

Exhibit 2770

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FROM THE FAR EAST YEAR BOOK,  
1941-Page 239.

## NATIONAL DEBT

Until a few years after the restoration of the Imperial regime, i.e. the establishment of the Imperial Government in 1868, the national debt stood at a trifling sum of 4.8 million yen. In 1872 a sum of 173 million yen was raised for the purpose of pensioning the military clansmen disbanded in consequence of the abolition of the feudal system. The Japan-China War (1894-5) added 143 millions to the debt, the total rising to 351 millions in 1896. From that year till the outbreak of the war with Russia covering a period of ten years, there was an increase of 137.8 millions. The Russo-Japanese War (1904-05) increased the debt by 1,500 millions, making a total of 2,189 millions. For the railway nationalization, 606 millions was raised in 1906, the total rising to 2,585 millions on the level of which the debt was stabilized with no remarkable increase until the end of the World War. From the Armistice, the national debt began to increase rather steadily, the amount swelling to 1,800 millions in 1923. The earthquake of 1923 caused an enormous increase of 545 millions for the rehabilitation and restoration of the stricken area. The financial crisis of 1927 added a further sum of 700 millions. The Sino-Japanese hostilities which broke out in 1937 is fully responsible for the rapid increase in the total outstanding. The total outstanding at the end of 1936 was 10,395 million yen which had advanced to 21,520 millions in 1939 and to 25,622 millions at the end of Sept., 1940.

For repayment of the national debt a sum equivalent to 1.16 per cent of the total funded debt outstanding at the beginning of each financial year is yearly budgeted for the Sinking Fund. In practice, budget surplus do not automatically go to the debt redemption, but under an Act of 1927 no less than a quarter of each year's surplus is made applicable for such purposes.