

INTERROGATION OF

AIKAWA, YOSHISUKE

JANUARY 30, 1946.

INTERROGATOR: MR. HORWITZ

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AIKAWA, YOSHISUKE

Date and Time: 30 January 1946, 1000-1200
1330-1530.

Place : Sugamo Prison, Tokyo, Japan.

Present : AIKAWA, Yoshisuke
Solis Horwitz, Interrogator
Ingeborg Nyden, Stenographer

Unsolicited statement by Aikawa, Yoshisuke.

Will you allow me to give you correction or my talking. I have recollected. When I met with Lt. Gen. ITAGAKI first I saw him in his office in Kwantung Army in Shinking, and he said he is going to build up a country and in regard to the economic question he wanted to ask me how it can be developed. I said after I looked around the country for one month this must be done with foreign capital; that means foreign technique as well as foreign material and merchandise. Japanese and Manchuria not enough. Must depend upon foreign help because I have done so many works in Japan but that may be wrong. In Japan industry can be characterized as "rootless." What I mean by "rootless" is that the Japanese industry is not self-sufficient. That is, when I planned to build up the automotive industry in Japan it was necessary for me to purchase and bring in to Japan from foreign countries, especially from America, machinery and raw material. That is, in Japan it was not possible for me to have an automotive industry that was absolutely self-sustaining in raw materials and machinery. Although I had had many businesses in Japan I have never been able to have the business so integrated that I could produce everything that was necessary in connection with my business. I was required to import many things. However when I made my examination in Manchuria I found that Manchuria had great undeveloped natural resources like coal and iron which would make it possible to have a complete integrated industry in Manchuria, on a large scale. When I saw the country in my airplane travels over it during my month's inspection tour, I felt that the geographic terrain resembled in many respects the United States territory of Minnesota, Dakota and Illinois, and I believed that the history of the development of Manchurian industry would have to come about in the same way that American industry developed. In Japan the area is small and the natural resources are very poor. Such natural resources as there are are divided up amongst great industrialists and are controlled by them. However the industrialists in turn are divided into individuals

and no particular individual Zaibatsu group has been able to control all the natural resources to bring about a single integrated industry, with the result that my idea of a complete integrated industry could not be brought about in Japan. While I have operated many businesses and while my operations within my own sphere within Japan have run smoothly yet because of this lack of basic materials and things I had to have negotiations with the big industrialists which was very bothersome in transacting business, and it was very difficult to carry out my business even when there were government orders to that effect because of the control which the other industrialists had over basic raw materials and machinery. I believe that in Manchuria where the resources were yet undeveloped because of the immensity of these resources that it would be possible to set up an integrated industry, and that if it were permitted as in Japan, for the Zaibatsu to divide up the resources that the same confusion that existed in Japanese industries would exist in Manchuria. This idea was shared by the officers of the Kwantung army. They felt that if the Zaibatsu got in to Manchuria that the same situation would develop that had developed in Japanese industries and this was definitely taboo so far as they were concerned. They therefore wished to exclude the participation by the Zaibatsu in Manchurian economic development. They were opposed to any person profiteering in the development of Manchuria. The policy of the Kwantung army was that the entire economy of Manchuria must be developed for the benefit of the state and all of the people in the state and that is the program that they had followed, even before I was called in, in the various enterprises which they undertook to do by themselves. In my opinion this followed the Russian plan. While the army was opposed to having the Zaibatsu come in, the Zaibatsu was likewise opposed to investing in Manchuria because they felt that under the army's domination they could not make the profits which they desired to make. When, at the conclusion of my inspection tour, Gen. ITAGAKI asked me my opinion of how to develop the resources of Manchuria, I told him that it would be necessary to use in that development foreign capital, foreign materials, foreign technique. My idea was that labor would be supplied by Manchuria, that a portion of the moneys needed would come from Japan, and that the remainder would have to come from abroad, particularly America. In my opinion at least one-third of the moneys necessary for the development of Manchuria had to come from abroad particularly from America. Otherwise I felt that the country could not be developed in a reasonably short time but would require a very long period, and Gen. ITAGAKI had told me that he had intended to develop the country within a period of five years to a certain extent. I then told Gen. ITAGAKI that even with the use of foreign capital on the scale which I had mentioned that it would take at least a period of ten years to bring about the results he desired. He told me at that time that at a subsequent time he wanted me to meet with his staff in charge of the economic development of Manchuria. The man at the head of the

head of the Economical Section was Lt. Col. AKINAGA, Tsukizo. The same night or the following evening Lt. Col. AKINAGA came to see me at my hotel.

- Q. When you went to Manchuria to make that inspection trip, did you go alone or did you take other people with you?
- A. I took two assistants. One is SAITO, Yashihiko, who was later director of auditing the subsidiary companies of the Manchurian Heavy Industry Development Corporation.
- Q. At the time you took him over was he connected with Nissan?
- A. At the time I took him he was not an officer of the company but was one of the employees of the Nissan Company.
- Q. Who was the other?
- A. YASUDA, Sojiro. He was working under me at that time.
- Q. Were these men engineers?
- A. Not engineers. Many years ago Mr. YASUDA had been an employee of the South Manchurian Railway Company around the time of its inauguration and he was able to speak Manchurian so I took him with me.
- Q. Those were the only two people you took?
- A. Yes. Two people with me. Mr. MATSUOKA also gave me a man to go along with me on the trip. I do not recall his name at the time but I believe I can remember it later. This man guided us in our trip around and was one of the employees of the South Manchurian Railway Co. and was well cognizant of all places and businesses in Manchuria. This group of four including myself made the survey.
- Q. At that time Mr. HOSHINO was in Manchuria?
- A. Both Gen. ITAGAKI and Mr. AKINAGA had been personally unknown to me prior to my coming to make the survey and this was the first time that I had met either of them. I also met for the first time on this trip Mr. HOSHINO.
- Q. What took place in the interview between you and Lt. Col. AKINAGA in your hotel?
- A. Col. AKINAGA told me that he had been advised of my interview with

Lt. Gen. ITAGAKI and that he wished to ask me certain questions with respect thereto. His principal inquiry was what type of organization would I recommend to be set up for the administration and supervision of the development of the Manchurian economy. I told Col. AKINAGA that there were two conflicting lines in Manchuria: one line was the Kwantung peninsula and the South Manchurian Railway zone. This territory was virtually Japanese territory existing in the middle of Manchuria. This was under the control of the South Manchurian Railway which was directed at that time by Mr. MATSUOKA. They had under their control over 70 branch businesses of all sorts in addition to the railroad. The second line was the Manchurian country itself. Although I did not know at the time, I later discovered that there was a conflict in the ideas of the Kwantung army and the South Manchurian Co. The South Manchurian Railway Co. wished to develop all of the industry of Manchuria as well as that included under its then domination. Since the South Manchurian Railway Co. was a Japanese corporation in which there were 70,000 share holders and in which the Japanese government was a large share holder, this meant that if the South Manchurian Railway plan were followed that the development of Manchuria would be under a complete Japanese domination and control. The only experts that existed in Manchuria at that time were all employees of the South Manchurian Railroad. That just as the South Manchurian Railroad had all the experts in Manchuria the Zaibatsu in Japan likewise controlled the experts in Japan which were needed for building up the economy of Manchuria. That there therefore were two alternatives: one was to permit the Zaibatsu to enter Manchuria. This, of course, was taboo with the Kwantung army. The second alternative was to permit the development of Manchurian economy to be carried out by the South Manchurian Railroad. This likewise was displeasing to the Kwantung army because the domination would have then been virtually completely Japanese.

Q. Did they want this country to be separate from Japan?

A. Yes.

Q. Was it to be independent economically as well as politically?

A. Yes.

Q. Did the Kwantung army intend to become a Manchurian army and cease to be a Japanese army?

A. No. It may seem strange but this Kwantung army from the time of the Manchurian incident operated by itself against the wishes and desires of the army in Tokyo and of the government in Tokyo. This group of men who controlled the Kwantung army in the beginning was dissatisfied with both army policy and governmental policy and they hoped and desired to establish in Manchuria what they had been unable to do in Japan.

- Q. Did anyone ever tell you that the idea of setting up an independent Utopian country was the idea of the Kwantung army?
- A. Yes. Lt. Gen. ISHIHARA.
- Q. Was Gen. ISHIHARA a member of the Kwantung army?
- A. He was one of the prime figures with Gen. ITAGAKI at the time of the Incident. He and ITAGAKI were responsible for the Incident. Lt. Gen. ISHIHARA formed Kyowakai. (Note: Mr. Horwitz. This is probably what is known as the Concordia Society.)
- Q. Did ISHIHARA and ITAGAKI either one of them ever tell you that that had been the idea of the Manchurian incident to set up an independent country? That when they started the Manchurian Incident that it was their idea?
- A. I don't remember. That is well known.
- Q. Did they ever tell you that?
- A. I do not recall whether it was at the time of my first visit to Manchuria or later but Lt. Gen. ISHIHARA did tell me that that had been the idea for the Manchurian Incident. This fact was known to many men.
- Q. Please continue with your discussion with Col. AKINAGA.
- A. I told Col. AKINAGA that since the admission of the Zaibatsu was impossible and that since they did not wish to turn the development of the country over to the South Manchurian Railroad Co. that it would be necessary to absorb the businesses operated by the South Manchurian Railroad Company in whatever administrative set-up was created since in my opinion it was impossible to have the country developed along two separate lines of development, but that there had to be one line of development only. This line of development could only be brought about by the bringing in of foreign capital. That foreign capital could only be brought in if there was an open door policy with equal opportunity for all. That in fact when I made my report to Gen. ITAGAKI I had asked him specifically whether the Kwantung army intended to carry out their stated policy of an open door and equal opportunity for all and his reply had been in the affirmative.
- Q. Continue with your conversation with Col. AKINAGA.
- A. I was insistent because of my experience in Japan that if the businesses of the South Manchurian Railway Co. were not absorbed into the general over all plan that even if the Zaibatsu did come into Manchuria they could not successfully carry out the desired objective. This was because there would be two different lines of development which would mean a repetition of the Japanese industrial picture. That even if they did absorb the South Manchurian Railway and allowed the Zaibatsu to come

in, the Zaibatsu, because of their conflicting interests, would in turn create new complications in Manchurian industries which would hinder the plan. It was an historical fact, and I also knew it from my previous observation, that in Japan the two great Zaibatsu's, Mitsui and Mitsubishi, were always working in conflict with each other; that they worked against each other rather than with any common purpose. That if they came to Manchuria the same thing that had occurred in Japan would occur in Manchuria and it would operate to the detriment of the Manchurian economy.

Q. Then what did you tell Col. AKINAGA?

A. My final statement was that the South Manchurian Railroad had to be absorbed into whatever administrative agency was created if the project was to be a success. This concluded my interview with Col. AKINAGA. There were two problems to be solved; one was the absorption of the South Manchurian Railway into some new administrative set up, and the other was the obtaining of the necessary foreign capital.

Q. Did you have any other interviews before you came back?

A. I may have had interviews with other people which were unimportant. The main interviews were with Gen. ITAGAKI and Col. AKINAGA, and I then returned home.

Q. When did you return home?

A. I returned home around the end of October 1936. I do not recall the exact dates of my interviews with Gen. ITAGAKI and Col. AKINAGA but they took place just before I left for Japan. During my stay I met Mr. HOSHINO and many other public officials at banquets and social functions but I did not have any private interviews or discussions with them. Before returning home I stopped for a night or two in Dairen and met with Mr. MATSUOKA there.

Q. Did you tell Mr. MATSUOKA of your conclusions that you had come to?

A. I did not get a chance to tell Mr. MATSUOKA of my report to Gen. ITAGAKI and Col. AKINAGA. Mr. MATSUOKA is of the type who desires to do all of the talking himself and does not give others an opportunity. When I asked him whether he wished to hear my ideas which I had with respect to the improvement of his own business for which he had a year before requested me to go to Manchuria, he told me that he would be visiting in Tokyo later and would discuss them with me at that time. He never thereafter ever asked me that question. Mr. MATSUOKA was, of course, President of the South

Manchurian Railway Co. and I later discovered that it was the idea of this organization that the development of Manchurian economy should be under its control. It is my opinion that Mr. MATSUOKA probably learned of my views which were contrary to such a plan of development by the Manchurian Railway Co. and therefore did not ask me anything further about the matter. I never spoke to Mr. MATSUOKA about this and this is only my opinion of his reason for not discussing the matter with me. This opinion of mine was based on developments that occurred a year after when I transferred the NISSAN business to Manchuria and the South Manchurian Railway Co. was required to turn over their subsidiary companies to the new corporation, the officials were very much upset and caused us a great deal of difficulty. This caused a great deal of embarrassment to Mr. MATSUOKA. When the plan for the development of Manchuria and the setting up of the new corporation was formally announced there was a great deal of opposition from the South Manchurian Railroad Co. crowd with statesmen and generally from the right wing parties as well as the Zaibatsu.

Q. Who among the statesmen was against the Plan?

A. That you can read in the papers at that time.

Q. Do you know any of their names?

A. Mr. HONDA, Kumataro, formerly of the Foreign Service, who later became Ambassador to China. There were many in the House of Representatives but I do not remember their names.

Q. Was Mr. HONDA the principal opponent?

A. Yes. He is a good friend of Mr. MATSUOKA. He may not be now but he was at that time.

Q. What was his opposition based on?

A. His opposition was based principally upon the plan for bringing in of foreign capital. This was not a new thing on the part of Mr. HONDA. He had been secretary to Foreign Minister KOMURA, Jutaro who had broken up and reversed the Cabinet decision made many years before to sell the South Manchurian Railway to the Harriman Railroad interests.

Recess for lunch. Interrogation resumed at 1330.

A. Further people opposed to my policy, KOYAMA, Tanizo, a member of the House of Representatives.

Q. What were their objections? Why did they object to introducing foreign capital?

A. HONDA was satisfied if you could borrow money from other countries but was opposed to the idea of permitting foreign nationals to participate by stock ownership. Other people opposed even borrowing from foreign countries. They thought it was possible, and that they should, carry out the program solely with Japanese funds and Japanese and Manchurian personnel.

Q. Who among the Zaibatsu opposed the plan?

A. Before I answer this question, I wish to make a correction on this morning's discussion. I stated that the Zaibatsu would not go to Manchuria. However I do not believe that is correct. I believe that if they had been able to get in they would have gone. That is some would have gone, others not. There was no direct opposition against me. No one came to me directly to oppose the project. However, the atmosphere was such that it indicated Zaibatsu opposition: items appeared in newspapers saying that Mr. Aikawa was a Zaibatsu himself and therefore why weren't the other Zaibatsu allowed to go to Manchuria. One source of this was from the bankers' group, since the bankers not always connected with the Zaibatsu in Japan. The antagonism of the bankers' group was due to the misconception of my recommendation for the introduction of foreign capital into Manchuria. They assumed that it was just another case of an industrialist attempting to get a long term loan at a low interest rate from foreign sources to avoid the high interest, short term Japanese loan and would therefore be injurious to their operation of their own banking business. However when I recommended the introduction of foreign capital into Manchuria it was not for the purpose of getting money but for the purpose of getting foreign materials, machinery and techniques, and management, which I believe essential for the development of Manchurian economy.

Q. Are there any particular bankers who opposed you publicly--came out and said it was a bad plan?

A. No. They are very cowardly and no one came out and attacked me directly. They were afraid to do so because the plan was backed by the Kwantung army.

Q. You came back to Japan in October 1936--what next happened with respect to the plan?

A. Nothing happened for a while. The next thing that happened was that the Nissan Automobile Works in Yokohama was visited on several occasions by officials of the Manchurian Government and officers of the Kwantung army and officers of the Dowa Jidosha Company of Mukden for the purpose of observing my operational techniques. The Dowa Jidosha Company was not a very successful enterprise and they were interested in improving their production capacity and profit. They visited not only my plant but other industrial plants all over Japan.

- Q. When did you next hear anything about this plan?
- A. Prior to the China incident and around the time that I was called to Manchuria to make my survey, others, as I have said before, were called. They therefore had several plans for the development of the economy of Manchuria. However, with the outbreak of the China incident in July of 1937 the Kwantung army found it impossible to proceed as they had done before depending upon aid from Japan because Japan's resources were turned in the direction of the China incident. They therefore were obliged to change their former policy and allow either the Zaibatsu to enter Manchuria or to substantially follow the program which I had outlined to Gen. ITAGAKI and Col. AKINAGA.
- Q. When did they next come to see you and tell you they were going to follow your plan?
- A. In August or September 1937, Mr. HOSHINO, Chief of the General Affairs Bureau of Manchukuo, came to Tokyo to negotiate with me for the putting into effect of the plan. In the negotiations Mr. HOSHINO represented the Manchukuoan government and was in fact the representative of the Kwantung army which was in back of the adoption of the plan, but all negotiations had to be, at least on the surface, with the Manchukuoan government and not with the Kwantung army direct.
- Q. How did you negotiate with Mr. HOSHINO?
- A. I conferred with Mr. HOSHINO two or three times.
- Q. What did Mr. HOSHINO tell you when he came to Japan?
- A. I don't remember what he said about that. I had no idea to go over there.
- Q. Did you tell Mr. HOSHINO that when he first came over?
- A. Mr. HOSHINO told me that they had decided that they wished me personally to come to Manchuria and set up the program. However I felt that I owed an obligation to the businesses which I was operating in Japan and to the thousands of shareholders who owned shares in these companies, and that many of these people owned these shares because of their personal reliance upon my management and it would not be fair to these people for me to leave the Nissan works. That if a plan could be worked out whereby the Nissan interests could be made part of the new project I believed that I would be able to do the job. This, of course, presented a very difficult problem of transference of shares and changing from Japanese to Manchurian citizenship. That if we could not figure out some method of bringing the Nissan interests into the general plan I would be required to dissolve

the corporation and start new concern under Manchurian law and during that process I felt that we would lose our shareholders who would not be interested in purchasing Manchurian shares.

- Q. Then what did Mr. HOSHINO say?
- A. There were some government officers with him at that time. Somebody else. We both agreed to investigate the possibilities of bringing about the thing which I believed was necessary before I would go to Manchuria. We found out that if we transferred our properties to the Manchurian Railway Zone and then abolished extra-territoriality that the necessary result could be obtained without the dissolution of the companies. That actually went into effect on December 1, 1931.
- Q. What happened next?
- A. In the course of the negotiations the big question for me personally was that the movement to Manchuria would be detrimental to the shareholders of the various Nissan companies. The venture was a risky one, might not be profitable and even might have a substantial loss. I therefore insisted that there would have to be a guarantee for the benefit of my shareholders. This took considerable time in order to settle this to my satisfaction and there were protracted negotiations between the government and me.
- Q. Who did you negotiate with during this time?
- A. During this time I was negotiating with Mr. HOSHINO and his staff.
- Q. Was Mr. HOSHINO back in Manchuria at that time?
- A. Yes. After Mr. HOSHINO had returned to Manchuria during the latter part of August or September, I made several trips to Manchuria in order to negotiate with Mr. HOSHINO and with his staff. As a result of the negotiations between HOSHINO and his staff and myself in which we ironed out the financial and business details of the plan, the Kwantung army and the Japanese government and the Manchurian government took the matter up and as a result both the Manchurian government and the Japanese government agreed and issued directives for the creation of the new corporation.
- Q. What was the guarantee?
- A. The exact details are contained in the pamphlets which I mentioned before and you can find them much quicker.
- Q. The main negotiations were always between you and Mr. HOSHINO and his staff?
- A. Yes.

- Q. Do you remember who these people were on his staff?
- A. Mr. UCHIDA. I did not myself meet many of the individuals although the members of my staff met with a large number of people.
- Q. Who was your staff when you negotiated? Who was with you?
- A. There was with me on my staff the following people who participated in negotiations: Mr. ASAHARA, Mr. SAITO, Mr. KISHIMOTO, my secretary.

Unsolicited statement by Mr. AIKAWA.

The central idea in setting up the economy of Manchuria was a controlled planned economy idea. Goes back to the very beginning of the Manchurian incident. The Kwantung army young officer group was dissatisfied with conditions in Japan. They regarded the politicians as being very unworthy and using their office for their own benefit instead of for the people. They felt that industry had come under the control of the Zaibatsu and did not exist for the benefit of all the people, and they felt that if Manchuria could be set up as an independent country with a planned economy under the control of the government that it would be for their best interests. They felt that conditions in Japan were so bad that for the future it would be best to have a new country and I would go so far as to say they were willing to establish a new country which was to be separate and distinct from the country of Japan. While this was the original idea of those who brought about the Manchurian incident later, due to a change and intermingling of officers, and due to changes which occurred in the Japanese government following the Manchuria incident and subsequent incidents, another idea developed that Manchuria would be developed as an integral part of Japan. This latter idea is the one that came to prevail. In the beginning the first idea was that followed by Gen. ITAGAKI and Gen. ISHIHARA. At least this was the impression that I got when I first went over there.

- Q. Was Gen. TOJO's idea the same as Gen. ITAGAKI's idea?
- A. I don't know. However, Gen. TOJO and Gen. ISHIHARA were not on good terms and it is therefore likely that he may have been a proponent of the second idea.
- Q. I want you to now tell me fully the story of the creation of the Manchurian Security Holding Company which you began to tell me the other day.
- A. This story is very complicated. In handling stocks and bonds in Japan we have found that the best customers for such stocks and bonds are the life insurance company. Under the directives from both the Japanese

and the Manchurian government I had to sell all of the stocks of the operating companies of the Nissan interests held by the Nissan Holding Company or pledge them in order to obtain the necessary Japanese yen for the establishment of the Nissan businesses to be administered by the Manchurian Heavy Industries Development Company. However, the life insurance companies could not buy these stocks directly. By temporary regulation at that time Japanese life insurance companies were limited in their investments to national bonds, loans, debentures and corporate stocks. The national bonds were the lowest returning investments, bringing a return not in excess of 3½%. The highest rate was usually obtained from corporate stocks which usually returned a rate of between 6 and 7%. It was natural for the insurance companies to prefer to invest in stocks. However by temporary regulation the insurance companies were limited to an investment in stocks of a percentage not in excess of 30% of their total investment. This allocation was completely filled and the companies did not have any margin within this group to buy up such a large amount of shares as the shares of the various Nissan companies. In addition at that time the government was issuing a large number of national bonds and were insistent that the insurance companies take as many as possible. Some plan had to be devised whereby the insurance company could buy these stocks and still be within the government regulations and still be protected under the law with a safe investment. Accordingly it was decided that the insurance companies should create a new corporation with a capitalization of 400 million yen which corporation would purchase the stocks of the Nissan subsidiaries. The member life insurance companies would receive non-voting stock in the corporation having a guarantee of at least 5% guaranteed by the Manchurian government. The reason for the issue of non-voting stock is as follows: The life insurance companies would have preferred debentures. However since debentures never carry interest in excess of 4½% it would be a bad precedent to guarantee an interest rate higher than that amount in this particular case so that if a stock could be issued which was in form a stock but similar in operation to a debenture because of a guaranteed return in interest and capital, the life insurance companies would be very glad to purchase the same. In order to take care of the voting stock of this corporation I created an organization known as the Giseikai which was for the public welfare and which held all the voting stock of the Manchurian Security Holding Corporation to the amount of 5 million yen. The net result was that the shares of the Nissan interests were held by the Manchurian Security Holding Corporation and the life insurance companies held the total amount of the non-voting stocks of the Manchurian Security Holding Corporation or 395 million yen.

Q. When did this take place?

A. The Manchurian Investment Security Company was set up in May 1941. This was not done over night. It took a considerable period of time to conduct these negotiations. The idea was originally that of myself and my staff. However I had nothing to do with the negotiations with the

various life insurance companies. This was taken care of by various departments in the Manchuria government, the Japanese government, and by MIHO, Kantaro one of the chief members of my staff and now president of the Manchurian Security Holding Corporation.

Q. Do you know where Mr. MIHO resides?

A. He has an office in the Shirokija Department store building, the same as Mr. KISHIMOTO.

Q. You spoke about the Giseikai?

A. Giseikai is now in the Nissan Building. I said before that the voting shares were held by the Gesaykai. This is true for the present time. However originally they were held by the Kabushiki Kaisha Nissan and later were transferred to the Giseikai when that organization was founded in September 1942. The reason that the Kabushiki Kaisha Nissan held the voting shares is that some one had to hold them. Since the Manchurian Security Investment Company was interested only in the ownership of shares of Japanese corporation, the Manchurian government was not interested in having the voting shares. However since there had to be voting shares we decided to take them and put them in the Kabushiki Kaisha Nissan.

Q. What is the Kabushiki Kaisha Nissan?

A. The Kabushiki Kaisha Nissan was a sort of "monument" club. Since the Nippon Sangyo was disappearing from the picture and each of the subsidiary companies was going on alone, the various subsidiary companies decided that it would be nice to have a company which would be sort of a group company and which, after my return from Manchuria in ten years, for which period I had contracted to remain in Manchuria, I would return to and use it as the basis for distribution of moneys in public welfare. This is another innovation of mine. It is known in Japan for rich people to set up juridical person in the nature of foundations, like the Rockefeller Foundation, for the expenditures of moneys for various purposes. However I felt that a better scheme was to have a corporation which would be engaged in business and whose profits would be used for the benefit of the general welfare and none of it being taken for the operators. Accordingly I set up a regular corporation which was known as Kabushiki Kaisha Nissan. Later the government disapproved of the idea and it was accordingly divided into two distinct units, one unit is the Kabushiki Kaisha Nissan which was an ordinary business corporation owned by the former subsidiaries of the Nissan Nippon Sangyo, and the other is a foundation known as the Nissankai, a foundation having the ordinary juridical personality of such foundations. Some of the stock of the Kabushiki Kaisha Nissan ended up as part of the holdings of the Manchurian Security Holding Corporation.

Q. Tell me about the Giseikai? What is the Giseikai?

A. In our sale of the stocks of the subsidiary companies we had made a profit of almost 80 million yen. Of this amount 35 million yen was donated for the following purposes: To the Manchukuoan government 10 million yen, 5 million yen for the health and welfare of the army and the navy for orphans and widows, and 13,500,000 yen for the Gesaykai. The balance was distributed among certain employees and among people who had done good for the company ever since the Kuhara Mining Company was organized.

Q. What is the Giseikai?

A. The Giseikai was a juridical person foundation which I set up for the purpose of making investigations and reports on matters of the development of the national economy of Greater East Asia. Our operation was to be by distribution of funds to organizations engaged in such research. Since this organization was a juridical person and therefore subject to supervision by the government it was set up under the Ministry of Finance. This was the ostensible purpose so that I could obtain a license for the Giseikai. However my real purpose was another one. From the time I came to Manchuria even though I had been promised that the development of heavy industry in Manchuria would be under my sole supervision and control, there was a great deal of opposition. This opposition came from the South Manchurian Railroad interests, the young bureaucrats and the young officers. They each seemed to have their own plans and wanted to put them into effect even though they had no idea of the business problems involved. They even went so far as to go directly to the heads of the subsidiary companies and attempt to put their plans in effect, thus making it impossible for me to have complete control of the organization as I was supposed to. In addition there was the Nichinan Shoji Company which had been set up prior to my coming to Manchuria. This organization, which was half owned by the government and half owned by the South Manchurian Railroad Company, was in business all over Manchuria and even in Japan and controlled all products such as coal and iron, excluding farm products. I felt that it was impossible for me to carry out my ideas which I expressed to you earlier this morning if this organization continued to exist and I therefore asked that it be dissolved. However the Manchurian government was unable to bring this about. In order to settle this difficulty I even went so far as to make Mr. YOSHINO, Shinji, who had been former Minister of Commerce and Industry in Japan, a vice-president of the Manchurian Heavy Industries Corporation but he was unable to solve the problem. If the matter could not be carried out properly I felt that I would have preferred to resign but I had agreed to stay for at least one term of five years and did not feel that I could do so. I therefore felt that with all the plans of the various agencies such as the army and the bureaucratic groups I had to have some means of screening out these plans and putting the proper ones into practical effect. Under our agreement the Kwantung army was

not supposed to come direct to the officers of the subsidiary companies but if they had any recommendations or suggestions they were to go through the Manchurian government who in turn were to come to me. However, as I explained before, this was not done and we had this constant interference with the heads of the subsidiary companies without consulting me.

I, SOLIS HORWITZ, certify that on 30 January 1946, personally appeared before me AIKAWA, Yoshisuke and that the interrogation was carried on in the English language between the undersigned and AIKAWA, Yoshisuke, and that AIKAWA, Yoshisuke gave the foregoing answers to the several questions set forth therein.

Tokyo, Japan

Solis Horwitz.

1 February 1946.

I, INGEBORG NYDEN, hereby certify that I acted as stenographer at the interrogation set out above, and that I transcribed the foregoing questions and answers, and that the transcription is true and accurate to the best of my knowledge and belief.

Ingeborg Nyden