japan in one, two, or three years after America has completed the expansion of her armaments.

The Lesson of the Russo-Japanese War.

"In the Russo-Japanese War, our army gained consecutive victories from the beginning. The Russian General Kropatkin, upon being defeated at the Battle of Liaoyang, decided to give up Mukden and to retreat as far back as Tiehling. Herein lies a great lesson. If our army had possessed a rallying force and had hotly pursued the Russian troops after the Battle of Liaoyang, further battles would not have been fought and the war would have ended then and there. Alas, however, the Japanese Army at that time possessed no such rallying force and hence could not make any chase worthy of the name. That is to say, up to the Battle of Mukden, Japan could not compete with Russia in concentrating or expanding fighting power. In the light of this lesson, the best way to win the present war is to forestall and frustrate the intentions of the enemies, and cause their submission without fighting another Battle of Mukden or another Battle of the Japan Sea.

Anglo-American Contradictions and Miscalculations

A. Contradictions in American War Aims

"Here I wish to point out the enemies' contradictions and miscalculations. First, the contradictions in American war aims. Ever since the time when the Chinese Incident broke out, the European War occurred and the Greater East Asia War was started, the United States, always with the object of protecting democracy, has been trying to fight Japan's expansionist policy, Hitlerism and Fascism. And yet America is now associated with the Soviet Union. Isn't communism the most formidable enemy of democracy? Aside from this inconsistency, America has adopted the defense policy of making London, Moscow and Chungking the first line of her national defense and assigning to herself the role of an arsenal for supporting Britain, Chiang Kai-Shek and the Soviet Union, whereby to achieve her national policy, by offering goods instead of blood. Moreover, utilizing to advantage her neutral position, she is obtaining as much as she pleases of rubber, tin, tungsten and other important products from the various parts of the world, especially from East Asia, and she is making strenuous efforts to expand her armaments, in the hope of gaining the greatest voice, nay, the highest power of command in the world when the belligerents have been finally exhausted. However, the outbreak of the Greater East Asia War

has radically upset America's defense policy. The Chungking Government is being reduced to a local regime in the interior, while Japan has inflicted great damage to the Allied Powers, cut off America from the treasure islands of the South Seas, deprived her of almost all strategic points in the Pacific, and inflicted heavy losses to the American Navy.

"Thus, America, which might have gained victory by sacrificing only materials, has no prospect of victory, nay, she will be a loser, even if she made sacrifices both in materials and human blood. The chief cause of this sad plight of America's can be traced back to the question of stationing Japanese troops in special districts of China for a certain specified period of time, which was the last point in the Japanese-American negotiations. America opposed the stationing of Japanese troops, because she was deceived by Chiang Kai-Shek's propaganda. Roosevelt had a great mind to please the Chinese and win their applause. Chiang Kai-Shek himself neither thought it possible to secure the complete evacuation of Japanese troops, nor considered it would be impossible to make peace with Japan unless complete evacuation was effected. As a matter of fact, the Chungking side once intimated to Japan through a certain channel that it had the intention of recognizing the stationing of Japanese troops in certain specified districts of China. It follows that we must not overlook the fact that behind the greatest cause of the rupture of the Japanese-American negotiations was this stupid ambition of Roosevelt's, who had been influenced by Chiang Kai-Shek's propaganda.

B. Miscalculation of Japan's Fighting Power.

"The fundamental cause of the commission of such a serious blunder by American leaders may be traced back to the fact that Japan's excessive humility toward America in her past foreign policy and other matters invited for herself American contempt. Especially since the outbreak of the China Affair, America thought Japan had completely exhausted her national strength.

"In 1936 our army formulated a national defense plan, for the army felt keenly the necessity of expanding armaments and productive power in order to secure and develop the results of the Manchurian Incident. As the expansion of armaments and rearmament by the European Powers were to be completed by 1941 or 1942, we anticipated an international crisis at about that time. Therefore, considering it necessary to complete by every means possible the expansion of our armaments and productive power by 1942, we decided to effect a great expansion by means of a six-year armament plan for the period 1937 to 1942, and a five-year production expansion plan for the period 1937 to 1941. In 1937, the first year of

this plan, the Lukouchiao Incident broke out. What worried us most was the fear that this incident might cause the break-down of our Armament Expansion Plan and the Five-Year Production Expansion Plan. So we decided to see that the Chinese Incident would not end in a war of attrition to our side. Accordingly, generally speaking, we spent 40% of our budget on the Chinese Incident and 60% on armament expansion. In respect to iron and other important materials allotted to the army, we spent 20% on the Chinese Incident and 80% on the expansion of armaments. As a result, the air force and mechanized units have been greatly expanded and the fighting power of the whole Japanese Army has been increased to more than three times what it was before the China Incident. I believe that our Navy, which suffered very little attrition in the China Affair must have perfected and expanded its fighting power. Of course, productive power of the munition industry has been expanded 70 to 80% at a rough estimate.

"Besides the above-said armaments and productive power, we have separately defeated each anti-Japanese force in China and occupied the greater part of the important portions of China, and the iron ore, coal, cotton and other important defense resources obtained from these areas are now contributing greatly to our fighting power. We have completed our establishment of strategic points on the continent, in particular our troops have marched into French-Indo-China, which gave us powerful footing for the present Greater East Asia War. Furthermore, through four and a half years of the China Affair we have gained real training in actual fighting. Their intangible results are now being developed before our eyes.

Sword and Abacus

"According to what I heard recently from certain people who had been on friendly terms with American leaders, the latter seem to think that Japan's expansionist policy cannot be checked at all, that if Japanese troops once march southward, it cannot be helped if the Philippines, Malaya and the Netherlands Indies fall into Japanese hands for a time; but that after breaking the brunt of the German attack, the Allied Powers will be able to subdue Japan very soon if they face Japan cooperatively and apply the great economic power of Britain and America, because Japan will exhaust her national strength more and more owing to her military advance into the Southern areas. British leaders seem to think the same.

"It is very comic that they think too much of economic power. They are committing again the same mistake that they did in mistakenly judging that Japan would be ruined economically by the China Affair. If a cartoonist is allowed to depict this, he will perhaps draw a picture in which Miyamoto-Musashi, a famous fencer of the Tokugawa Era, is brandishing his sword while underneath a clerk of a big shop tries to check the blow with an abacus. The enemies probably realized the difference of power between a sword and an abacus from the initial battles of the present war, but they must be shown by facts that their abacus is getting out of order.

"The American Navy will probably regain in two or three years what it lost in the initial battle of the war and build, in addition, more powerful warships. Aircraft, tanks and army units also will be enormously increased. However, the military training necessary for operating these arms cannot be carried out in a short time. Moreover, we have a tremendous advantage over America in respect to strategic positions.

Analysis of Causes of the Greater East Asia War

"The most important problem for directing the war is the expansion of productive power. This cannot be unrelated to the stabilization and maintenance of the people's life. We can neither fight nor produce with an empty stomach. Hence we do not ask people to work without food. Therefore, the Army pays the greatest attention to the rice-problem and does not grudge closest cooperation in bringing back rice from the South, even though it causes much inconvenience to military operations. Nay, the Army thinks it a part of military operations to acquire and transport rice, and is firmly determined that there shall be no dearth and unrest over the total amount of our nation's chief diet.

"As I have already said, the enemy makes it his war aim to protect democracy, and has declared war against Japan's ideology of the coprosperity sphere, and against the Hitlerism of Germany. The war has taken the pattern of a purely ideological war. It goes without saying how dangerous it is in the prosecution of war to have within the country still many admirers of liberalism, which is the monopoly of the enemy. At the time of the Russo-Japanese War, the outcome of war was decided simply by armed force. There was no such thing as ideological war then. For the prosecution of war poisonous remnants of western civilization must be speedily rooted out. If we analyze the causes of the Greater East Asia War, we have the following domestic problems apart from armed clashes:

Attrition of Aircraft and Ships -- Expansion of Productive Power and Ensurance of People's Life -- Exclusion of Liberalism and other Poisonous Remnants of Western Civilization. Invincible Conviction.

"Since the secret of winning the Greater East Asia War lies in the solution of internal problems, we ought to pay great interest to the renovation and strengthening of our internal structure. I don't wish to touch much on internal problems here, but at the time of the crucial point in Japanese-American negotiations last year, I felt there was no clear manifestation of a truly united national opinion, and a truly organized people's strength. Of course, I heard the voice of our people and there was no doubt about the existence of the strength of our great nation, but I felt that I could not believe in any realistic sense that this voice and strength was so united and organized as to truly propel and assist the Government and to put it into practice. In order to gain final victory and successfully build up the Greater East Asia Coprosperity Sphere, we must conquer many difficulties. Since most of them are internal problems in the final analysis, it is most important for us to establish a national organization fully imbued with the spirit of assisting Imperial Rule by performance of our duties as subjects in order to tide over these difficulties.

C E R T I F I C A T E

(BY IDENTITY)

I hereby certify that the following copy in Japanese is identical with the article appearing in our press; No. 23588 of THE TOKYO NICHU-NICHU SHIMBUN (Dated 11 Mar. 1942 /SHOWA 17/

Mr. SITO, Chief of the Section of Military Affairs of the War Ministry, emphasizes the secrets of sure victory:

"We must not relax our efforts to hotly pursue BRITAIN and AMERICA and we should strengthen our internal structure."

D.TE: 15 Oct. 1946 /SHOWA 21/

/S/ Director of the Data Department
of THE NICHU-NICHU SHIMBUN
HISASHI TAMURA

SECRET

Record of the Meeting of Privy Council Held on 3 July, 1935.

Re: A) The conclusion of an agreement between Japan and Manchoukuo on the establishment of a Joint Economic Committee.

B) The changes to be made in the organization of the Ministry of Communications.

The meeting of the Privy Council was opened on 3 July 1935 in the presence of His Majesty the Emperor.

Others present were as follows:

Chairman	ICHIKI
Vice-Chairman	HIRATUMA
Members of the Cabinet:	
Premier	OKADA
Home Minister	GOTO
Navy Minister	OSUMI
Foreign "	HIROTA
War "	HAYASHI
Communication Min.	TOKONAMI
Commerce & Industry	MACHIDA
Agriculture & Forestry	YAMASAKI
Overseas Min.	KODAMA

Councillors:

KUBOTA	ISHII	ISHIZUKA
TOMII	ARIMA	SAKAMOTO
KURODA	HARA	ISHIWATA
SAKURAI	KUBOTA	SHIMIZU
ARAI	MOTODA	FUJISAWA
KAWAI	SUZUKI (Soroku)	HAYASHI
SUZUKI (Kantaro)		

The absentees:

Imperial Princes:

Prince YASUHIRO
 Prince NOBUHIRO
 Prince KOTOHIRO

Ministers:

Minister of Finance	TAKAHASHI
" " Justice	OHARA
" " Education	MATSUDA
" " Railways	UCHIDA

Councillors:

KANeko, ISHIGURO, ISHIHARA, KURINO.

/Names of other minor members will be omitted here/

Chairman ICHIKI: The meeting will now be opened.

Our subject will be the conclusion of an agreement on the establishment of a Joint Economic Committee between Japan and Manchuria. We shall have the first reading, and omitting the recitations we shall immediately hear the report of the chairman of the Investigation Committee.

Reporter ARAI: Having been appointed members of the Investigation Committee to study on the subject which was referred to the Privy Council by His Majesty the Emperor for deliberation, we held a committee meeting on the 27th of this month, and after inquiring the Minister of State and other authorities connected with the subject, we have completed its investigation.

THRONE
RESRIPT
ON
WITHDRAWAL
FROM
LEAGUE OF
NATIONS

The Empire's basic policy toward Manchukuo is, as it has been declared in the Rescript of March 1933, on the withdrawal from the League of Nations and in the Japanese-Manchurian Agreement concluded in Sept. 1932, to recognize and respect Manchukuo's independence and help its progress and development by maintaining an inseparable relationship between the two countries.

It has been the constant wish of the Japanese Government to adhere to this principle in taking any form of measures and to secure a strong connection with Manchukuo. Thereby, based on the article on the united front in the Japanese-Manchurian agreement, Japan has established the right to garrison Japanese troops permanently in Manchukuo and has also formed military agreements with her.

In the diplomatic field, it was concluded in the official documents exchanged at the time of the establishment of the Manchurian Empire last March, that Manchuria should submit, beforehand, all diplomatic and military matters to the Japanese government for thorough and unreserved deliberation. However, in comparison to the military diplomacy, no system has been established, as yet, for cooperative measures in the economic field which plays a close and vital role in uniting the two countries. Therefore, the Japanese Government has no formal voice

in the management of the economic problems of Manchuria which have important relations with that of Japan, especially in the supervision of the Japanese-Manchurian joint concern having its object in the important industries of that country; and Japan, at present, is obliged to leave it up to the discretion of the Manchurian Government.

This is no way to hold an inseparable tie between the two countries, nor is it without doubt, the way to strengthen the economic interdependent relations of our countries. As long as it is related to the unity of both countries, it is necessary that Japan should gain formal voice in the economic field as well as in the military and diplomatic fields through the establishment of cooperative measures based upon an organization. To meet this necessity Japan has found it well to conclude a pact with a view to establishing a joint instrument between the two countries, and has been able to draft concrete plans for this purpose by having a Japanese diplomat in Manchuria negotiate with that government.

The agreement of the programme is a document entitled:

"An agreement between Japan and Manchukuo on the the establishment of a Joint Economic Committee", with an "annex" giving the precise details of the agreement and is a "matter of understanding concerning the conclusion of a pact for the establishment of a joint committee, agreed upon by representatives plenipotentiary of both countries." The fundamental principles of each department are as follows:

I. The Agreement.

- (1) A Joint Economic Committee of Japan and Manchukuo will be established permanently in Hsinking, Manchoukuo.
- (2) The committee will deliberate on and answer all questions submitted by the Japanese and Manchurian governments on all important matters concerning the economic tie of the two countries and the supervision of business of the Japanese-Manchurian Joint special corporation. The two governments cannot settle any of the above matters until they have been submitted to the committee for deliberation.
- (3) If necessary, the committee may make proposals to the governments of Japan and Manchukuo on any matter concerning the rational economic unification of the two countries.
- (4) The organization and operation of the committee will be prescribed in the annex.

- (5) The agreement will go into effect on the date of signature. Both Japanese and Chinese will be the official language, and in case of a difference in the interpretation of the two texts, it will be settled according to the Japanese text.

II. Annex.

The fundamental principle of the organization and operation of the committee will be prescribed in the annex.

- (1) The committee shall consist of eight members, four from each country, which shall report to each other. In case of absence of any member, a proxy will be appointed through the conference of the Japanese plenipotentiary in Manchukuo and the Prime Minister of Manchukuo. If necessary, the two governments may appoint the same number of temporary member after a consultation.
- (2) The chairman of the committee will be elected by mutual vote among the members. (He will be elected at every meeting.)
- (3) The same number of secretaries will be appointed by the two governments from among the staff members to take care of the general affairs of the committee.
- (4) All matters of the committee will be decided by a majority. The chairman has the right to vote as a member, and in case of a tie he has the right to make the decision.
- (5) The rules for the proceedings in the committee will be set by the committee after obtaining approval of the two governments.

III. Understood matters.

More definite rules on the organization and power of the Joint Economic Committee will be given here in detail:

- (1) Japan's permanent members of the committee shall consist of the Chief of Staff of the Kwantung Army, the Chief Councillor in full service at the Japanese Embassy in Manchukuo, Chief of the Kwangtung Bureau, and one member specially appointed by the government.

The Manchukuo members shall consist of the Ministers of Foreign Affair, Commerce and Industry, and Finance, and Head of General State Affairs.

- (2) The important matters to be deliberated by the committee, and are connected with the economies of the two governments are: the export, import and tariff problems; the development and control of the important industries; the enactment and amendment of laws concerning the establishment of a special Japanese-Manchurian Joint Corporation; investment; and other important problems concerning the economic connection of the two governments and are within the power of the Manchurian Government. Those matters important to the economic ties of both governments but are within Japan's power will not be taken up by this committee. Because they will not be deliberated by the committee they will be made into unilateral contracts binding only the Manchurian Government.
- (3) The important matters to be deliberated by the committee concerning the supervision of business of the special Japanese-Manchurian Joint concern include; the important amendments in the regulations of corporations, the purpose of which is to materialize important industries concerned with economic unity of both governments, and which have been established according to the laws of one of two countries and more than half of whose capital has been raised by the government, citizens, or juridical persons of the opposite government; the disposition of the profit of said corporation and the recognition of the decision to amalgamate or dissolve.

NOTE
As there is as yet no corporation established according to the Japanese law with more than half of Manchurian investment, the agreement in reality binds only the Manchurian Government in this point also. Due to the existence in the document of such one sided articles binding only Manchukuo, the authorities have declared, after an agreement brought forth by the two governments, to have this point kept secret.

The point is that the agreement aims at the realization of a rational unification of the economies of the two countries by a full and close cooperation to strengthen permanently the economic relations according to the principles of the Japan-Manchukuo Agreement. For the purpose the Japanese-Manchurian Joint Economic Committee has been formed. Whenever important economic question relating to the two countries arise, the committee will deliberate on it and settle it.

In view of the special relationship of the two countries and the

assistance the committee will accord Japan in accomplishing her Manchurian policy, the said agreement is approvable in its general principle with little or no disapproving points in the articles. It is needless to say, such special provisions without proper application will never attain expected results, so the authorities must give their fullest attention in enforcing the agreements. The agreement has been approved unanimously by the Investigating Committee with hopes that the authorities will not err in their enforcement and would render the best results.

The result of the investigation has been reported as above.

MOTODA: According to this agreement, matters concerning Japanese-Manchurian joint concerns with more than half of capital invested by opposite party must be deliberated by the committee. Is it proper to set the investments of both countries on an equal basis?

Furthermore, the committee shall consist of ^{four} members from each country, from among whom the president is appointed by mutual election. The chairman not only has a right to vote but has the power of decision, acquiring for herself a tremendous power. His term, moreover, has not been set.

According to the investigation report the chairman is elected at every meeting, but such matters require more definite rules or it will give rise to doubts. I think it proper to set this rule in the agreement and also in the proceedings regulations. At any rate, with only the rules of agreement the question brought to the committee for deliberation are apt to be decided by the chairman alone. The agreement, I feel is not completed on this point. May I hear the opinions of the authorities regarding this matter?

HIROTA: By his question, I take counsellor MOTODA to mean that should the committee consist of four members from each country Japan might be at a disadvantage in case a matter is decided by the chairman. I ask him to consider the fact that three out of the four from Manchukuo are Ministers and the remaining one is the Chief of General State Affairs who is, and will be, a Japanese forever, I am confident. Although he is an official of Manchurian, he is the central organ assuming the leadership of that country. Therefore, in case of a difference of opinions between the two countries, it cannot be imagined that he will make any decision that will be disadvantageous to Japan.

The chairman may make the final decision at times, but we felt it improper for him to have a permanent position, so we have adopted the system of electing the chairman at every meeting according to the nature of the matter to be deliberated. This point, however, may need full reconsideration when regulations for the proceedings are enacted in the future.

In short, the set up of the committee may apparently seem equal on the part of both countries, but in reality it is not. Such being the case, we should like to have the agreement stand as it is despite some points that may be difficult to interpret.

MOTODA: I do not think that there is any need of enforcing treaty rights between the two countries today, but not to form any agreement for this reason should be a lack of prudence. If agreements are to be formed, it should be made so as to be applicable to the nation's plans for a hundred years.

It has been stated in the Investigation Report that the fullest attention should be paid in enforcing the agreement, that no error should be made, etc. I hope that the authorities will give their full consideration to this point, which I think comprises many meanings.

VG
SAKAMOTO: I agree with the opinion of Councillor MOTODA. According to the Foreign Minister's reply, a Japanese is appointed as Chief of General State Affairs, and as he will do his duty as a Japanese, he will not act against Japan's interest. Should he act in favor of Japan in case of an opposition of the two countries' interest, he will incur the ill-feeling of the Manchukuo people. As long as he is an official of Manchukuo, we must not be too sure that he will not act against Japan's interest. I should like to ask the authorities' opinions on this point. Furthermore, there is no case in our country where a chairman is elected at every meeting. Can the authorities tell me of such a case, if it should exist?

HIROTA: I take the question to mean that even if he is a Japanese, the Chief of General State Affairs must do his duty as a loyal official of Manchukuo; and that therefore, it will be impossible for him to decide in favor of Japan's interest. The Chief of General State Affairs, who is the general manager of the Japanese officials there, is employed by the Manchoukuo Government to guide it. He is an official of Manchoukuo and simultaneously a leading instrument dispatched by Japan. He, therefore, must perform both duties, and it is his primary duty to see that there will not be any opposition between Japan and Manchoukuo.

In case the Manchoukuo members of the Committee should purposely scheme to act against Japan's interest after the committee is formed, the chief of General State Affairs will take proper measures after giving due consideration to the interests of both countries. It will be his duty to lead Manchukuo in such a way that such fear would be unnecessary.

KURIYAMA (member of Investigation Committee): There was a question as to the existence of such a system of legislation in which the

chairman is elected by mutual vote from among the members. The chairman of the Board of Directors of the League of Nations is generally elected by mutual vote at each meeting from among the members, and he acts as the temporary chairman until the new chairman is elected. The election of the chairman of the Joint Economic Committee will function almost in the same manner. We are thinking of establishing detailed prescriptions on this point in the procedure regulations that will be set up in the near future. As the members of this committee are formally Japan and Manchoukuo on an equal basis, we have taken this form of election.

SAKAMOTO: I feel that this committee is different from that of the League of Nations, but I shall not relate on that at present. The idea seems to be that there will be no mistakes because the Chief of General State Affairs occupying the important position of 'leading Manchuria is an official of Japanese descent. However, we cannot be too positive that the present relations between Japan and Manchuria will never change forever, so I hope the authorities will put their fullest efforts in fulfilling the points stressed in the Foreign Minister's reply.

Chairman ICHIKI^{KI}: As there are no more discussions, we shall omit the second reading and pass on to the vote. Those in favor of this plan will please stand up.

(Every member stands up.)

Chairman ICHIKI: The whole council has decided in favor of it.

Chairman ICHIKI: We shall now proceed to the changes to be made in the organization of the Ministry of Communication. We shall have the first reading, and omitting the recitation, we shall immediately hear the investigation report.

Reporter MURAKAMI: Upon investigating the matter of making changes in the organization of the Ministry of Communication, which has been referred to the Privy Council by His Majesty the Emperor for deliberation, we deem it necessary to make the following changes.

To complete the establishment for supervising wireless electric facilities such as telegraph, wireless telephone, and others, which have shown a remarkable progress, a secretary, an engineer, two clerks and two assistant-engineers will be newly appointed. To have a more strict control over the electric wire, electric equipments, and the laborers in the engineering works, one administrative official, three clerks, and three assistant engineers will be added.

To take charge of the business affairs connected with the maintenance of the newly established air route between FUKUOKA and TAIHOKU, one aviation official and two assistant engineers will be appointed. Two clerks and one assistant engineer will be added as the business affairs for the purchasing and rationing of necessary supplies have increased with the progress of the communication business. A clerk will be added to supervise and take charge of the business affairs concerned with the plan of increasing the non-collecting and non-delivering third class post offices in every district.

As the ordinary mails have greatly increased in number, an engineer, six clerks and two assistant-engineers will be appointed to supervise and make plans for setting up machineries and other establishments. Four clerks will be appointed to intensify the censorship of foreign mails, which is necessary in controlling dangerous ideologies. Nine clerks and five assistant engineers will also be added to take charge of the business concerned with the maintenance of the expanding telephone business.

We hereby wish to make the above changes in the present organization of the Ministry of Communication. The number of employees will be increased by one secretary, one administrative official, and one officer in charge of aviation, two engineers, twenty-seven clerks, and fifteen assistant engineers.

Considering the fact that this draft for the Imperial Ordinance has been drawn to make necessary increase in the employees to cope with the increasing business affairs in the Ministry of Communication, and as we see no points to be contradicted, we believe it quite permissible to pass the plan as it is. My report on our investigation is as above.

Chairman ICHIKI: As there is no proposal, we shall omit the second reading and the rest and immediately proceed with the vote. Will those in favor of the plan please stand up?

(All stand up.)

Chairman ICHIKI: The whole council has decided in favor of it. The meeting will be adjourned for today.

(Time of adjournment: 11:05 a.m.)

Signed:

Chairman: ICHIKI, Kitokuro
Chief Secretary: MURAKAMI, Kyodchi.
Secretaries: HORIE, Suec.
MUTO, Morio.

Agreement on the Establishment of a Joint Economic
Committee between Japan and Manchuria.

" Hoping to realize a rational unification of the economies of Japan and Manchoukuo in order to strengthen permanently the economic relations now existing between the two countries, and deeming it necessary to have a full and close cooperation on all economic problems essential to the relationship of both countries, according to the principles of the Japan-Manchoukuo Agreement signed on 15 September 1932, (15 September of the 1st year of Tatung) the two governments have decided to establish a Joint Economic Committee. The agreement on the establishment of the said committee is as follows:

Article I. A Joint Economic Committee between Japan and Manchoukuo will be established in Hsinking, Manchoukuo.

Article II. The committee will deliberate on and give opinion on all questions, submitted by the Japanese and Manchurian governments, concerning the economic tie of the two countries and the supervision of business of the Japanese-Manchurian joint special corporation.

Article III. The two governments shall execute any of the above matters only after having submitted them to the committee for deliberation.

Article IV. If necessary, the committee may make proposals to the governments of Japan and Manchoukuo on any matter concerning the rational economic unification of the two countries.

Article V. The organization and operation of the committee will be prescribed in the annex.

Article VI. The agreement will go into effect on the date of signature. Both Japanese and Chinese will be the official language, and in case of a difference in the interpretation of the two texts, it will be settled according to the Japanese text.

The following have signed to the agreement as proof to the above with proper authorization from their respective governments.

ANNEX

1. The committee shall consist of eight members. The governments of Japan and Manchoukuo each will appoint four members and report to each other. In case of absence of any member, a proxy may be appointed through the conference between the Japanese plenipotentiary in Manchoukuo and the Prime Minister of Manchoukuo. The proxy will perform his duties

as a member. Beside the above, the two governments may appoint, if necessary, the same number of temporary members after consultation.

2. The chairman of the committee will be elected by mutual vote from among the members.

3. Secretaries will be placed in the committee to take care of the general affairs. The same number will be appointed by the two governments from among the staff members.

4. All matters of the committee will be decided by a majority. In case of a tie the chairman will make the decision. The chairman may join in the vote as a member.

5. The committee will decide on its rules for procedure after obtaining approval of the two governments.

Imperial Ordinance No. _____

The following changes shall be made in the organization of the Ministry of Communication.

"Seventeen secretaries" in Article II shall be changed to "eighteen secretaries".

"Sixteen full-time administrative officials of the Ministry of Communication" in Article VII shall be changed to "seventeen full time administration officials of the Ministry of Communication".

"Eleven full-time officials in charge of aviation" in (2) of Article VII shall be changed to "twelve full-time officials in charge of aviation".

"Sixty-seven engineers" in Article VIII shall be changed to "sixty-nine engineers".

"Three hundred eighteen full-time clerks" in Article IX shall be changed to "Three hundred forty-five full-time clerks."

"One hundred twenty-nine assistant-engineers" in Article X shall be changed to "One hundred forty-four assistant engineers".

Supplement:

This ordinance shall go into effect on and after the day of promulgation.

C E R T I F I C A T E

W.D.C. No. _____
I.P.S. No. 875

Statement of Source and Authenticity

I, Shuzo Jimbo, hereby certify that I am officially connected with the Japanese Government in the following capacity: Private Secretary to the President of the Privy Council, and that as such official I have custody of the document hereto attached consisting of _____ pages, dated July 3rd, 1935, and described as follows: Consideration of Agreement Establishing Joint Japanese-Manchurian Committee on Financial Affairs.

I further certify that the attached record and document is an official document of the Japanese Government, and that it is part of the official archives and files of the following named ministry or department (specifying also the file number or citation, if any, or any other official designation of the regular location of the document in the archives or files): Privy Council, at the Imperial Palace Ground.

Signed at Tokyo on this
10th day of July, 1946.

/s/ Shuzo Jimbo

Signature of Official
Private secretary to the SEAL
President of the Privy Council
Official Capacity

Witness: /s/ Kichi, Chosokabe

Statement of Official Procurement

I, Edward P. Monaghan, hereby certify that I am associated with the General Headquarters of the Supreme Commander for the Allied Powers, and that the above described document was obtained by me from the above signed official of the Japanese Government in the conduct of my official business.

Signed at Tokyo on this
10th day of July, 1946.

/s/ EDWARD P. MONAGHAN
NAME

Witness: /s/ William C. Prout

Investigator I.P.S.
Official Capacity

Part 2.

EXTRACT FROM CONVERSATION ITAGAKI SEISIRO WITH
AMBASSADOR ARITA OF 28 MAR. 1936

THE PROBLEM OF OUTER MONGOLIA

Outer Mongolia is a secret zone. The Czarist Regime had already stretched out its evil hand and had made this secret zone a protectorate.

Since the revolution the Government of Soviet Russia has adopted the same policy and succeeded in winning over this country. As is quite evident if we look at the map of East Asia, Outer Mongolia is of importance from the point of view of Japanese-Manchukuoan influence today because it is the flank defence of the Siberian Railroad which is a connecting line between Soviet territory in the Far East and in Europe.

If Outer Mongolia be combined with Japan and Manchukuo, Soviet territory in the Far East will fall into a very dangerous condition, and it is possible that the influence of the Soviet Union in the Far East might be removed almost without fighting. Therefore, the Army aims to extend Japanese-Manchurian power into Outer Mongolia by all means at hand and as its first step, to establish normal and complete diplomatic relations between Manchukuo and Outer Mongolia regarding the latter as an independent country, without considering Soviet Russian will. They are furthering their work against Western Inner Mongolia, to be explained next, to conciliate the Outer Mongolian race.

But if Outer Mongolia should set it at naught our moderate intentions as stated above and should invade Manchukuo with Soviet Russia, the Imperial Army is ready to hold fast to each foot and inch of territory with firm resolution in light of the spirit of the protocol between Japan and Manchukuo.

THE PROBLEM OF INNER MONGOLIA

Part 3.

Western Inner Mongolia (Chahar and Suiyuen Province) and the zone to the west of these are of great value for executing the continental policy of Japan.

Should the said zone be placed in the sphere of Japanese and Manchurian influence, it means that will be a base for pacification of their brothers of the same race in Outer Mongolia, moreover that the influence of Soviet Russia which comes from HSING-KIANG, as well as a land link between Soviet Russia and China, will both be blocked, fundamentally frustrating the plan of the Third International movement against China. In a passive sense the said zone will be the shield against Communization of the establishment of peace and order in Manchukuo.

If the said zone should not be placed in the sphere of Japanese and Manchurian influence, but left to natural tendencies, it is obvious that Bolshevization will immediately close in on the western frontier of Manchukuo through Outer Mongolia and Sinkiang district.

From the above standpoint the Imperial army has been furthering its work with regard to Western Inner Mongolia for several years. The conditions in the past and at present are described in a separate sheet. The Imperial Army is resolved to further its work overcoming all sorts of obstacles.

C E R T I F I C A T E

W.D.C. No. _____

I.P.S. No. 1466Statement of Source and Authenticity

I, K. Hayashi hereby certify that I am officially connected with the Japanese Government in the following capacity: Chief of Archives Section of Foreign Office, and that as such official I have custody of the document hereto attached consisting of _____ pages, dated 1935-1936, and described as follows: Manchurian Incident -- Reference Material and Protocol on the North China Problem #1. I further certify that the attached record and document is an official document of the Japanese Government, and that it is part of the official archives and files of the following named ministry or department (specifying also the file number or citation, if any, or any other official designation of the regular location of the document in the archives or files):

Foreign Ministry

Signed at Tokyo on this

30th day of August, 1946.

(signed) K. Hayashi

Signature of Official

Witness: Nagaharu Odo (signed)SEAL

Official Capacity

Statement of Official Procurement

I, Richard H. Larsh, hereby certify that I am associated with the General Headquarters of the Supreme Commander for the Allied Powers, and that the above described document was obtained by me from the above signed official of the Japanese Government in the conduct of my official business.

Signed at Tokyo on this

30th day of Aug., 1946

Richard H. Larsh (signed)

NAME

Witness: J. A. Curtis (signed)Investigator, IPS

2d Lt. M.I.

Official Capacity

851
DOC.751-C

(P 40 of original Doc)

KWANTUNG ARMY, MANCHUKUO

Staff Headquarters
24 January, 1938

To: Gen. SUGIYAMA, War Minister
From: Kenkichi UEDA, Commandant KWANTUNG ARMY
NO.138 (Staff Hdqtrs, Kwantung Army, Manchukuo)
Subject: Representation of Opinion concerning Establishment of a
New China

In accordance to the new situation, we hereby submit to you,
as per attached sheet, our opinion in regard to the establishment of a
New China as seen from the standpoint of our Army.

RECEIVED: (Manchukuo-War Ministry Secret: File No. 101
(27 January 1938, War Minister Secretariate
(

STAMPED: (Military Affairs Section, War Ministry
Perused: YOSHIDA, SHIBATA, MIYAMOTO, KAWAHIGASHI

Perused by: Vice War Minister, UMEZU
ODAJIMA, KAWAMURA.

DOC. 751 C

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(Cover)

NO.5 of 20 copies

OUTLINE OF THE POLICY
for the Establishment of a New China

HEADQUARTERS OF THE

KWANTUNG ARMY

JAN.22, 1938

OUTLINE OF THE POLICY FOR THE ESTABLISHMENT OF A NEW CHINA

GENERAL POLICY

1. Now that a new starting point for our attitude toward the National Government has been formed by resolution of the Cabinet Council, a definite aim has already been given generally. From this point of view, we hold the unification of Japan and Manchukuo to be the fundamental policy of our Empire, and, furthermore, by cooperating with a new China we shall maintain the principle of progressing towards stabilization of East Asia. At the same time, we must not be stopped merely by forms and arrangements as belong to a centralized and unified government, but, as a first step, we must try to strengthen and connect the influential regimes existing in the various localities. Thus, by achieving unification through so-called administration of the local governments, we save the Chinese people from the maladministration of a country split by factions, and from the disaster of Bolshevization. We make it a fundamental policy to carry out an administration as will realize the co-prosperity of Japan and Manchukuo, especially the strengthening of the national defence power in time of emergency.

We especially must dispel any doubt as to our moral spirit of anti-communism and relief of the people which are desired by our Empire. We shall acquire the friendship and trust of the 400,000,000 Chinese people at home, and clear up suspicions and correct misconceptions held by the great powers abroad. At the same time we try to destroy the National Government completely by taking various measures.

GENERAL OUTLINE OF ADMINISTRATION

A Guide to the Establishment of a New China.

Although the establishment of a new China lies ultimately in organizing a central government in North China, we shall respect the wishes and conventions of the native people exclusively and make them contribute to the preparation for the fast approaching war with Soviet Russia. At the same time we shall make them concentrate on post-war adjustment made necessary by the Incident. Thus, it is our main purpose to build an ideal self-governing body of the united provinces which will be fit for the present state of affairs and suitable for the demands of national defence, peace and order, and the political situation of various provinces. Especially, we shall avoid hurrying the establishment of a centralized government as a formal so-called modern nation, adherent to the manner of Europe and America, so that we may not unnecessarily irritate the local regimes. We shall accomplish unification through the so-called administration of local governments and endeavor to achieve our purpose.

2. GENERAL OUTLINE FOR GUIDING THE ADMINISTRATION OF LOCAL GOVERNMENTS.

(a) By adopting a positive policy, accompanied by the military action of the Imperial Army, we shall cause the establishment in the various provinces of self-governing regimes, and at the same time we plan to strengthen thoroughly each powerful regime already born in Mongolia-Siankiang etc. and to invigorate the Central China regime now coming into existence. Thus, we let every regime embody national prosperity, acquiring its confidence in the Empire tranquilly, and consequently we conduct the operation so as to have the 400,000,000 Chinese people come under their own regimes gladly.

(b) Although the various local regimes shall unify their course of administration according to the policy established by the central government, the substance of it shall be limited to the mere outline. We shall have the various local regimes adopt in their administration the principle that the natives shall be given first consideration, which is appropriate to the actual conditions of the specific localities, and thus the extreme formalities shall be avoided in leading the regimes.

Especially, administration with the Japanese at its nucleus is extremely inadvisable.

c. The following articles shall be the common aim throughout the various local regimes in order to establish new China and shall be administered uniformly by the proper management, according to circumstances and relative importance.

1. The establishment of national defence and public order.
2. Stabilization of popular sentiment.
3. Improvement of national life.
4. Adoption of anti-communist policies and pro-Japan-Manchukuan policies.
5. Intellectual movement for the exaltation of Oriental morale.

d. To each of the following articles special attention shall be paid, in view of the extraordinary situation of the local regimes.

1. Mongolia-Siankiang District.

As a base for invading Outer Mongolia and as a mutual bulwark between Japan, Manchukuo and Mongolia against communism in Ningsia and its western parts, this district shall satisfy its demands for national defence. At the same time we will not let this district fail to secure the resources for national defence while we have them (the people of this district) promote the establishment of new China in accordance with the development of Manchukuo.

2. NORTH CHINA DISTRICT

Geographically and economically, this district shall be a bond which unites Japan, Manchukuo and China, and at the same time, as a stabilizing zone at Manchukuo's back door, it shall specially satisfy the demands for its national defence and public order.

For the time being, we will try to find our market there in order to make it contribute to the expansion of the productive power of JAPAN and MANCHUKUO, besides we expect to secure the resources of national defence for the future.

3. CENTRAL CHINA

The unreasonable European and American influence, centered at Shanghai and the Yangtze River, shall be driven out and we will carry out our policy so as to try to establish the political and economic power of our Empire there.

For the present, first consideration shall be given to post-war recovery and to winning the hearts of the people.

4. South CHINA

The first principle is friendship between Japan and China and economically let it coordinate with the advance of the great powers.

3) ORGANIZATION OF THE NEW REGIME.

a. The new central regime shall hold sovereignty over China and by representing China centrally undertake negotiations with foreign countries. Besides, its system shall be something like a general united committee of China consisting of the representatives of the various local regimes, and, especially with regard to France, economic, communication, etc., it shall adjust the interests of the various local regimes and be responsible for the control and guidance of them.

b. Every regime shall be managed so that the organs concerned with the Japanese Army may be able adequately to lead it internally.

The duty of the Japanese navy is restricted to the sea exclusively and thus in leading the new regime we may adopt a single policy.

c. In order to make the above mentioned central control easier and more advantageous, the political system of each local regime shall have freedom in the management of official business and in the adjustment of the interests among the various local regimes. Also it shall be appropriate to the actual conditions of the various localities. One instance of its plan is as follows:

MONGOLIA-SIANKIANG REGIME. We will strengthen it on the basis of the present situation and extend it to Ningsia and farther west.

NORTH CHINA REGIME. This governs principally the inner parts of the Great Wall and further south, the provinces of Shansi, Shantung and Hopei, respectively.

The Liberal City of Shanghai. Besides establishing a Shanghai in the north district of Chap, we shall set up a neutral area generally along the line of Taihu and its east to Chinshan and lead it under the power of the Empire.

CENTRAL CHINA. One regime shall be established along the banks of the Chongkong.

d. With regard to the leading of policy and economics, we shall try to achieve the purpose by employing Japanese advisors who have a lofty character and a wise view and fit for settling a matter properly.

Also, persons of moral influence and of pro-Japanese leanings, or young men of pro-Japanese leanings and with new ideas shall be selected and used in each regime. The former military clique and politicians shall be cleared away at one stroke and shall not be made use of.

4. FINANCIAL POLICY OF THE NEW REGIME.

The financial policy of the new regime depends upon the principle of unification through the local governments and in every influential local regime (Mongolia-Siankiang, NorthCHINA, Central CHINA etc) we shall establish a bank of issue with an independent system and control it properly through the central regime.

5. INTELLECTUAL POLICY IN THE NEW REGIME.

a. Intellectual policy shall be reduced, for instance, to such a unified idea as the new principle of royalty (the essential parts of its substance consist of pro-Japanese and Manchukuan ideas, the spirit of anti-Bolshevism, exaltation of eastern morals, etc. Thus, the new regime shall not fail to hold and govern the hearts of the people.

b. The system of the operation of the thought policy shall be for the present, localized according to the special conditions of the respective province of each local regime and we unify it according to intellectual content. Hasty formal unification through societies like the New People's Society, (SHIMMIN-KAI) etc. shall be strictly avoided.

6. Policy of the New Regime Towards Public Order.

The new regime does not organize a systematic army under centralized control, but, as a principle, each local regime keeps the least number of peace preservation units necessary for securing public peace.

But the Inner Mongolian Army shall be strengthened as an expeditionary army.

The Japanese Army stations at the spots necessary for taking counter-measures to the National Government and for securing public peace, and fortification shall be set up.

7. Policy Towards the National Government.

We are prepared for a thoroughly prolonged war against the National Government, and we shall speed up the various policies, while at the same time we plan the utter destruction of the National Government by taking all measures such as politic, diplomatic, economic and so on.

However, concerning the expansion of the area of military operations we carefully consider the matter.

8. POLICY TOWARDS THE NEW CHINA

Japan and Manchukuo will support the establishment of new China and let her assume a definite attitude. Thus in the first place we foster regimes in various localities and, in trying to adjust relations between them, we promote the growth of the new central regime and gradually we shall come to recognize it formally.

852

C E R T I F I C A T E

I, Lt. Colonel TARANENKO, G. I., a member of the military forces of the U.S.S.R., do hereby certify that "The Map of Mongolia from the Chinese Postal Album", on 2 sheets was delivered to me by the Director of the Moscow Lenin Library on or about March 20, 1946, and that the original of the said document may be found in the Moscow Lenin Library.

I do further certify _____

/s/ TARANENKO
(Signature and rank)

Tokyo, Japan,

May 22, 1946.

1858

C E R T I F I C A T E

I, Lt.Colonel Faranenko A. I.,
a member of the military forces of the U.S.S.R., do here-
by certify that "The Map of Mongolia
from the Chinese Postal Album,"
on 2 sheets.
was delivered to me by the Director of the
Moscow Lenin Library.
on or about March 20, 1946, and that the original
of the said document may be found in the Moscow
Lenin Library.

I do further certify _____

_____.

Saran
(Signature and rank.)

Tokyo, Japan,
May 22, 1946.

中華郵政輿圖

路郵各暨所局務郵省各明列

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中華民國八年

交通部郵政總局印行

CHINA

POSTAL ALBUM

SHEPHERD, THE

POSTAL ESTABLISHMENTS AND POSTAL ROUTES IN EACH PROVINCE

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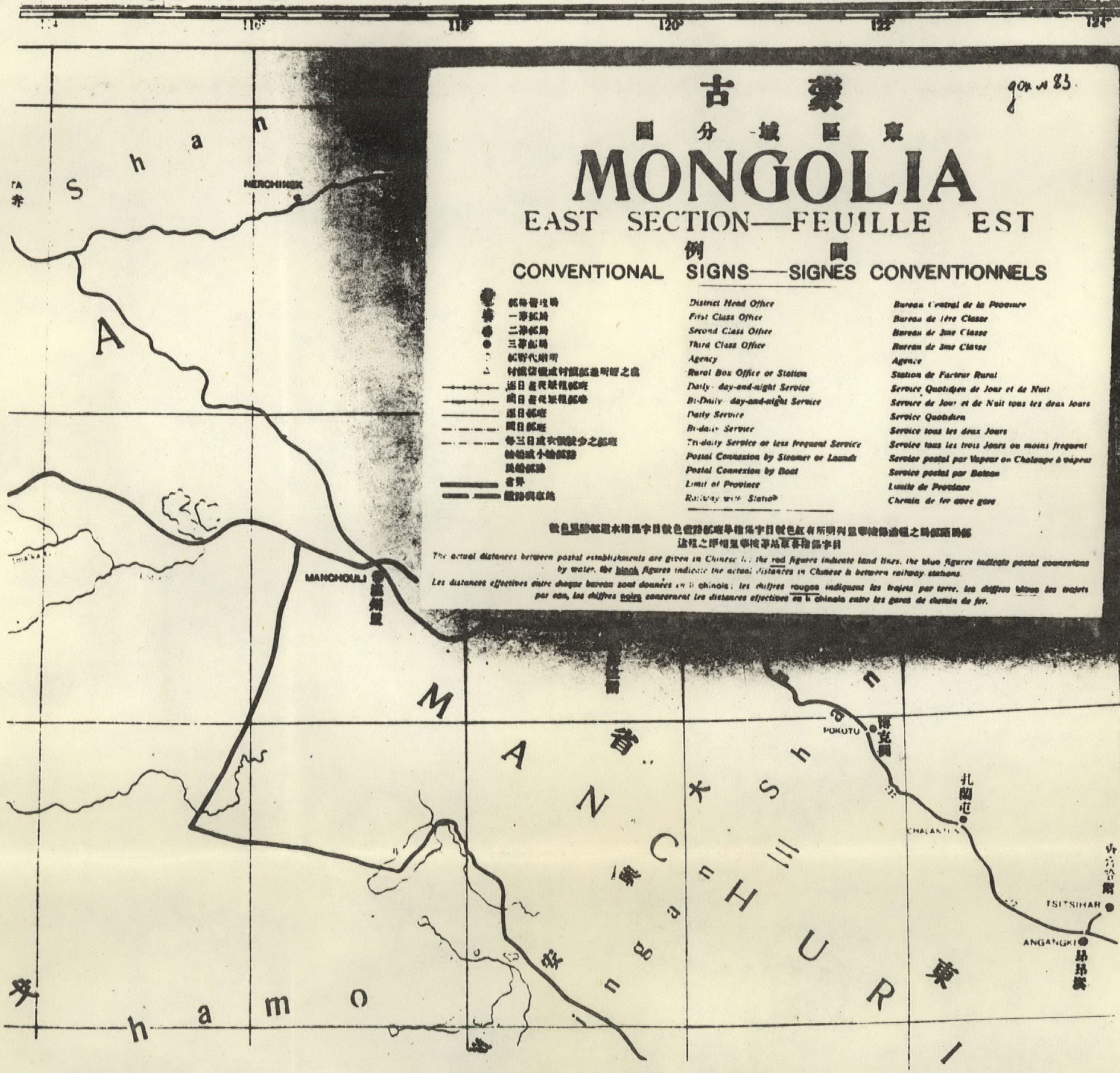
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PARKING

DIRECTORATE GENERAL OF POSTS

1919



852

*Invasion
Currency - ordered*

Re: Military Currency, 1941.

(Communication 1, p. 1)

19-7-46

(1) TOP SECRET

Kei-Shu-Hatsu No. 14

*852
40
851*

16 January 1941

To Shinhei TAKEUCHI,
Chief of the Financial Bureau,
Ministry of Finance.

Communication referring to preparation of Plates for Military Currencies

We want you to urgently prepare the original plates of military currencies to be used in "certain unspecified areas". We hereby make this inquiry.

P.S. — Regarding particulars of the preparations, I would like to add for caution's sake that direct communications will be made with your bureau by the officials in charge.

Hansaburo ISHIKAWA,
Chief of Intendence Bureau,
War Ministry.

(Communication 2, p. 1)

(2) (Top Secret)

Drafted 17 January 1941

Sanctioned 24 January 1941

From Chief of the Financial Bureau, (TAKEUCHI)*

Head of the Treasury Division, (YOSHIDA)*

Head of the Foreign Affairs Division (SEAL)**

To Minister, (KAWADA)*

Vice-Minister, (HIROSE)*

Head of the Archives & Document Division, (UJIIE)*

Head of the Accountant Division, (UMEKITA)* (UEKI)*

Investigation (FUJITA)*

Chief of the Intendence Bureau. (TANIGUCHI)*

(KUROGANE)*

Subject Concerning Preparations for Printing of Military Currency Notes.

With reference to preparations for printing of Military Currency Notes which may be used in "certain unspecified areas" in the future, we received an inquiry from the Chief of the Intendence Bureau, War Ministry, as per attached. Since we are of the opinion that the same is unavoidable under the circumstances, would it be alright to reply to the War Ministry with Draft No. 1 and to the Cabinet Printing Bureau with Draft No. 2 requesting preparation of the original plates, following a decision to prepare for their issuance?

We request your approval.

Draft No. 1

Date

To Chief of the Intendence Bureau,
War Ministry (Confidential)

I acknowledge receipt of your inquiry Kei-Shu-Hatsu No. 14 dated 16 January with reference to preparations of the original plates for military currency notes, contents of which have been fully noted.

Chief of the Financial Bureau,
Ministry of Finance.

* Indicated on original by "Han" (seal).

** "Han" not legible.

(Communication 2, p. 2)

Draft No. 2

Date

To Chief of the Cabinet Printing Bureau, (Confidential)

In view of the necessity for the preparation of printing military currency notes, you are requested to immediately make preparations for the original plates of military currency notes in accordance with the design herewith attached.

P.S. -- You are also requested to advise us as soon as the original plates are ready and we would like to add that top secrecy be maintained in regard to this subject, particularly.

Chief of the Financial Bureau.

(Communication 3 - p. 1)

TOP SECRET

Drafted 15 March 1941

Sanctioned 29 March 1941

From Chief of the Financial Bureau, (TAKEUCHI)*
Head of the Treasury Division, (YOSHIDA)*
Head of the Foreign Affairs Division. (SEAL)**
Investigation (FUJITA)*

To Minister

Vice-Minister (FIROSE)*

Head of the Archives & Document Division, (YUJI)* (UEKO)*
Head of the Accountant Division, (UMEKITA)* (USHIDA)*
Chief of the Intendence Bureau. (TANIGUCHI)* (HAYASHI)*

Subject concerning printing of "Ha" and "Ni" Series Military Currency Notes.

Pursuant to the decision of the ministerial conference held on 24 January last, we made application to the Cabinet Printing Bureau for the preparation of the original plates of military currency notes which may be used in "certain unspecified areas" in the future. We now have received an inquiry from the Chief of the Intendence Bureau, War Ministry, concerning the printing of the said military notes as enclosed herein, and since we are of the opinion that this is unavoidable under the circumstances, would it be alright, following the decision to print them, to reply to the War Ministry with Draft No. 1 and to request the Cabinet Printing Bureau with Draft No. 2?

We request your approval.

Draft No. 1

1 April 1941

To Chief of the Intendence Bureau, War Ministry.

I acknowledge receipt of your inquiry Kei-Shu-Hatsu No. 107 *dated 11 march* pertaining to the manufacture of "Ha" and "Ni" series of military currency notes and duly noted the contents.

Chief of the Financial Bureau
Ministry of Finance.

(Marginal Note: P.S.--Upon approval, we would like to send them dated as of April 1 for budgetary reasons.)

* Indicated on original by "Han" (seal).

** "Han" not legible.

(Communication 3 - p. 2)

Draft No. 2

1 April 1941

To Chief of the Cabinet Printing Bureau,

You are requested to manufacture immediately "Ha" and "Ni" series of military currency, as follows:

Denomination	SERIES	
	"HA" Series	"NI" Series
	Thousand Yen	Thousand Yen
50 Sen Note	1,000	1,000
1 Yen Note	1,500	1,500
5 Yen Note	7,000	7,000
10 Yen Note	10,000	10,000
TOTAL	19,500	19,500

(Communication 4 p 1.)

Kei-Shu-Hatsu No. 107

Communication on Subject Concerning Manufacture of "Ha" Series
Military Currency Notes.

11 March 1941

To Shinhei TAKUCHI,
Chief of the Financial Bureau,
Ministry of Finance.

I have to request that you will manufacture, for the time
being, "Ha" series military currency notes as follows:

Denomination	Notes		Total	Period Required
	In Dutch Language	In English Language		
	10 Thousand Yen	10 Thousand Yen	10,000 ¥	
50 Sen Note	100	100	200	
1 Yen Note	150	150	300	
5 Yen Note	700	700	1,400	Early in April 1941
10 Yen Note	1,000	1,000	2,000	
TOTAL	1,950	1,950	3,900	

Furthermore, regarding the particulars, I would like to add that I
will have the official in charge of my bureau get into direct contact
with yours to make the arrangements.

Yasumasa KURIHASHI,
Chief of the Intendence Bureau,
War Ministry.

(Communication 5, p. 1)

TOP SECRET

Drafted 19 April 1941

Sanctioned 23 April 1941

Chief of the Intendance Bureau, (TAKEUCHI)*
 Head of the Treasury Division. (YOSHIDA)*
 Investigation (FUJITA)* (SATAKE)* (MORI)*

Subject Concerning Notification to Cabinet Printing Bureau for the
 Manufacture of Samples of "Ha" and "Ni" Series Military Currency Notes.

Draft

Date

To Chief of the Cabinet Printing Bureau,

You are requested to arrange for the manufacture of samples of
 "Ha" and "Ni" series military currency notes, as follows:-

The samples above referred to are to be ordered for
 manufacture simultaneously with military currency
 notes previously ordered.

Notes

:	:	:	:
:	Denomination	"Ha" Series	"Ni" Series
:	:	Sheets	Sheets
:	50 Sen Note	150	150
:	:	:	:
:	1 Yen Note	150	150
:	:	:	:
:	5 Yen Note	150	150
:	:	:	:
:	10 Yen Note	150	150
:	:	:	:
:	TOTAL	600	600
:	:	:	:

CHIEF OF THE FINANCIAL BUREAU.

* Indicated on original by "Han" (seal).

(Communication 6, p. 1)

MILITARY SECRECY

Kei-Shu-Hatsu No. 485

Communication on Subject Concerning Manufacture of "Ho" Series and Increase of Manufacture of "Ro", "Ha" and "Ni" Series Military Currency Notes.

13 September 1941

To Shinhei TAKEUCHI,
Chief of the Financial Bureau,
Ministry of Finance.

You are requested to make arrangements immediately for the manufacture of "Ho" series military currency notes, preparations for which were requested previously and the additional manufacture of "Ro", "Ha", and "Ni" series military currency notes, as follows:

P. S.--In this connection, kindly note that you are at liberty to postpone in the meantime, the manufacture of "I" series military currency notes now in progress and we would like to add that we will have our official in charge get in touch with yours in regard to the particulars.

1. Re "Ho" series military currency

1. Denomination, quantity and value

Denomination	Sheets	Pesos
10 Pesos Note	2,000,000	20,000,000
5 Pesos Note	1,900,000	9,500,000
1 Pesos Note	4,000,000	4,000,000
50 Centavos Note	5,000,000	2,500,000
10 Centavos Note	10,000,000	1,000,000
5 Centavos Note	3,000,000	150,000
1 Centavos Note	5,000,000	50,000
TOTAL	30,900,000	37,200,000

2. Date of completion 20 October
3. Samples
300 Sheets of each denomination.

(Communication 6, p. 2)

2. Re "Ni" series military currency

1. Additional manufacture of currency according to denomination, quantity and value.

Denomination	Units of 10 Thousand Sheets	Units of 10 Thousand Dollars
10 Dollar Note	240	2,400
5 Dollar Note	220	1,100
1 Dollar Note	500	500
50 Cents Note	600	300
10 Cents Note	2,400	240
5 Cents Note	600	30
1 Cent Note	1,600	16
TOTAL	6,160	4,586,000

2. Date of Completion

About one-half	30 October
Remainder	10 December

3. Samples

500 sheets of each denomination.

3. Re "Ha" series military currency.

1. Additional manufacture of currency according to denomination, quantity and value.

(Communication 6, p. 2a)

	Units of 10 Thousand Sheets	Units of 10 Thousand Guilders
10 Guilders Note	240	2,400
5 Guilders Note	220	1,100
1 Guilder Note	500	500
1/2 Guilder Note	600	300
10 Cents Note	2,400	240
5 Cents Note	600	30
1 Cent Note	1,600	16
TOTAL	6,160	4,586

2. Date of Completion

About one-half
Remainder

20 November
30 December

3. Samples

500 Sheets of each denomination.

4. Re "Ro" series military currency.

1. Additional manufacture of currency according to denomination, quantity and value.

	Units of 10 Thousand Sheets	Units of 10 Thousand Yen
10 Yen Note	55	550
5 Yen Note	50	250
1 Yen Note	110	110
50 Sen Note	180	90
TOTAL	395	1,000

2. Date of Completion 20 November

3. Samples 500 sheets of each denomination.

Yasumasa KURIHASHI, Chief of the
Intendence Bureau, War Ministry.

(Communication 7, p. 1)

: TOP SECRET :

Drafted 16 September 1941

Sanctioned 16 September 1941

From Chief of the Financial Bureau, (TAKWUCHI)*
Head of the Treasury Division, (YOSHIDA)*
Head of the Foreign Affairs Division. (SAKOMIZU)*
Investigation (NISHIHARA)* (SATAKE)*

To Minister

Vice Minister, (TANIGUCHI)*

(KUROGANE)*

Head of Archives & Documents Division. (YAMAGIWA)*

Subject concerning Manufacture of "Ho" and "Ro" Series and also
"Ha" and "Ni" Series Military Currency Notes.

In regard to the manufacture of "Ho" (new manufacture) and "Ro", "Ha" and "Ni" series (additional manufacture) of military currency notes which may be used in certain unspecified areas in the future, we received an inquiry from the Chief of the Intendence Bureau, War Ministry, as enclosed herein. Since we are of the opinion that this is unavoidable under the circumstances, wouldn't it be alright to reply to the War Ministry with Draft No. 1 and make a request for the manufacture of these to the Cabinet Printing Bureau with Draft No. 2.

We request your approval.

DRAFT NO. 1

Date:

To Chief of the Intendence Bureau,
War Ministry

We acknowledge receipt of your inquiry Kei-Shu-Hatsu No. 485, dated 13 September concerning the manufacture of "Ho", "Ro", "Ha" and "Ni" series military currency notes and have fully noted its contents.

Chief of the Financial Bureau,
Ministry of Finance

* Indicated on original by "Han" (seal).

(Communication 7, p. 2)

DRAFT NO. 2

Date.

To Chief of the Cabinet Printing Bureau

Your are requested to manufacture immediately military currency notes as per particulars in the attached sheets. In this connection, we would like to add that you handle it with top secrecy.

Chief of the Financial Bureau

(Communication 7, p. 3)

(Unit = One Thousand Sheets)
(One Thousand Yen)

ITEMS LIST

BREAKDOWN OF MILITARY CURRENCY NOTES TO BE MANUFACTURED

Amount of Manufacture : Required Quantity & Date

Denomination	Quantity	Value	20 Oct	End Oct	20 Nov	10 Dec	End Dec
(It has been decided to call the "Ho" series Notes to be newly manufactured by the Cabinet Printing Bureau as "No. 3 Notes")							

No. 3

10 Yen Note	2,000	20,000	2,000	-	-	-	-
5 Yen Note	1,900	9,500	1,900	-	-	-	-
1 Yen Note	4,000	4,000	4,000	-	-	-	-
50 Sen Note	5,000	2,500	5,000	-	-	-	-
10 Sen Note	10,000	1,000	10,000	-	-	-	-
5 Sen Note	3,000	150	3,000	-	-	-	-
1 Sen Note	5,000	10	5,000	-	-	-	-
TOTAL	30,900	37,200	30,900	-	-	-	-

"Ni" Series

10 Yen Note	2,400	24,000	-	1,200	-	1,200	-
5 Yen Note	2,200	11,000	-	1,100	-	1,100	-
1 Yen Note	5,000	5,000	-	2,500	-	2,500	-
50 Sen Note	6,000	3,000	-	3,000	-	3,000	-
10 Sen Note	24,000	2,400	-	12,000	-	12,000	-
5 Sen Note	6,000	300	-	3,000	-	3,000	-
1 Sen Note	16,000	160	-	8,000	-	8,000	-
TOTAL	61,600	45,860	-	30,800	-	30,800	-

(Communication 7, p. 4)

"Ha" Series

10 Yen Note	2,400	24,000	-	-	1,200	-	1,200
5 Yen Note	2,200	11,000	-	-	1,100	-	1,100
1 Yen Note	5,000	5,000	-	-	2,500	-	2,500
50 Sen Note	6,000	3,000	-	-	3,000	-	3,000
10 Sen Note	24,000	2,400	-	-	12,000	-	12,000
5 Sen Note	6,000	300	-	-	3,000	-	3,000
1 Sen Note	16,000	160	-	-	8,000	-	8,000
 TOTAL	 61,600	 45,860	 -	 -	 30,800	 -	 30,800

"Ro" Series

10 Yen Note	550	5,500	-	-	500	-	-
5 Yen Note	500	2,500	-	-	500	-	-
1 Yen Note	1,100	1,100	-	-	1,100	-	-
50 Sen Note	1,800	900	-	-	1,800	-	-
 TOTAL	 3,950	 10,000	 -	 -	 3,950	 -	 -
 GRAND TOTAL	 158,050	 138,920	 30,900	 30,800	 34,750	 30,800	 30,800

(Communication 8, p. 1)

MILITARY SECRET

(OZAWA)*

(ARMY)*

Kei-Shu-Hatsu No. 547

INQUIRY PERTAINING TO FORWARDING OF MILITARY CURRENCY

15 October 1941

To Chief of the Financial Bureau,
Ministry of Finance

Please be advised that you are requested to forward, for the time being, the following of the military currencies which have previously been ordered for manufacture.

As to particulars of transportation, we would like to add that we will have our officials in charge contact you.

I. Series and denominations of Military Currencies.

1. "Ni" Series Military Currency

10 Dollars Note	2,100,000 Dollars
5 Dollars Note	1,050,000 Dollars
1 Dollar Note	450,000 Dollars
50 Cents Note	500,000 Dollars
Total	4,100,000 Dollars

2. Auxiliary Currency (Japanese coins)

10 Sen	12,000 Yen
5 Sen	1,500 Yen
1 Sen	800 Yen
Total	14,300 Yen

II. Destination

The Bank of Japan, Shanghai Agency.

III. Time to arrive

By 22 October

Chief of the Intendence Bureau
War Ministry

* Indicated on original by "Han" (seal).

(Communication 9, p. 1)

TOP SECRET

Drafted 22 October 1941
Sanctioned 31 October 1941

From Chief of the Financial Bureau, (TAKEUCHI)*
Head of the Treasury Division, (YOSHIDA)*
Acting Head of the Foreign Affairs Division (AI)*
Investigation (NISHIHARA)*

To Minister, (TANIGUCHI)*
Vice-Minister, Head of the Archives & Documents Division, (YAMAGIWA)*
Head of the Accountant Division, (OTSUKA)*

Chief of the Financial Bureau (KIUCHI)* (KUROGANE)*
Chief of the Lanking Bureau (AIDA)* (AEKI)* (HAYASHI)*
Chief of the Exchange Bureau (HARAGUCHI)* (SEAL)** (NAKAMURA)*
Superintendent of the Bank of Japan (KISHI)* (NODA)* (HARA)*

Prime Minister, (TOJO)*
War Minister, (TOJO)*
Vice-Minister, (KIMURA)* Acting Chief of the Military Affairs Bureau (SANADA)*
Head of the Military Affairs Section, (SANADA)*
Acting Chief of the Intendance Bureau, (ENDO)*
Head of the Intendance Section, (ENDO)* (KURIBASHI)*
Navy Minister, (SHIMADA)*
Vice Minister, (SAWAMOTO)*
Chief of the Naval Affairs Bureau, (OKAKI)*
Head of the 1st Section (TAKADA, TOSHITANE)*
Chief of the Intendance Bureau (SEAL)**
Head of the 1st Section (FUKUOKA)*

* Indicated on original by "Han" (seal).

** "Han" not legible.

(Communication 9, p. 2)

Chief of the Intendance Bureau
Head of the No. 1 Division

SUBJECT PERTAINING TO ISSUE OF MILITARY CURRENCY NOTES IN
FOREIGN DENOMINATIONS

Considering the eventuality of carrying out a military operation in the southern regions, it is deemed necessary to issue military currency notes in foreign denominations for the purpose of affording the convenience to defray the war expenditures of the forces.

It is, therefore, desired to carry into effect the outline for the issuance of military currency notes as enclosed herein upon approval by the Prime Minister, the Minister of Finance, the War Minister and the Navy Minister.

We request your approval.

OUTLINE FOR THE ISSUANCE OF MILITARY CURRENCY NOTES

1. Military currency notes in foreign denominations are to be issued for the purpose of affording the conveniences to defray war expenditures, in consideration of the eventuality of carrying out a military operation in the southern regions.
2. The military currency notes are to be exchangeable with Japanese currency, where necessary.
3. The mode of procedures of the preceding Articles shall be determined at a conference of the Minister of Finance, the War Minister and the Navy Minister.

(Communication 10, p. 1)

TOP SECRETDRAFTED 22 October 1941
SANCTIONED 31 October 1941

From Chief of the Financial Bureau, (TAKEUCHI)*
Head of the Treasury Division, (YOSHIDA)*
Acting Head of the Foreign Affairs Division, (AI)*
Investigation, (NISHIHARA)*

To Minister

Vice-Minister, (TANIGUCHI)*

Head of the Archives & Document Division, (YAMAGIWA)*

Head of the Accountant Division, (OTSUKA)*

(KUROGANE)*

Chief of the Financial Bureau, (KIUCHI)* (UEKI)* (NAKAMURA)*

Chief of the Banking Bureau, (AIDA)*

Chief of the Exchange Bureau, (HARAGUCHI)* (HAYASHI)*

Superintendent of the Bank of Japan, (KISHI)* (HARA)*

War Minister, (TOJO)* Vice-Minister, (KIMURA)*

Acting Chief of the Military Affairs Bureau, (SANADA)*

Head of the Military Affairs Section, (SANADA)*

Chief of the Intendance Bureau, (ENDO)* (KURIBASHI)*

Head of the Intendance Section, (ENDO)*

Navy Minister, (SHIMADA)* Vice-Minister (SAWANOTO)*

Chief of the Naval Affairs Bureau, (OKAKI)*

Head of the 1st Section, (TAKADA TOSHITANE)*

Chief of the Intendance Bureau, (SEAL)**

Head of the 1st Section, (INAOKA)*

SUBJECT PERTAINING TO INSTITUTION OF PROCEDURES FOR HANDLING
MILITARY CURRENCY NOTES IN FOREIGN DENOMINATIONS FOR THE
SOUTHERN REGIONS.

In consideration of the eventuality of carrying out operations in the South Seas area, the policy in regard to the matter of issuing military currency notes of foreign denominations for the purpose of affording the convenience of defraying the military expenditures of the said forces is to have the outline for the issuance of military currency notes decided by the Prime Minister, the Finance Minister, the War Minister and the Navy Minister and have it carried out, but would it be alright to establish a procedure for the handling of military currency notes of foreign denominations for the southern areas, as enclosed herein, after the above has been decided? Furthermore, it is desired that this matter be substituted at the conference with the War Minister and the Navy Minister as stipulated in Article 3 of the outline for the issuance of military currency notes. After the above has been decided, would it be alright to notify the respective quarters concerned with the following plan? We again seek for your approval.

* Indicated on original by "Han" (seal). ** "Han" not legible.

(Communication 10, p. 2)

DRAFT OF PROCEDURE FOR HANDLING MILITARY CURRENCY NOTES IN
FOREIGN DENOMINATIONS FOR SOUTHERN REGIONS.

ARTICLE 1. For the purpose of affording the convenience of defraying the war expenditures in the areas of military operations in the South, the government shall issue military currency notes in foreign denominations within the scope of the budget.

ARTICLE 2. The military currency notes mentioned in the preceding Article shall be called Military Currency Notes of 1941 (hereinafter briefly called Foreign Currency Military Notes) and their denominations shall be as follows:

Gulden Military Notes, 7 denominations - 10 Guildens,
5 Guildens, 1 Gulden, 1/2 Gulden,
10 Cents, 5 Cents & 1 cent.

Dollar Military Notes, 7 denominations - 10 Dollars,
5 Dollars, 1 Dollar, 50 Cents,
10 Cents, 5 Cents & 1 Cent.

Peso Military Notes, 7 denominations - 10 Pesos,
5 Pesos, 1 Peso, 50 Centavos,
10 Centavos, 5 Centavos &
1 Centavo.

ARTICLE 3. The Chief of the Financial Bureau, Ministry of Finance, with the approval of the approval of the Minister of Finance, shall at any time when necessary determine the denomination, amount and period of manufacture of foreign currency military notes and shall advise the Cabinet Printing Bureau of the same.

ARTICLE 4. The Cabinet Printing Bureau, following completion of the manufacture of foreign currency military notes, shall inform to Chief of the Financial Bureau, Ministry of Finance, their denominations and amount.

ARTICLE 5. The Chief of the Financial Bureau, Ministry of Finance, upon receipt of the advice mentioned in the preceding Article from the Cabinet Printing Bureau, shall direct the said bureau to deliver the foreign currency military notes to the Bank of Japan and shall also take steps to instruct the said Bank to receive the same.

(Communication 10, p. 3)

ARTICLE 6. The Bank of Japan, upon receipt of the foreign currency military notes in accordance with the provisions of the preceding Article, shall accept the same as specific deposits and shall dispose of them under the category amount of military notes issued in the general ledger of Government funds. However, the amount accepted for the said specific deposits shall be as indicated in the attached table.

ARTICLE 7. When the War Ministry or Navy Ministry desires to have payments of foreign currency military notes, ^{they} ~~she~~ shall give previous notice to the Ministry of Finance in regard to their amount, denomination, quantity and date.

The Ministry of Finance upon receipt of the notice of the preceding provision from the War Ministry or the Navy Ministry, shall immediately advise the Bank of Japan to that effect.

ARTICLE 8. When delivery of foreign currency military notes are necessary to advance funds to the funds advancing official, the disbursing official of the War or Navy Ministry shall attach to the cheque he issue, a statement of items showing the denominations and quantity of the foreign currency military notes. However, the amount to be issued shall depend on the retained value of the specific deposits.

The foregoing provision shall also apply to cases where the fund advancing official of the War or Navy Ministry, desiring to draw out its deposited funds, requires the delivery of foreign currency military notes.

ARTICLE 9. The Bank of Japan shall prepare a 1941 account book for Military Currency Notes and shall report the amount of receipts and disbursements to the Ministry of Finance each time such transaction is made.

The Bank of Japan shall report to the Ministry of Finance the balances of foreign currency military notes according to their denominations at the end of each month.

ARTICLE 10. The procedures of payment and exchange of foreign currency military notes shall be provided for separately.

(Communication 10, p. 4)

Attached chart.

AMOUNT OF MILITARY CURRENCY TO BE DEPOSITED IN THE SPECIFIC DEPOSITS
FOR 1941

Area to be used in	Distinction as per Series	Denomination in Foreign Currency	Accepting Value
Dutch East Indies	"Ha" Series	10 Guldens	10 Yen
	"	5 Guldens	5 Yen
	"	1 Gulden	1 Yen
	"	1/2 Gulden	50 Sen
	"	10 Cents	10 Sen
	"	5 Cents	5 Sen
British Malay, British Borneo & Thailand	"	1 Cent	1 Sen
	"Ni" Series	10 Dollars	10 Yen
	"	5 Dollars	5 Yen
	"	1 Dollar	1 Yen
	"	50 Cents	50 Sen
	"	10 Cents	10 Sen
Philippines	"	5 Cents	5 Sen
	"	1 Cent	1 Sen
	"Ho" Series	10 Pesos	10 Yen
	"	5 Pesos	5 Yen
	"	1 Peso	1 Yen
	"	50 Centavos	50 Sen
	"	10 Centavos	10 Sen
	"	5 Centavos	5 Sen
	"	1 Centavo	1 Sen

(Communication 10, p. 5)

DRAFT NO. 1

Date

To War Minister,)
 Navy Minister,) Respectively

I hereby would like to inform you that procedures for Handling Military Currency Notes in Foreign Denominations for Southern Regions have been instituted as enclosed herein.

Minister of Finance

DRAFT NO. 2

Date

To The Bank of Japan,

Since procedures for Handling Military Currency Notes in Foreign Denominations have now been prescribed, your attention is invited thereto.

Minister of Finance

(Communication 10, p. 6)

DRAFT NO. 3

Date

To Chief of the Cabinet Printing Bureau,

I, acting on orders, am hereby informing you that the Procedures for Handling Military Currency Notes in Foreign Denominations for Southern Regions have been instituted as enclosed herein.

Chief of Financial Bureau

DRAFT NO. 4

1 November 1941

To Financial Commissioner at Shanghai)
" SAKATA, Secretary at Kwangtung) respectively

I am hereby informing you that the "Outline for the Issuance of Military Currency Notes" and the "Procedures for Handling Military Currency Notes in Foreign Denominations for Southern Regions" have now been decided as enclosed herein.

Chief of Financial Bureau

C E R T I F I C A T E

W.D.C. No. _____

I.P.S. No. 9022A

Statement of Source and Authenticity

I, Sueo YAMANOUCHI, hereby certify
that I am officially connected with the Japanese Government in the following
capacity: Member of Liaison Office, Imperial Finance Ministry

and that as such official I have custody of the file of correspondence hereto
attached (being I.P.S. Document No. 9022A) consisting of ten communications,
written between the dates of 1 January 1941 and 31 October 1941
concerning the making of plates for the printing of military currency for
use in occupied territories and instructions relating to the use of such
currency. I further certify that the papers comprising this file have been
extracted from the official files of the Finance Ministry of the Japanese
Government and are part of the official archives and files of that Ministry.
Signed at Tokyo on this

10th day of Oct., 1946. /s/ Sueo YAMANOUCHI
Signature of Official

SEAL

Witness: /s/ Richard H. Larsh
Investigator, IPS

Member, Liaison Office
Finance Ministry
Official Capacity

Statement of Official Procurement

I, Richard H. Larsh, hereby certify that I am associated
with the General Headquarters of the Supreme Commander for the Allied Powers,
and that the above described document was obtained by me from the above
signed official of the Japanese Government in the conduct of my official
business.

Signed at Tokyo on this

10th day of October, 1946 /s/ Richard H. Larsh
NAME

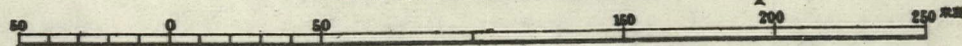
Witness: /s/ J. A. Curtis

Investigator, IPS
Official Capacity

滿洲國全圖



Scale 1:2,500,000
一之分万十五百二尺縮



昭和九年三月調製
MADE IN MARCH 1934

關東廳
KWANTUNG GOVERNMENT-GENERAL

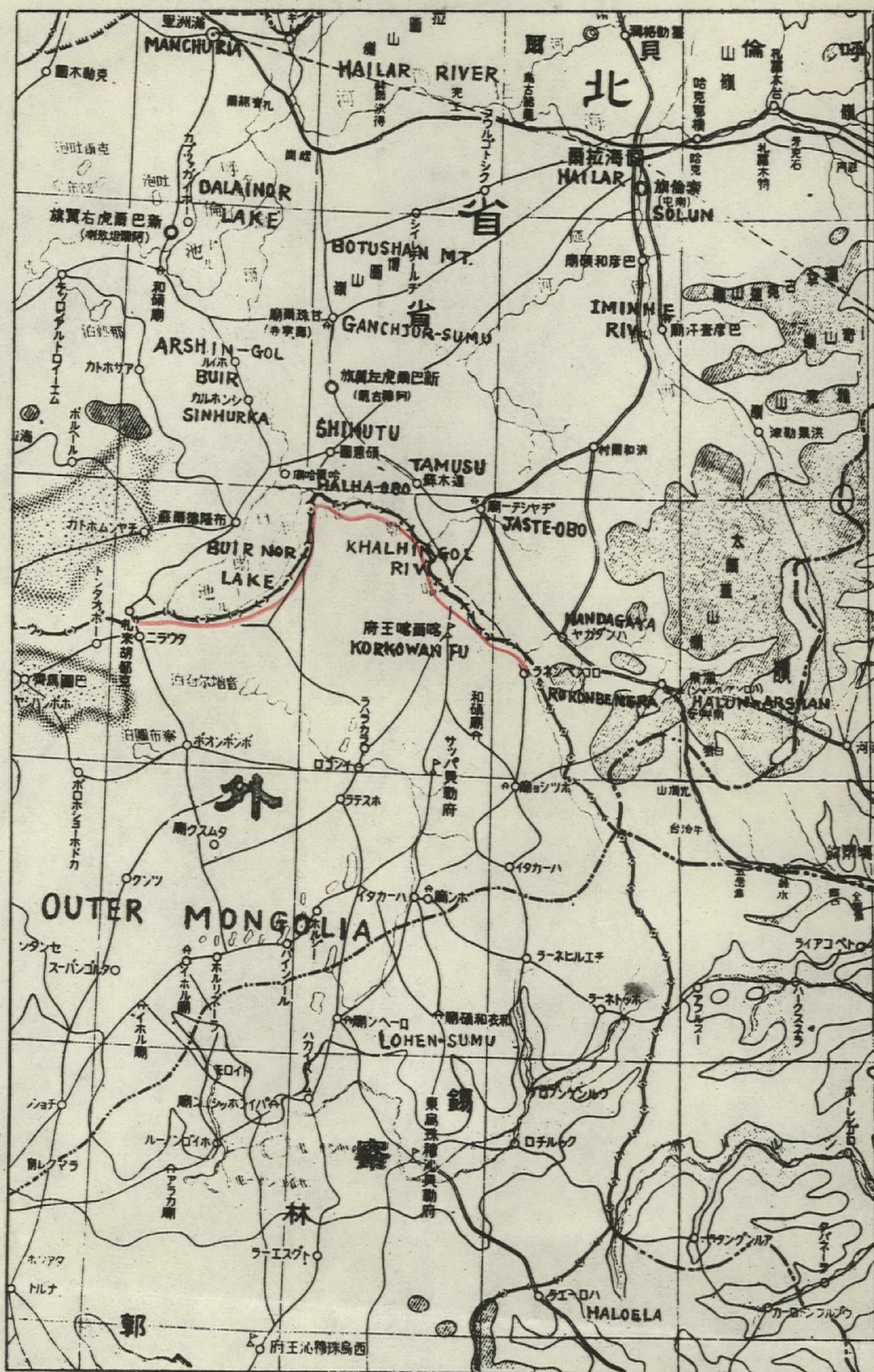
1754

PART OF
MAP OF MANCHURIA

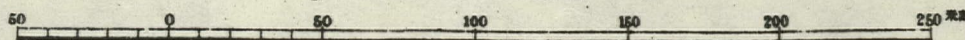
滿洲國全圖

昭和十年十二月調製
MADE IN DECEMBER 1935

關東局
BUREAU OF THE KWANTUNG PROVINCE



Scale 1:2,500,000
一之分万十五百二尺縮



C E R T I F I C A T E

I, Sokichi ISHIGURO, Chief of Section II of the Imperial Library, do hereby certify as follows:

That the book described as,

Title: "Map of Manchukuo"

Author and Publisher, Kwantung Government-General

Published in the 9th Year of Showa /1934/

Number of Sheets: One

Case-shelf No. $\frac{672}{69}$

belongs to the possession of The Imperial Library,
and that the book was loaned out to the International
Prosecution Section, of the General Headquarters
of the Supreme Commander for the Allied Powers, at
the request of the said International Prosecution
Section, on the 24th day of May, 21st Year of
SHOWA /1946/.

Signed and sealed on this 20th day of September, 21st
Year of SHOWA /1946/ by

Sokichi Ishiguro

1 November 1941

To the

The procedures in dealing with the military currency expressed in southern region foreign currency have been prescribed as under and shall accordingly be pursued.

Okinobu KAYA
Minister of Finance . Minister's .
. Seal .

Procedures in dealing with the military currency expressed in southern region foreign currency.

ARTICLE 1-The Government, for the convenience of defraying the war expenditure in the southern region under war operations, shall issue the war-notes expressed in foreign currency within the scope of the budget.

ARTICLE 2--The war-notes mentioned in the preceding Article shall be named military currency for 1941 (hereinafter briefly called Foreign Military Currency) and be sorted as follows:

Gulden War-notes	10 Guldens, 5 Guldens, 1 Gulden, 1/2 Gulden, 10 Cents, 5 Cents and 1 Cent--7 sorts.
Dollar War-Notes	10 Dollars, 5 Dollars, 1 Dollar, 50 Cents, 10 Cents, 5 Cents, and 1 Cent--7 sorts.
Peso War-notes	10 Pesos, 5 Pesos, 1 Peso, 50 Centavos, 10 Centavos, 5 Centavos and 1 Centavo --7 sorts.

ARTICLE 3--The President of Financial Management Bureau of the Ministry of Finance through sanction of the Minister of Finance, shall at any time determine the sorts, number and period of manufacture of the foreign military currency and shall advise the Cabinet Printing Bureau of the same.

ARTICLE 4--The Cabinet Printing Bureau, following completion of manufacture of the foreign military currency, shall inform the President of Financial Management Bureau of the Ministry of Finance of their sorts and number.

ARTICLE 5--The President of Financial Management Bureau of the Ministry of Finance, upon receipt of the advice mentioned in the preceding Article from the Cabinet Printing Bureau, shall direct the said bureau to deliver the foreign military currency to the Bank of Japan and shall also take procedures for instructing the said bank for receiving the same.

ARTICLE 6--The Bank of Japan, upon receipt of the foreign military currency in pursuance of the provisions of the preceding Article, shall accept the same as a separate deposit and shall settle it under the item "amount of issuance of the war-notes" in the items of the combined ledger of the Treasury, provided that the acceptance value of the said separate deposits shall be in accordance with the appended table.

ARTICLE 7--When the Ministry of War or the Ministry of Navy intends to receive payment of the foreign military currency, it shall give previous notice to the Ministry of Finance of their amount, sorts, number, and time.

The Ministry of Finance, upon receipt from the Ministry of War or of Navy of the notice of preceding provision, shall immediately advise the Bank of Japan to the same effect.

ARTICLE 8--When the disbursing official of the Ministry of War or of the Navy must deliver military currency in case he wishes to advance funds to the fund-advancing official, he shall attach to the cheque he issues, a statement of items showing sorts and number of the foreign military currency, and the value so defrayed shall be in accordance with the value of the balance in the special account.

The foregoing provision shall also apply to the case where the funds-advancing official of the Ministry of War or the Ministry of Navy intending to withdraw its deposit funds, requires delivery of the foreign military currency.

ARTICLE 9--The Bank of Japan shall prepare an account book of receipts and disbursements of military currency for 1941 and shall each time report to the Ministry of Finance the amount of receipts and disbursements. The Bank of Japan shall also report to the Ministry of Finance the balances of the foreign currency war-notes in distinction of their sorts at the end of each month.

ARTICLE 10--The methods of making payment and exchange of the foreign currency war-notes shall be separately prescribed.

APPENDIX TABLE

Accepting Value of Specific Deposits of War-notes for 1941			
Circulating Regions	Distinction as per Forms	Value Expressed in Foreign Currency	Acceptance Value
	No. HA (1 £)	10 Guildens	10 Yen
	"	5 "	5 "
Netherlands	"	1 "	1 "
East India	"	1/2 "	50 Sen
	"	10 Cents	10 "
	"	5 Cents	5 "
	"	1 "	1 "
	No. ML (1 =)	10 Dollars	10 Yen
	"	5 "	5 "
British Malay,	"	1 "	1 "
British Borneo &	"	50 Cents	50 Sen
Thailand	"	10 "	10 "
	"	5 "	5 "
	"	1 "	1 "
	No. HO (1 £)	10 Pesos	10 Yen
	"	5 "	5 "
	"	1 "	1 "
Philippines	"	50 Centavos	50 Sen
	"	10 "	10 "
	"	5 "	5 "
	"	1 "	1 "

DOCUMENT NO. 9016 (2)

C E R T I F I C A T E

W.D.C. No. _____

I.P.S. No. 9016 (2)

Statement of Source and Authenticity

I, Otoo Fujii hereby certify that I am officially connected with the Bank of Japan in the following capacity: Chief of Treasury Dep't. and that as such official I have custody of the document hereto attached consisting of 6 pages, dated Nov. 1st, 1941, and described as follows: "Procedures in connection with Military currency in Southern areas", "Topsecret," signed by Mr. Okinobu Kaya, Minister of Finance.

I further certify that the attached record and document is an official document, and that it is part of the official archives and files of the Bank of Japan.

Signed at Tokyo on this 24 day of June, 1946.

/s/ O. Fujii

Signature of Official

SEAL ()

Official Capacity

Witness: /s/ T. Nakajima

Statement of Official Procurement

I, Edward P. Monaghan, hereby certify that I am associated with the General Headquarters of the Supreme Commander for the Allied Powers, and that the above described document was obtained by me from the above signed official of the Bank of Japan in the conduct of my official business.

Signed at Tokyo on this 24 day of June, 1946.

/s/ Edward P. Monaghan

NAME

Investigator

Official Capacity

I.P.S.

Witness: /s/ A. R. Goyce

TOKYO GAZETTE

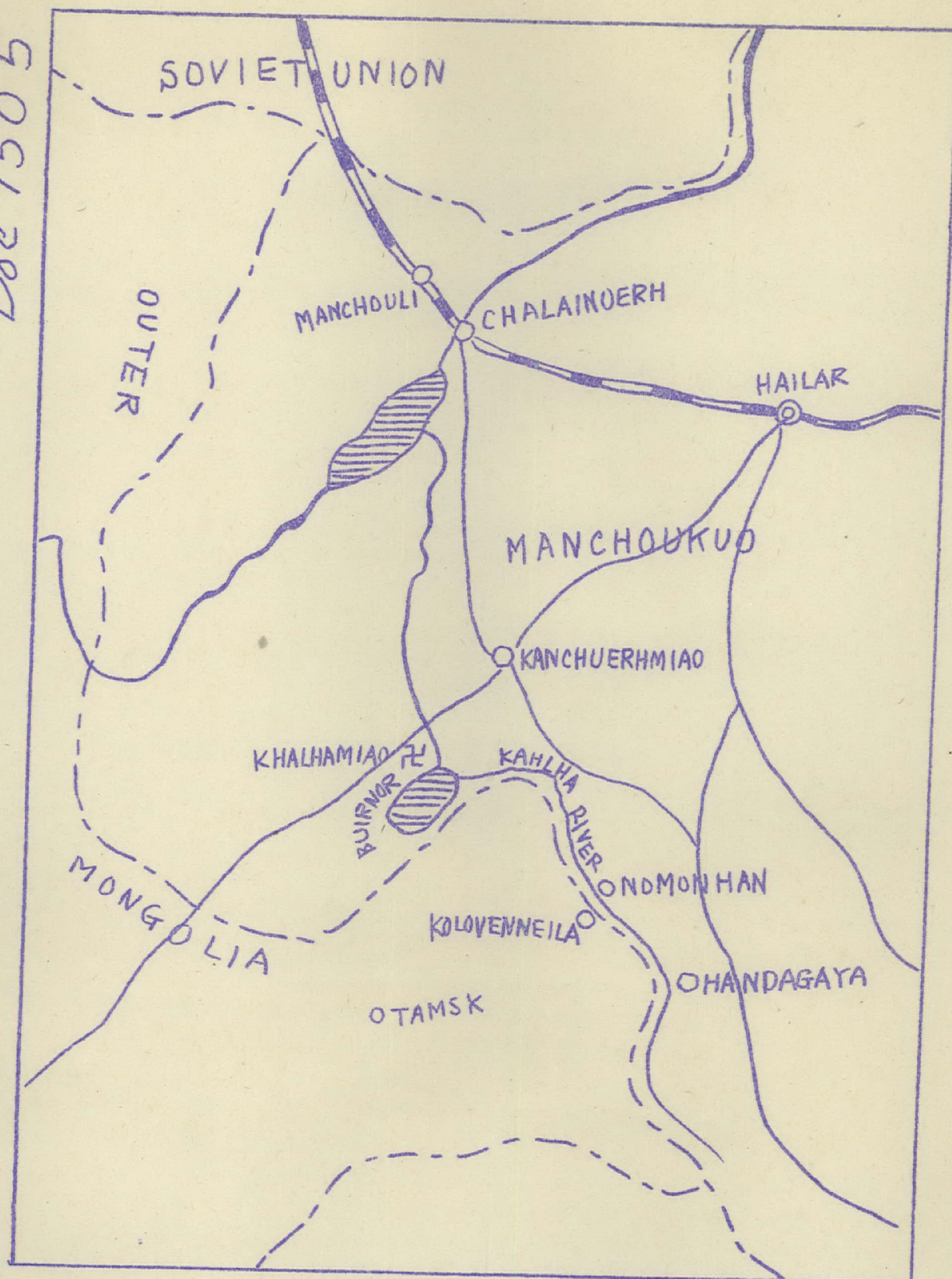
A Monthly Report of Current Policies
Official Statements and Statistics

Volume III

No. 1

July, 1939

Doe 1505



Disputed Border Area

Where Soviet and Japanese troops' clashed recently following violation of the Manchoukuo frontier by Outer-Mongolian Communist troops.