

ships aggregating 315,000 tons for Japan, while France and Italy accepted a total capital ship tonnage of 175,000 tons each.

With regard to auxiliary ships, no agreement was reached on the total tonnage for each country, France claiming 350,000 tons in auxiliary ships and 90,000 tons in submarines, to which Great Britain and the United States were vigorously opposed.

The proposal made by Great Britain favouring the total abolition of submarines added to the difficulties of making a total tonnage agreement regarding auxiliary ships. It was finally decided that an auxiliary ship must not exceed 10,000 tons in displacement and must not carry guns of more than 8 inches in calibre. A summary of the Washington provisions is given in the following table:

CAPITAL SHIPS					
	Japan	G. Britain	U.S.A.	France	Italy
Total tonnage for each signatory	315,000	525,000	525,000	175,000	175,000
Tonnage limit for a single ship	35,000	—	—	—	—
Limit of gun calibre	16 inches	—	—	—	—
AIRCRAFT CARRIERS					
	Japan	G. Britain	U.S.A.	France	Italy
Total tonnage for each signatory	81,000	135,000	135,000	60,000	60,000
Tonnage limit for a single ship	27,000	—	—	—	—
Limit of gun calibre	8 inches	—	—	—	—
AUXILIARY SHIPS					
Total tonnage	Not agreed on				
Tonnage limit for a single ship	10,000 tons				
Limit of gun calibre	8 inches				

As to fortifications and naval bases in the Pacific, it was agreed that the status quo should be maintained.

In addition to the general disarmament treaty the five Powers also concluded an agreement limiting the use of submarines and poison-gas in warfare.

At this conference, Japan was represented by Admiral Baron Tomosaburo Kato, then Minister of Marine.

Tri-partite Conference This conference opened on June 20, 1927, and was participated in by Japan, Great Britain and the United States, with a view to settling certain questions left over from the Washington Conference. Japan was represented by Admiral Viscount Makoto Saito, then Governor-General of Chosen. At the outset the three countries presented their respective proposals, when it

became evident that there was an almost unsurmountable difference between the claims of Great Britain and the United States.

The Japanese delegate did his best to reconcile the British and American theses, while making it clear that Japan was in no position to accept the 3-5-5 ratio in regard to auxiliary ships. In this latter connection, Japan succeeded in reaching a compromise with Great Britain but failed to induce the United States to agree to it. Thus all efforts ended in failure and the three Powers concerned closed the conference after publishing a joint declaration.

The London Conference At the naval disarmament conference called in London on January 21, 1930, in which the United States, Great Britain, Japan, France and Italy participated, the Japanese delegation,

headed by Mr. (later Baron) Reijiro Wakatsuki, upheld what they called "the three great principles" of Japan. These were (1) a total tonnage of 8-inch gun cruisers for Japan equal to 70 per cent. of that possessed by the United States, (2) no abolition or material reduction of submarines and maintenance of the then existing submarine strength of Japan, i. e. 78,500 tons, and (3) a ratio of 7-10 against the United States in the global tonnage of auxiliary vessels on the basis of the two foregoing conditions.

The conference was fraught with numerous difficulties. In the first place, opinion was divided as to whether global tonnage or different categories of vessels should be taken as the basis for proposed reduction, but this difficulty was overcome by a compromise allowing these two bases of reduction to be discussed simultaneously. By far the greatest difficulty was the difference between the Japanese and American theses, Japan claiming the ratio of 7-10 and the United States insisting on that of 5-3. To make the situation still worse, France claimed a global tonnage of 721,400 tons. The American-Japanese entanglement, however, was in a large measure smoothed out through informal conversations between Mr. Tsuneo Matsudaira, Japanese Ambassador in London, and Mr. David A. Reed, of the American delegation.

To summarize the Japanese-American compromise, Japan was accorded a global tonnage of auxiliary vessels equal to 70 per cent. of that held by the United States, and in

regard to submarines, Japan reduced her claim of 78,500 tons to 52,700 tons on the condition that parity was to be maintained between Japan and the United States in this respect. As for the ratio of 10,000 ton cruisers, Japan was allowed to retain a number of such ships equal to 70 per cent. of those possessed by the United States until 1936, while the United States was allowed to lay down the keels of three more ships of this category on condition that they should not be completed during the stated period.

Besides extending the naval holiday for a period of another six years, the London Naval Treaty, which was signed on April 22, 1930, affects Japan in the following respects:

(1) Japan was required to remove from active service the capital ship "Hiyēi", although she was allowed to retain it for training purposes.

(2) Japan was allowed to replace the minelayers "Aso" and "Tokiwa", provided that the two new ships should not exceed 5,000 tons in displacement.

(3) Japan was required to dispose of the "Asama", "Yakumo", "Izumo", "Iwaté" and "Kasuga" when the first three vessels of the Kuma class were replaced by new ships.

The following table gives the tonnage limits in the cruiser, destroyer and submarine categories which, under the London Treaty, the ships of the three greatest naval Powers, as completed by the end of 1936, are not allowed to exceed:

Categories	United States	Great Britain	Japan
Cruisers:			
(a) with guns of more than 5.1 inch calibre	180,000 tons	147,800 tons	108,400 tons
(b) with guns of 5.1-9 inch or less	143,500 "	192,200 "	100,450 "
Destroyers:	150,000 "	150,000 "	105,500 "
Submarines:	52,700 "	52,700 "	52,700 "

The League Disarmament Conference Late in 1932, when the general disarmament conference was called at Geneva after years of preparation by the disarmament commission of the League of Nations, Japan also submitted a plan of her own with regard to naval limitation and reduction. This proposal, which was published on December 11, 1932, made it known that Japan was desirous of making it the guiding principle of the conference that offensive power should be reduced and that the geographical and other special circumstances of each country should be fully taken into consideration in making any settlement.

As regards the formula of the projected agreement, Japan proposed to divide it into general and special agreements. In the general agreement, it was proposed to arrange for the qualitative reduction of all vessels, and also the quantitative reduction of "offensive" vessels, belonging to Japan, Great Britain, the United States, France and Italy.

With regard to the special agreement, all the countries of the world should be divided into four groups, under (1) the Pacific group, (2) the Atlantic group, (3) European group and (4) the South America group; and each group should arrange for limitation and reduction of the armament of each of its members. Any country interested in more than one group should participate in the disarmament discussions of all groups in which it is interested.

As a concrete plan in line with these principles, Japan proposed to limit the sizes of vessels of the various categories and their gun calibres as follows:

Capital ships	25,000 tons	14-inch guns
A class cruisers	5,000 "	8- " "
B class cruisers	6,000 "	6.1- " "
Destroyers	1,500 "	5.1- " "
Submarines	1,800 "	5.1- " "

It was further proposed that aircraft carriers should be totally abolished and no vessel of war should be equipped with a landing platform or deck for aeroplanes.

Further, the capital ships of the three greatest naval Powers should be reduced to 200,000 tons in 8 vessels for Japan, and 275,000 tons in 11 vessels each for the United States and Great Britain. France and Italy should be allowed to retain any number of vessels within a total limit of 150,000 tons.

In respect of the A class cruisers, Japan proposed to limit them as follows:

Japan	10 ships	80,000 tons
Great Britain	12 ships	96,000 "
United States	12 ships	96,000 "

France and Italy should be allowed to fix the ratio between their strengths in this class of vessel by mutual negotiations within a limit of 7 ships with a total tonnage of 56,000 tons each.

Finally, the Japanese plan proposed that Japan, Great Britain, the United States, France and Italy should each be allowed the maximum limit of 150,000 tons in B class cruisers, 150,000 tons in destroyers and 75,000 tons in submarines.

Relations with the League of Nations

Japan's connection with the League of Nations began with the inception of the international organization in April, 1919, when the Covenant was officially adopted at Paris, and came to a virtual end on March 27, 1933, when Japan gave notice of her withdrawal from membership on grounds of dissatisfaction with the dealings of the Geneva body with the Sino-Japanese dispute, particularly with the report adopted by the League Assembly on February 24 and the recommendations for the settlement of

the problem as contained therein. Her membership will not, of course, be officially withdrawn for two years after the notice, in accordance with the provisions of the League Covenant.

Contribution to League's Work During the period of her participation in the activities of the League Japan made a material contribution to its work. In the Secretariat of the League, too, Japanese co-operation was by no means negligible, Dr. Inazo Nitobé and Dr. Yotaro Sugimura having served as Assistant Secretary-General in succession until early March, 1933, shortly before Japan's virtual withdrawal. What follows is a cursory review of Japan's relations with the League.

From the inauguration of the League until the present, Japan has served as one of the five permanent members of the Council. Moreover, she has contributed a considerable sum to the revenue of the body, her annual subscriptions between 1926-1932 having amounted to 16.5 per cent. of the total expenditure.

The problem of general disarmament was taken up by the disarmament preparatory commission of the League in 1925. After meeting in session several times the commission submitted its draft formula for general disarmament to the Council in January, 1931 and the General Disarmament Conference was convened to meet at Geneva to discuss limitation of the military, naval and aerial armaments of all countries late in 1932, when Japan's delegates submitted their proposal regarding naval disarmament as outlined on page 185.

Relations with the Permanent Court As regards the Permanent Court of International Justice at the Hague, Japan has rendered due assistance to the League of Nations' efforts for arbitration at this court by send-

ing jurists to sit on its benches, but she has not yet participated in the general provisions for peaceable disposal of international disputes, which were adopted at the Assembly in 1928. Nor has she decided yet on the adherence to the "optional clause" of the Hague court, which has been signed or accepted by Great Britain, France, Italy and about forty other countries, thereby expressing their willingness to accept compulsory arbitration in international disputes.

Relations with the International Labour Office Among the various conventions drafted by the International Labour Office of the League of Nations, Japan has ratified the following on the dates given in parenthesis:

(1) Convention concerning workmen's compensation for occupational diseases (November 2, 1922).

(2) Convention fixing the minimum age for admission of children to industrial employment (June 3, 1926).

(3) Convention fixing the minimum age for admission of children to employment at sea (June 4, 1924).

(4) Convention for establishing facilities for finding employment for seamen (November 23, 1922).

(5) * Convention concerning the age for admission of children to employment in agriculture (December 9, 1923).

(6) Convention concerning the compulsory medical examination of children and young persons employed at sea (June 7, 1924).

(7) Convention concerning workmen's compensation for occupational diseases (October 8, 1928). Note: this convention does not apply to such overseas dependencies of Japan as Chosen, Taiwan, Karafuto, the Kwantung Leased Territory and the mandated islands in the Southern Pacific.

(8) Convention concerning equality of treatment for national and foreign workers as regards workmen's compensation for accidents (October 8, 1928). Note: this convention also does not apply to the overseas dependencies of Japan mentioned above.

(9) Convention concerning the simplification of the inspection of emigrants on board ship (October 8, 1928). Note: this also does not apply to the above mentioned territories.

The League commission on international communication and transit has drafted several conventions, of which Japan ratified the one concerning freedom of communication in 1922, and two others concerning seaports and railway systems in 1926.

World Economic Conference

This conference was preceded by informal inter-governmental pourparlers held in Washington in May, 1933, through the good offices of President Roosevelt of the United States, with the object of coming to some general understandings in preparation for the more formal negotiations. At these pourparlers Japan was represented by Viscount Kikujiro Ishii, veteran diplomat and privy councillor, who headed the Japanese delegation to the London Conference. The Japanese delegation also included Mr. Tsunéo Matsudaira, Ambassador in London, and Mr. Eigo Fukai, Vice-Governor of the Bank of Japan. Mr. Sotomatsu Kato, counsellor of the Japanese Embassy in London, acted as secretary-general to the delegation.

The London Conference opened on June 12, and on the second day of the plenary session Viscount Ishii delivered an address on behalf of the Japanese Government, expressing Japan's willingness to co-operate

and emphasizing the urgent need of "a free interchange of world commodities on a basis of equality", adding that it was "highly desirable that there should be an unrestricted application of the most favoured nation clause" and that the conference had "a great role to play" in that connection.

During the following sessions of the conference, however, a series of unforeseen difficulties arose and finally the exchange problem proved an unsurmountable stumbling block, wrecking the parley officially on July 27, when the plenary session was declared adjourned indefinitely. Efforts were made by some delegates to avert failure. In this connection, it may be remembered that during a meeting of the conference bureau Viscount Ishii suggested that discussion should be continued on questions other than the exchange problem instead of adjourning the conference altogether.

Relations with Great Britain

Abrogation of 1905 Convention The trade relations between Japan and India received a serious setback in 1933 when notice was served Japan in April through the British Government of the abrogation on October 10, 1933, of the Indo-Japanese Trade Convention of 1905.

This step was followed by an increase of the import duty of the Indian Government on Japanese cotton fabrics from 50 per cent. to 75 per cent. ad valorem on June 6, 1933. The duty on British cotton fabrics remained at 25 per cent. This drastic action on the part of the Indian Government caused the Japanese cotton spinners to boycott Indian cotton, and the situation was such that the British Government suggested the opening of negotiations between the industrial and trade in-

terests of Japan, India and Great Britain in the hope of finding a solution.

Simla Conference Opinion was divided among industrialists in Japan with regard to acceptance of the British proposal, but it was finally decided to send representatives both to London and Simla to confer with representatives of the British and Indian interests. For the Simla conference, which was scheduled to be held on September 22, with the British and Indian delegates present, Mr. Setsuzo Sawada, former chief of the Japanese Bureau of the League of Nations, Mr. Susumu Terao, chief of the Trade Bureau of the Commerce and Industry Ministry, and Mr. Tetsuichiro Miyakê, Consul-General at Calcutta, were appointed to represent the Japanese Government, although they were not given full powers because the British Government had made it known that any agreement to be reached at Simla was subject to the approval of the British Government, while no official assurance was obtainable as to whether such an agreement would be adopted by the British Government without modification.

The Agreement Negotiations were not easy due to conflicts of interests of the two countries and more than 3 months was spent before it came to the final agreement of January 5, 1934, at New Delhi. Agreement was reached on various important problems relative to the commerce between Japan and India, including: (1) most-favoured-nation treatment; (2) a provision to open negotiations with a view to modifying customs tariff; (3) measures to be taken to adjust the effects of the exchange fluctuations; (4) customs duties applicable to Japanese cotton piece-goods imported into India; (5) a quota to be applied to the same; and (6) enforcement of the agree-

ment entered into. The gist of the agreement follows:¹

(1) Customs duties to be imposed on Japanese cotton piece-goods should not exceed following rates.

Duty on plain greys 50 per cent. ad valorem
or 5.25 annas per pound
Duty on others 50 per cent. ad valorem

It is understood that the Government of India shall not impose on Japanese cotton piece-goods other than plain greys a specific duty exceeding 5.25 annas per pound subject to agreement concerning most-favoured-nation treatment.

(2) Basic quota of Japanese cotton piece-goods to be exported to India in a piece-goods year shall be 325,000,000 yards, and it shall be linked with 1,000,000 bales of India raw cotton exported to Japan in corresponding cotton year.

(3) Treaty shall come into force immediately after exchange of ratifications and shall remain in force until March 31, 1937.

Specific Duties The conference however could not come to happy ending because of specific duties imposed by the Government of India on December 23, 1933, which are applicable to large part of Japanese miscellaneous goods exported to India. The increase in duties are so heavy as to deal a serious blow to the export of miscellaneous goods from Japan, notably hosiery, earthenwares and potteries, enamelled ironwares and pencils the new duties are prohibitive, although Sir Joseph Bhore told Mr. Sawada that the new tariffs were meant to protect domestic industry and in no way unreasonable.

On January 22 Mr. Sawada met Sir Joseph Bhore, member of the Executive Council, Railways and Commerce, to call attention of the Indian Government concerning the new duties imposed upon the Japanese miscellaneous goods presenting Japanese views in a written form. On January 26 in answer to the inquiry of Sawada on the intention of

¹ For particulars of the agreement see "Commercial Treaty between Japan and India" (Appendix).

the Government of India to increase in duties on Japanese rayon goods, Bhore admitted the fact, and it caused another apprehension among the Japanese manufacturers and traders concerned.

The Indo-Japanese Trade Agreement was signed in London on July 12, 1934.

Anglo-Japanese Trade Issue The marked progress of Japanese cotton textiles and miscellaneous goods in the world markets and especially of those of the British Empire caused the London authorities to take measures to minimize its effect in order to protect the interests of their own manufacturers. On May 15, 1933, the British Government intimated the Japanese Government with their intention of exempting West Africa from the operation of the Commercial Treaty of 1911, with one year's grace. This act seemingly spurred a tendency of impeding by several means the import of Japanese goods. Simultaneously with the above notification the British Government suggested an Anglo-Japanese trade conference to be held at London between the delegates of traders of the two countries. To this proposal Japan consented and in August, 1933, sent delegates to London. But circumstances delayed its opening till February 14, 1934.

The initial meeting was held in the Board of Trade building and was attended by Thomas Barlow, John Grey, J. Ainsley, Raymond Street and H. G. Hughes representing the British side; and Gentaro Okada, Gota Miyaké, Kazuyoshi Mimura, Masao Kawaguchi, Tokuzo Tamagaki and Katsunosuké Shimada the Japanese side.

A British note was presented defining the geographical areas to which an agreement to be reached should apply. The British intention was evidently to cover all of the world

markets where a ratio of imports of British and Japanese goods should be established. To this, however, the Japanese delegation took strong exception, saying that neither the British nor the Japanese Government had right to drag in a third country over which it had no control into the business. It proposed that the agreement to come should not apply to all the British Empire, but only to the Crown colonies.

At the second meeting of February 21 the Japanese delegation handed a formal answer to the British note regarding the division of geographical areas. The answer reiterated what was said at the first meeting, saying that the agreement to come should apply only to England and her colonies, and not to the third States and the British Dominions. On February 26 the third parley was held and the British delegation stated that in order to initiate peace in the world cotton textile market the Anglo-Japanese negotiations must be based upon the condition of the world market in general and there would have been no need of a conference, if it were to discuss the matter only in relation to England and Crown colonies. To this the Japanese delegation countered with the contention that it was out of the question to negotiate with Britain about matters which entirely or mainly belong to the third parties.

Together with the division of geographical areas, the British delegation proposed a ratio of British and Japanese cotton textile exports to the world markets, ¥2,190,000,000 for the British and ¥1,410,000,000 for the Japanese. But the question of whether or not to include all the world markets being unsolved, discussion on the ratio question practically made no headway and in spite of the efforts on both sides in and out of the conference room, the ne-

gotiations were closed on March 14, leaving the entire problem where it had been before.

Japan-Dutch Conference

On the heels of the Indo-Japanese trade conference, Japan decided to negotiate on trade with Holland. In the talks at The Hague in December, 1933, between the Dutch Premier and Japanese diplomatic representatives, it was decided that Japanese and Dutch delegations negotiate in Java on the trade relations of Japan and the Dutch East Indies and that the outcome of their discussions be further debated at the Hague by representatives of both governments.

Dutch Indies constitute Japan's fourth most important market, and since 1932 they have been taking more from this country than from Holland itself, a situation that has naturally led the Dutch industrialists to campaign for restrictions against Japanese commodities.

With the purpose, on the part of the Dutch East Indies, to adjust the one sided trade relation with Japan for it bought ¥157,487,000 and sold ¥55,709,000 in 1933, the Japan-Dutch trade conference has been opened at Batavia on June 8, 1934. In the opening address Dr. J. W. Mejer Ranneft, the chief Dutch representative and Vice-president of the Dutch East Indies Council, pointed out that to uphold and maintain one's own interests in new economic world was the right position to adopt.

Dr. Haruichi Nagano, the chief Japanese delegate and former Ambassador in Paris, made his speech after Dr. Ranneft and urged that the relations between the Dutch East Indies and Japan not only must be of an enduring nature but also must harmonize with the economic aspects of each country.

General committee meetings have

been held on June 26 and 27, without much results. (See Chapter XVIII.)

Relations with Soviet Russia

After the Siberian expedition in which Japan participated from 1918 until 1920, diplomatic relations were not restored between the Japanese and Russian Governments until 1924, although Japan had withdrawn her troops from Siberia few years previously.

After her participation in the World War, Japan concluded an agreement with Russia on July 3, 1916 for the purpose of preventing Russia from making peace with Germany independently of the other Allies. At this time there was a rumour that the two countries had concluded an offensive and defensive alliance. Following the establishment of the communist régime in Russia, in 1917, Japan sent the 3rd and the 12th divisions and a part of the 7th division to Siberia between August and October of 1918, in compliance with a proposal from the United States, in order to enable some 50,000 Czechoslovak troops (formerly prisoner of war taken by the Russian from the Austrian armies) to establish contact with the Allied armies in the East. This expedition to Siberia automatically disrupted the diplomatic relations between Japan and Russia, and even after the Czechoslovak troops had re-established liaison with the other allied armies, the Japanese remained in Siberia with fresh troops relieving the first expeditionary forces. The American and other foreign troops were withdrawn early in 1920, but Japan in spite of the demand for withdrawal by the Soviet Government of Irkutsk on March 11, 1920, continued to station her troops in the vicinity of Vladivostok and Habarovsk for the professed purpose of protecting the Japanese resi-

dents there. On March 18 and 19, 1920, partisan troops attacked the Japanese consulate, Nikolaevsk, killing all the officials and guards. On March 31, the Japanese Government issued a statement to the effect that Japan had no territorial designs in Siberia, but that the withdrawal of troops was impossible in the circumstances. Japan maintained relations with the Far Eastern Republic, constituted an independent state in February, 1921, until January, 1922, when this region was incorporated in the U. S. S. R.

With a view to restoring diplomatic relations with Soviet Russia, with which she shared interests on the Asiatic mainland, Japan undertook to negotiate with the Russian representatives on several occasions at Changchun and Dairen. Such efforts were resumed in 1923 in Tokyo, where M. Joffe and Mr. Toshihiko Kawakami met in conference officially representing Soviet Russia and Japan respectively, through the good offices of Count Shimpei Goto, but no satisfactory results were forthcoming. It was at Peking that the diplomatic relations between the two countries were resumed officially on January 20, 1925, when Mr. Kenkichi Yoshizawa, the Japanese Minister there, succeeded in concluding an agreement with M. Kharahan, the Soviet representative, after seven months' negotiations.

The Fishery Dispute The first fishery convention between the two countries had been concluded in 1907, and after the resumption of Soviet-Japanese relations, efforts were made for its revision and, following the visit to Russia by Count Shimpei Goto in this connection, the revised convention was signed on January 24, 1928, remedying such provisions as had proved disadvantageous to the Japanese and otherwise improving the pact to meet the new situa-

tion. However, this revision was later found to be imperfect and disputes arose one after another between the Japanese fishing interests and the Soviet authorities regarding the details of the fishery convention.

Among other issues in this connection the most notable in recent years was that concerning the exchange rate of the rouble. This dispute originated in the inspection of the Vladivostok office of the Bank of Chosen by the local Soviet authorities and the subsequent prohibition of free transactions in rouble exchange. As a result, the Japanese fishing interests, which had been paying various taxes and rates to the Soviet authorities with Soviet currency obtainable at the Vladivostok office of the Bank of Chosen at depreciated exchange rates, now faced the necessity of exchanging the yen for the rouble at an official rate five or six times higher than the open market value. In order to settle this problem, the Japanese Government demanded that either the rents of the fishing leases or the official exchange value of the rouble be reduced, and this proposal was followed by prolonged negotiations in Moscow and Tokyo.

The negotiations were started in Moscow in October, 1930, but soon afterwards the Soviet Ambassador to Japan, M. Troianovsky, took up the dispute in Tokyo, and communicated the willingness of his Government to reduce the official exchange rate of the rouble by 25 per cent., when selling debentures of the state operated corporation, "Aco" (in charge of the Russian fishery interests), fixing the rate at 75 sen in Japanese currency. In reply Japan insisted on the rate of 30 sen for the rouble, and negotiations continued until April 26, 1931, when a compromise was reached providing that the payments of the Japanese fishing

interests to the Soviet authorities during the year of 1931 should be made with "Aco" debentures to be purchased at the rate of 32.5 sen for the rouble.

In view of this dispute and other difficulties arising from the differences between the two countries in the interpretation of the provisions of the Fishery Convention, Japan proposed on June 22, 1931, to open a conference with Soviet Russia to reconsider the whole convention. After a delay of five months, Soviet Russia consented to negotiate with Japan and pourparlers were started between Mr. Koki Hirota, the Japanese Ambassador, and M. Kharahan, Assistant Commissar of Foreign Affairs of Soviet Russia, on November 27, 1931. No substantial progress, however, was made during the negotiations, which were carried on with frequent interruptions for several months.

On February 20, 1934, the auction for the current year of the fishery grounds was held at Vladivostok. Bids were submitted by both Japanese and Soviets. The Soviets, however, declared that the Japanese bids were unacceptable, because they were accompanied by a guarantee made out at the rate of 32.5 sen, instead of 75 sen as ruled by the Vladivostok fishery authorities, per rouble, and the Soviets' bids, which numbered 60, were accepted as valid. The reason that a Japanese interests insisted upon a 32.5 sen rate of exchange is based upon a provision in the Shidehara-Troianovsky Agreement of April 26, 1931.

On February 25 the Russian authorities proposed a compromise which purported to permit Japanese bidders to enter new offers at 32.5 sen on February 28 for the remaining 66 fishing grounds, provided that the exchange rate question would be held open for future negotiations.

This was accepted by the Japanese interests and the grounds were given them at the auction held on May 20.

The question of yen-rouble exchange still remained and negotiations to settle the matter were opened on June 17 at Moscow, but they came to a standstill on the 22nd. The reason for this was that both the Soviets and Japan insisted upon their original rates, the former upon 75 sen and the latter 32.5. A few days after the Japanese delegation, in order to ease the impasse, proposed the inclusion of Mr. S. Tanakamaru, of the Fishery Association of the Russian Waters, as a Japanese delegate. But this the Soviets declined and the negotiations arrived at a deadlock.

Co-operation As an instance of co-operation between the two countries, for which efforts have not been spared, mention may be made of the conclusion of the parcels post treaty, signed by Mr. Hirota and M. Kharahan on November 23, 1931. This treaty has eliminated the inconvenience of parcels sent from Japan to European addresses being forwarded by way of either Canada or the Suez Canal.

Following the outbreak of the Manchurian incident on September 18, 1931, Soviet Russia was reported to be concentrating troops near the Soviet-Manchurian border and fear was entertained in some quarters that the Japanese forces advancing northward might clash with the Soviet troops. However, both countries took every precaution not to cause any difficulty in this connection, with the result that the operations of the Japanese in Manchuria were carried on without any interference from the Soviet authorities, nor did the Soviet troops attempt to cross the frontier into Northern Manchuria.

Non-Aggression Pact Proposals Fre-

quent overtures have been made by Soviet Russia with a view to concluding a non-aggression pact with Japan. This question was first broached when Mr. Kenkichi Yoshizawa visited Moscow on December 31, 1931, on his way home from Paris to be installed as Foreign Minister. Receiving Mr. Yoshizawa and Mr. Koki Hirota, M. Litvinoff, Commissar of Foreign Affairs, and M. Kharahan, proposed the conclusion of a non-aggression pact. On January 12, 1932, the Soviet Ambassador in Tokyo, M. Troianovsky, called on Mr. Inukai, then Premier and Foreign Minister, to obtain the views of the Japanese Government on this question, and a few days later Tass, the official news agency of the Soviet Government, carried a report endorsing the truth of the Kharahan-Yoshizawa conversations in Moscow and the Troianovsky-Inukai meeting in Tokyo.

The Soviet proposal was further explained by Mr. Yoshizawa, who, on his arrival in Tokyo on June 16, told the press that the Soviet Government was very eager to conclude with Japan a non-aggression pact similar to those they had concluded with Turkey, Persia, Afganistan and Lithuania. However, no great enthusiasm was evinced in government circles in Japan regarding this proposal, which was little discussed by the press until the late autumn of 1932, when a special dispatch to the Tokyo Nichinichi, dated from Mukden October 22, reported that the Government had sought the counsel of the headquarters of the Kwantung army in Manchuria on this question. According to this report, General Nobuyoshi Muto, commander of the Kwantung army, replied that the local military authorities were in favour of the non-aggression pact project provided that

conditions necessary for Japan's defence were accepted by Soviet Russia.

When Mr. Yosuké Matsnoka, the chief Japanese delegate to the League of Nations, visited Moscow on his way to Geneva on November 4, 1932, this question seems to have been taken up anew during his conversations with M. Kharahan.

Since then, however, no further steps have been taken in the matter on either side.

The 1932 Oil Contract An oil contract between the Soviet authorities and Mr. Kojiro Matsukata, former president of the Kawasaki Dockyard Company, was concluded on September 16, 1932, after negotiations in Moscow lasting only a week. According to reports, it was agreed that the Soviet authorities would ship oil to Japan chiefly from Baku by Soviet boats sailing from the Black Sea. The first shipment of Soviet oil under this contract arrived at Yokohama early in August 1933, aboard a Norwegian oil tanker chartered by Soviet Russia, and caused acute competition with British and American oil in the Japanese market. This shipment weighed approximately 10,000 tons and was to be followed by others at regular intervals.

Negotiations for Sale of the N. M. R. Through the good offices of the Japanese Government a conference was opened in Tokyo on June 26 between representatives of Soviet Russia and Manchoukuo regarding the proposed sale of the North Manchuria Railway (formerly the Chinese Eastern Railway). Japan took no active part in the railway negotiations, except that a few Japanese officials attended the sessions as observers.

According to a memorandum stating the fundamental principles for the transfer of the North Manchuria Railway submitted by the Soviet

Russia at the third official meeting held on July 4, 1933, the sale price was put at 250,000,000 gold rubles. The price offered by Manchoutikuo was ¥50,000,000. Owing to this large divergence, the six conferences held to discuss the matter was of no avail and the conference came to a standstill. Thanks, however, to the good offices of the Japanese Government, the conference was reopened in July, 1934.

Proposed Commercial Treaty A proposal for the conclusion of a commercial treaty between Japan and Soviet Russia was reported to have been discussed several times between Mr. Tamekichi Ota, the Japanese Ambassador to Soviet Russia, and the Moscow Government, during 1933, but there is no tangible indication of the plan materializing immediately.

Relations with the United States

The mutual friendship of Japan and the United States largely hinges upon their respective interests on the Asiatic continent, most notably in Manchuria and China proper. The United States first made it known in 1899 that she had an equal claim in China to that of other Powers by advocating the so-called Open Door policy. The United States thought it necessary to assert this principle in order to catch up with the other Powers, which had already acquired extensive interests in China, and it followed naturally that the Americans should sympathize with Japan in her desperate attempt in 1904-5 to force Russia out of Manchuria and leave the region open to all nations interested.

The Four-Power Treaty For the same reason the United States objected to Japan's occupation of Shantung during the World War. The result was that Japan formally re-

stored the territory to China on May 17, 1919 and at the Washington Conference, 1921-22, agreed to complete evacuation thereof. The Four-Power Treaty concerning the insular possessions of the signatories in the Pacific and the Nine-Power Treaty regarding the sovereignty and the open door principle of China, which were signed at the Washington Conference, also had a more important bearing upon Japan and the United States than on the other signatories. The Four-Power Treaty provided that the signatories should mutually respect the right of the Powers regarding their respective insular possessions in the Pacific and also that in case a dispute arose regarding such rights with likelihood to prove detrimental to the peaceful relations between the powers concerned, the parties involved in such a dispute should call a joint conference of the other signatories to discuss settlement of the entire issue. So far as Japan is concerned, however, this provision applies only to Karafuto, the Pescadores and her mandated islands in the Southern Pacific. The most important provision in this treaty for Japan is embodied in its fourth article which stipulates that the Anglo-Japanese alliance, which had been concluded at London on July 13, 1911, should terminate simultaneously with the conclusion of this treaty.

The Nine-Power Treaty The Nine-Power Treaty also has an important bearing on Japan in that it consolidated the open door policy in connection with China, where Japan has greater interests than any other foreign country, especially in Manchuria. This treaty was invoked against Japan both by the United States and the League of Nations in connection with the Manchurian incident.

In the first article of this treaty,

what are known as Root's four principles were incorporated, providing, first, that the sovereignty and independence as well as the territorial and political integrity of China should be respected, second, that most perfect and unrestricted opportunities should be offered China in order that she might be able to establish and maintain a powerful and stable government, third, that efforts should be made to establish and maintain the principle of equal opportunity for commerce and industry to be undertaken by people of all nationalities throughout the territory of China, and fourth, that the signatories should refrain from utilizing conditions in China to seek special rights or interests detrimental to the interests of the subjects or citizens of other friendly nations, or from recognizing actions detrimental to the welfare of such friendly nations.

The Immigration Question In view of the agitation in the United States against Japanese labour, the Tokyo Government has taken every precaution not to aggravate this issue and from 1907, when what is known as the "Gentleman's Agreement" was concluded, Japan continued to restrict emigration to the United States by withholding passports from intending emigrants above a limited number.

However, on August 19, 1913 the State of California promulgated the Alien Land Law (the Webb Bill) prohibiting Japanese and other aliens ineligible for citizenship from owning land, in spite of three protests by Baron Suteimi Chinda, Japanese Ambassador in Washington. In 1919, the Japanese Government took the further precaution of stopping the emigration of so-called "picture brides" to the United States, but nevertheless an ever increasing anti-Japanese sentiment continued to pre-

vail in the United States, and on April 19, 1920, the Federal Immigration Bureau revised the regulations governing the entry of the adopted children of Japanese parents. Moreover, the State of California enacted a second law of exclusion barring the Japanese and other aliens from leasing land, or owning land in the name of corporations or from operating land owned in the name of their American-born children.

The immigration problem assumed its greatest gravity in 1924, when the United States Congress passed a new federal immigration law, which included a provision absolutely prohibiting immigration of Japanese labourers. While this bill was before Congress, the Japanese Government instructed its ambassador at Washington, Mr. Masanao Hamihara, to call the attention of the United States Government to the importance attached by the Japanese to the proposed legislation. The steps taken by Mr. Hamihara, however, resulted in provoking the American sentiment owing to a phrase "grave consequences" which he used inadvertently in a communication to the Secretary of State, Mr. Hughes.

When the United States President signed the bill on May 24, 1924, the Japanese Government sent in a strong protest but could not improve the situation in any way. The Japanese people took this action on the part of the United States as a serious insult to their national honour.

Other Issues The attempted intervention in the Manchurian and Shanghai affairs in 1931 and 1932 by the American Secretary of State, Col. Henry L. Stimson, at one time seemed to menace seriously the relations between Japan and the United States.

Hirota-Hull Messages As soon as

Koki Hirota took office as Foreign Minister he commenced to devote himself to strengthening Japan's friendly relations with her neighbouring countries. As one of the manifestations of such endeavour, he sent, through Mr. H. Sato, the new Ambassador, his personal message to Mr. Hull, the Secretary of State of the United States, on February 21, 1934. A summary of the text follows:

"It is a matter for gratification to both our countries that they produce very few commodities which represent conflicting interests in their foreign trade, that each supplies what the other wants, that they are good customers of each other's products, and that they are strengthening their relation of interdependence year after year. I firmly believe that, viewed in the light of the broad aspect of the situation and studied from all possible angles, no question exists between our two countries that is fundamentally incapable of amicable solution. I do not doubt that all issues pending between the two nations will be settled in a satisfactory manner, when examined with a good understanding on the part of each of the other's position, discussed with an open mind and in all frankness, and approached with a spirit of cooperation and conciliation."

To this, Secretary Hull replied on March 3 with his personal message in the form of a letter, to Mr. Hirota, as follows:

"I believe that there are in fact no questions between our two countries which, if they be viewed in proper perspective in both countries, can with any warrant be regarded as not readily susceptible to adjustment by pacific processes. It is the fixed intention of the American Government to rely, in prosecution of its national policies, upon such processes. If unhappily there should a-

rise in the future any controversy between our two countries, the American Government will be prepared, as I believe it always has been in the past, to examine the position of Japan in a spirit of amity and of desire for peaceful and just settlement, with the confident expectation that the Japanese Government will be prepared to examine the position of the United States in the same spirit.

You state emphatically that Japan has no intention whatever to provoke and make trouble with any other Power. I receive this statement with special gratification and I am glad to take this opportunity to state categorically that the United States on its part has no desire to create any issues and no intention to initiate any conflict in its relations with other countries."

The Manchurian Incident

What is known as the "Manchurian Incident" broke out with the blasting of a section of the South Manchuria Railway near Liutiaokou by Chinese regular troops on September 18, 1931. It has brought about the foundation of a new nation in Manchuria and the withdrawal of Japan from the League of Nations. The incident though called in the singular was not really a single incident, but a series of incidents which followed one another after the unexpected outbreak, the inevitable sequel to long-continued and growing anti-Japanese activities on the part of the old Mukden militarists.

The hostilities which occurred in Shanghai in January, 1932, as well as the threatening situation in Tientsin some time earlier were only two of the manifold ramifications of the "Manchurian Incident." The state of affairs known as the Manchurian Incident continued until the truce concluded on May 31, 1932, at Tang-

ku between the Japanese and Chinese forces, which to all intents and purposes wound up the Jehol expedition carried out by the combined Japanese and Manchoukuo armies to pacify the province and protect the provincial people from local banditry and invading troops from the south across the Great Wall.¹

Founding of Manchoukuo

The Manchurian Incident having resulted in the over-throw of the old régime of Chang Hsueh-liang, various groups came to declare independence in different districts of Manchuria.

Among others, Hsi Hsia was appointed Governor of Kirin by the new provincial government which declared the independence of that region at Kirin on September 29, 1931; Chang Ching-hui, governor of the special district of Harbin, also declaring the independence of Heilungkiang province on the same day. The organization of this new provincial government of Heilungkiang was completed on January 1, 1932.

In Jehol, Tang Yu-lin declared independence on September 29, while in Fentien province, Yen Chin-kai and Yu Chung-han organized what they called the local peace preservation committee, which was followed by the organization of the Liaoning provincial government on October 10 with Yu Chung-han as Chief of the Self-government Guiding Board.

In the open mart of Mukden, the Japanese were in charge of municipal administration immediately after the outbreak of the original trouble, but their duties were taken over by Dr. Chao Hsin-po on his installation as mayor of Mukden on October 20.

Meanwhile, the Self-government

Guiding Board of the Liaoning provincial government continued its activities to promote the coordination of the various provinces and districts of Manchuria, and on February 17, 1932, the North-eastern Administrative Committee was organized, this body announcing the plans for the founding of Manchoukuo the following day.

This committee comprised in its membership Tsang Shih-i of Fengtien province, Hsi Hsia of Kirin province, Chang Ching-hui of the Harbin special district, Ma Chan-shan of Heilungkiang province, Tang Yu-lin of Jehol province, two Mongolian princes and others.

The chief principles of the projected new government as announced by this committee called for the suppression of the military cliques, co-operation with the rest of the world in line with the principle of the open door and equal opportunity for all, elimination of anti-foreignism, and promotion of the welfare of the people in place of the oppression and grinding taxation from which they had hitherto suffered.

Thus, on March 1, 1932, a manifesto was promulgated announcing that Manchoukuo was founded in response to the unanimous aspirations of the 30,000,000 people of Manchuria and Mongolia. On March 7, Mr. Henry Pu-yi, who had once reigned over the entire territory of China as the 12th Emperor of the Ching dynasty, consented to become the Chief Executive of Manchoukuo. This was followed by the installation in office of Mr. Henry Pu-yi and the ceremony celebrating the founding of Manchoukuo at Changchun on March 9. (For particulars see Chapter on Manchoutikuo.)

Japan and Manchoukuo

The Japanese Envoy On August 8,

1932, General Nobuyoshi Muto was appointed commander of the Kwantung army with concurrent offices as Ambassador Extraordinary and Minister Plenipotentiary to Manchoukuo and Governor of the Kwantung Leased Territory.

Prior to the departure of General Muto for his new post in Manchoukuo on August 20, the Foreign Office explained that the ambassador was commissioned to deal with all diplomatic relations between Japan and Manchoukuo as in the case of the similar envoy sent to the Omsk Government of Admiral Rolchak in 1917.

Recognition of Manchoukuo The Japanese Government extended de jure recognition to Manchoukuo on September 15, 1932, when the protocol completing this procedure was signed at the Chief Executive's offices in Hsinking between General Muto representing Japan and Premier Cheng Hsiao-hsu representing Manchoukuo.

The official English translation of this protocol follows:

Whereas Japan has recognized the fact that Manchoukuo, in accordance with the free will of its inhabitants, has organized and established itself as an independent State; and

Whereas Manchoukuo has declared its intention of abiding by all international engagements entered into by China in so far as they are applicable to Manchoukuo;

Now the Governments of Japan and Manchoukuo have, for the purpose of establishing a perpetual relationship of good neighbourhood between Japan and Manchoukuo, each respecting the territorial rights of the other, and also in order to secure the peace of the Far East, agreed as follows:

1. Manchoukuo shall confirm and respect, in so far as no agreement to the contrary shall be made between Japan and Manchoukuo in the

future, all rights and interests possessed by Japan or her subjects within the territory of Manchoukuo by virtue of Sino-Japanese treaties, agreements or other arrangements or of Sino-Japanese contracts, private as well as public;

2. Japan and Manchoukuo, recognizing that any threat to the territory or to the peace and order of either of the High Contracting Parties constitutes at the same time a threat to the safety and existence of the other, agree to co-operate in the maintenance of their national security; it being understood that such Japanese forces as may be necessary for this purpose shall be stationed in Manchoukuo.

The present Protocol shall come into effect from the date of its signing.

The present Protocol has been drawn up in Japanese and Chinese, two identical copies being made in each language. Should any difference arise in regard to interpretation between the Japanese and the Chinese texts, the Japanese text shall prevail.

The Shanghai Affair

The Cause Anti-Japanese feeling in China was increasingly accentuated following the Wanpaoshan affair, the conflict between Koreans and Chinese in Chosen and the Manchurian incident in particular. Among other places Shanghai was the scene of most vigorous and organized anti-Japanese activities, which culminated in the publication of an article disrespectful to the Imperial family of Japan by the *Min-kuo Jipao*, a Chinese newspaper in Shanghai, in January, 1932. Shortly afterwards there occurred an assault on two Japanese Buddhist priests and three Japanese Buddhist believers of the Nichiren sect by a mob of workers of the Sanyu Busi-

¹ For particulars of the incident see the Japan Year Book, 1933, Chapter VII.

ness Company, manufacturers of towels, on January 18, when all of the Buddhist group were seriously wounded, one of them dying later on January 24.

Indignation among the Japanese residents in Shanghai over this outrage was such that they immediately held a mass meeting and lodged a strong protest with Wu Tieh-cheng, mayor of Shanghai.

The Ultimatum Consul-General Murai had filed an official protest with Mayor Wu of Shanghai demanding an apology from the mayor, the arrest and punishment of the marauders, payment of solatiums and expenses of medical treatment for the injured and also immediate dissolution of anti-Japanese organizations.

Seeing the general situation, Consul-General Murai sent an ultimatum to the Chinese with a time limit set for 6 p. m. on January 28 and received a reply from Mayor Wu promising to suppress the anti-Japanese agitators and accept all the Japanese demands.

Opening of Hostilities On the evening of January 28, however, Chinese crowds gathered around the municipal offices of Shanghai loudly accusing the mayor of having weakly yielded to the Japanese, and a serious situation threatened to prevail in all parts of the city, with the result that the Municipal Bureau of the International Settlement had to declare a state of siege, the foreign garrison forces taking up their positions in their respective areas of defence.

In this connection the Japanese force was assigned to the vicinity of Honan Road, the area north of Soochow Creek, and North Szechwan Road and the neighbourhood of its eastern section, while the Japanese volunteers were ordered to take care of the vicinity of Hongkew.

At 11 o'clock that night Rear-Admiral Shiozawa, commander of the Japanese squadron, published a statement expressing the desire that, as the Japanese navy was sending troops to Chapei, where grave anxiety was being felt over the safety of the Japanese residents, in order to maintain peace and order in that district, the Chinese authorities would move the Chinese troops in Chapei to the west of the railway line and withdraw all hostile defence works in that district. The situation, however, went from bad to worse, and the Japanese and Chinese troops came into a collision, which lasted from January 29 to March 3, when the former completely drove out the latter from the Chapei district.

On the completion of this achievement, General Shirakawa, commander of the Japanese expeditionary forces, and Vice-Admiral Nomura, commander of the Japanese fleet, ordered suspension of all hostilities at 2 p. m. on March 3.

Sino-Japanese Issue and the League

Japan's Attitude Following the outbreak of the Manchurian Incident, the Council of the League of Nations held an urgent session in compliance with a request of Dr. Alfred Sze, the Chinese representative, on September 22, 1931, and after a debate between Mr. Kenkichi Yoshizawa, the Japanese delegate, and Dr. Sze, the President of the Council, Senor Lerroux of Spain, moved a resolution on the basis of an address then delivered by Lord Robert Cecil of Great Britain, authorizing the President of the Council:

1. To make an urgent appeal to the Governments of China and Japan to refrain from any act which might aggravate the situation or prejudice

the peaceful settlement of the problem;

2. To endeavour, in consultation with the Chinese and Japanese representatives, to find adequate means of enabling the two countries immediately to withdraw their respective troops without the lives of their nationals and the safety of their properties being endangered.

This resolution was adopted unanimously.

Japan's Reply To this the Japanese Government immediately replied, and on September 24, it published a statement, stressing the following points:

1. The Manchurian Incident originated from outrages on the part of the Chinese.

2. The prevailing situation forced the Japanese troops to act quickly in order to remove all causes of danger.

3. The Japanese troops have already returned to the railway zone after attaining this objective.

4. The Japanese Government, at a Cabinet Council on September 19, decided on a policy looking toward the prevention of further aggravation of the situation. The enlargement of the area occupied by the Japanese troops and the sending of a reinforcement from the Chosen garrison which followed, are not to be taken as tending to aggravate the situation.

5. That the Japanese Government has no territorial designs in Manchuria needs no fresh explanation. What the Japanese Government aims at is to enable the Japanese nationals in Manchuria to enjoy opportunities to engage in various peaceful enterprises without anxiety and to participate in the development of the region with their capital or labour. The Japanese Government is willing to co-operate with the Chi-

nese Government with perfect sincerity in carrying on constructive measures conducive to eliminating all causes of evils for the future, instead of allowing the present regrettable incident to prejudice the diplomatic relations between the two countries.

The League Adjourns Following the publication of this statement, the intentions of Japan gradually came to be understood by the Powers, and the League Council adjourned on September 30 after adopting a resolution.

Activities of Council The situation, however, threatened to grow worse when, on October 8, the air raid on Chinchow was reported, and on the following day Japan lodged a protest against the anti-Japanese movement and sent a naval force to South China.

In view of this situation, the League Council, which was scheduled to meet on October 14, was convened on the 13th, advancing the schedule by one day. This meeting was presided over by M. Aristide Briand, the French representative. At the outset of the session Mr. Kenkichi Yoshizawa, the Japanese representative, made a lengthy statement explaining Japan's relations with Manchuria since the Three-Power intervention after the Sino-Japanese War in an attempt to elucidate the fundamental nature of the Manchurian problem.

For three days from October 14, the Council discussed the question of the proposal to invite an observer of the United States to attend the Council meeting. The Japanese representative objected to this proposal from a juridical viewpoint, but at a private session held on the 15th, the Council passed this proposal as a question of "procedure" by a majority vote with Japan alone dissenting.

Accordingly the United States was represented by Mr. Prentiss Gilbert, the American consul-general at Berne, as an observer at the Council meeting from October 16.

At its private session on October 17, which is known as the 13-power conference because of the absence of the Japanese and Chinese representatives, the Council, with the attendance of the American observer, resolved that the 13 Powers take steps to call the attention of Japan and China to the Kellogg-Briand anti-war pact with regard to the Manchurian situation.

Consequently the Powers interested sent notes to Japan and China to that end, and the Japanese Government replied to these notes on the basis of a decision reached at an urgent meeting of the Cabinet held on October 22.

Briand's Proposal During this interval M. Briand, President of the Council, and Mr. Yoshizawa, the Japanese representative, held a conference to discuss the possibility of settling the Sino-Japanese imbroglio.

In the course of this conference M. Briand proposed a tentative plan to Mr. Yoshizawa, suggesting that Japan recognize the sovereignty of China in Manchuria, that China suppress her anti-Japanese agitation, boycott and anti-Japanese education, that China guarantee the safety of the lives and property of the Japanese nationals in China, that China recognize the right of Japanese nationals to reside, travel and engage in business in Manchuria, and that China confirm before the League of Nations the rights vested by all the existing treaties including what is known as the "Twenty-one Demands."

There were indications of these five proposals, if accepted by China, proving instrumental in improving the situation by making it possible

for Japan to start direct negotiations with China regarding the concrete procedure of the withdrawal of the Japanese troops.

The situation, however, underwent a sudden change for the worse for an unknown reason, and at its session of October 22 the Council proposed to make Japan complete the withdrawal of her troops by November 15 with neutral observers seeing to it that perfect peace and order would be maintained after the Japanese evacuation, and to make Japan and China appoint their respective representatives to take charge of the evacuation of the occupied area, it also being suggested that Japan and China start direct negotiations immediately after the completion of the evacuation.

These proposals were regarded as the most disadvantageous ones to Japan that had ever been considered by the Council.

The Counter Proposal Against this, the Japanese representative, Mr. Yoshizawa, submitted a counter-proposal to the Council on the 23rd to the effect that the Japanese Government should withdraw those of its troops still remaining in a few localities outside the railway zone as the then-prevailing atmosphere of tension cleared and the situation improved, by the achievement of a previous understanding between the Chinese and Japanese Governments as regards the fundamental principles governing normal relations, that the Japanese and Chinese Governments should confer together at once with a view to arriving at the understanding as mentioned above, and that the Japanese and Chinese Governments should appoint representatives to arrange the details of execution of the evacuation and of taking over the districts evacuated.

The Japanese counter-proposal was defeated by a vote of 13 to 1,

and the Council's resolution also failed to pass by a unanimous vote, the vote being 13 to 1 in favour of the Council proposal, the Japanese representative dissenting.

The "Fundamental Principles"

The Five Principles Following this, the Japanese Government published a statement on October 26, regarding the "fundamental principles" In this statement Japan made it clear that these so-called "basic principles" related to:

1. Mutual repudiation of aggressive policy and conduct.
2. Respect for China's territorial integrity.
3. Complete suppression of all organized movements interfering with freedom of trade and stirring up international hatred.
4. Effective protection throughout Manchuria of all peaceful pursuits undertaken by Japanese subjects.
5. Respect for the treaty rights of Japan in Manchuria.

Resolution of December 10

Tension Continues The League of Nations' Council held its third session to discuss the Sino-Japanese issue on November 16, 1932. Whereas League circles had been looking to the withdrawal of the Japanese troops by that date, the situation in Manchuria was such that Japan could not live up to their expectation, with the result that a frontal clash threatened to take place between Japan and the League of Nations.

In this connection League circles were reported advocating severance of economic relations with Japan, withdrawal of diplomatic representatives from Japan or exclusion of Japan from the League. These reports were met by an outburst of strong nationalistic sentiment in

Japan and serious tension prevailed.

The Council met on November 16 as scheduled amid an atmosphere of such tension and was continued until December 10. During this interval, such notable incidents as the Japanese occupation of Tsitsihar, the subsequent negotiations between Japan and Soviet Russia, the Chinchow affair, the Tientsin incident and the appearance of a new régime in Manchuria occurred successively and attracted considerable attention the world over.

The Resolution Before adjourning, the Council adopted a resolution by a unanimous vote on December 10. This resolution in effect provided that the Japanese Government should withdraw its troops within the railway zone in proportion as the safety of the lives and the protection of the property of Japanese subjects were effectively secured and that the two parties should undertake to adopt all measures necessary to avoid any further aggravation of the situation and to refrain from any initiative which might lead to further fighting and loss of life.

This resolution further invited the two parties to continue to keep the Council informed as to the development of the situation, requested the other members of the Council to furnish the Council with any information received from their representatives on the spot, and stipulated that a commission of five members should be appointed to study on the spot and report to the Council on any circumstance which, affecting international relations, threatened to disturb peace between China and Japan, or the good understanding between them upon which peace depended.

It was also arranged that Japan and China could each name an assessor on this commission of five members.

Regarding this resolution, the Japanese representative declared that his Government accepted the resolution on the understanding that it would not prevent the Japanese military authorities from taking action in defence of lives and property of Japanese nationals against bandits and other lawless elements rampant in various parts of Manchuria.

Opinion Adverse Just after the League Council met in its 66th regular session on January 25, 1932, troubles broke out in Shanghai and Mr. W. W. Yen, the Chinese representative, appealed to the Council on January 29 to invoke Article 15 of the League Covenant in regard to the affair.

It was apparent that in making this appeal China intended not only to deal with the Shanghai incidents in the light of the provisions of this article but to settle at the same time the Manchurian and all other Sino-Japanese disputes through examination and recommendations by the Council.

Therefore, the Japanese representative, Mr. Naotaké Sato, refuted the Chinese contention and made it clear that it was entirely unwarranted. Private conversations carried on by Mr. Tsuneo Matsudaira, Japanese ambassador in London, who happened to be staying at Geneva to represent Japan at the Disarmament Conference, with the foreign delegates, also proved effective in assisting Mr. Sato in his efforts to advance the Japanese thesis.

Thus, at the Council meeting on January 30, it was decided that only the first paragraph of Article 15 of the Covenant would be invoked, in regard to the Shanghai incident alone. Accordingly, representatives of the neutral members of the Council organized an international committee at Shanghai to gather in-

formation on the spot and submit it to the Council.

This committee sent in four reports successively, first under date of February 6, second under date of February 12, third under date of February 20 and fourth under date of March 6. Of these, the first report was very favourable to Japan, but the second report proved decidedly unfavourable to Japan, it declaring that the Japanese and Chinese troops had been in a state of open hostilities since February 8.

Consequently, the Council caused the representatives of the 12 members of the Council other than Japan and China to address an appeal to Japan on February 16, regretting that it appeared that Japan could no longer trust to the peaceful settlement to be provided by the League of Nations.

Japan's Refusal Thereupon, in a statement published on February 23, the Japanese Government refuted this appeal in detail asserting that, although China had been treated in the past, by common consent, as if the expression connoted an organized people, such fictions could not last forever, nor could they be tolerated when they became grave sources of actual danger. Thus the Japanese Government declared that the time had inevitably come when realities, rather than fictions, had to be reckoned with.

This strong pronouncement was followed by a very unfavourable reaction in world opinion against Japan, and Secretary of State Stimson of the United States announced his China policy in the form of a letter addressed to Senator Borah under date of February 24, expressing his objection to Japan's contention that the general conception of China was wrong.

Views unfavourable to Japan were also expressed in various quarters

about that time, and Japan's relations with the League of Nations seemed seriously menaced.

The Shanghai Armistice

A Parley Proposed On February 27, 1932, the Japanese delegation at Geneva unofficially notified the representatives of the 12 member Powers of the Council that Japan was willing to participate in a round-table conference if the Powers would sponsor such a parley at Shanghai.

The Council unanimously accepted Japan's proposal on February 29 on condition that negotiations for a local agreement regarding armistice should be conducted on the basis of an understanding that Japan had no political or territorial designs nor any intention of opening an exclusive settlement or of promoting her exclusive interests in Shanghai; and that China should participate in the proposed conference on the basis of the recognized necessity of maintaining the safety and integrity of the International Settlement and the French Concession in line with an agreement adequate to safeguard these areas and their inhabitants from danger.

The Council's resolution of February 29 accepting this proposal was endorsed by a resolution passed by the League Assembly on March 4.

Consequent upon this, the armistice conference was officially opened at Shanghai on March 24, but the progress of the parley was delayed owing to a divergency of opinion between the Japanese and Chinese delegates regarding the time to be fixed for the final withdrawal of the Japanese troops.

During this period of deadlock China made a sudden appeal to the League of Nations on April 11, reporting a rupture of the conference.

The Mixed Committee On receipt of this appeal, the Committee of 19,

organized by the League Assembly on March 11 to continue in charge of the entire Sino-Japanese issue, immediately accepted this representation and opened a session on April 16 to discuss the situation.

At its session on April 19, the Committee of 19 drafted a resolution for the Assembly with the object of breaking through the reported deadlock between Japan and China.

This resolution called for the organization of a mixed committee of representatives of Japan, China, Great Britain, the United States, France and Italy, empowered to pass judgment as to when the Japanese troops could be completely withdrawn.

This proposal was met by strong opposition from the Japanese Government as well as the military and public opinion of Japan, and another crisis arose between Japan and the League of Nations. However, by the good offices of Dr. Yotaro Sugimura, Assistant Secretary-General of the League of Nations, and Dr. Haruichi Nagaoka, Japanese Ambassador to France, at Geneva, and Sir Miles Lampson, British Minister to China, at Shanghai, the situation was improved and the League Assembly adopted the Lampson plan by a unanimous vote on April 30.

The crisis having thus passed, the armistice conference was resumed at Shanghai on April 28, and despite the occurrence of the tragic bombing outrage on the occasion of the celebration of the Emperor's birthday on April 29, an armistice was finally signed on May 5, 1932.

The League Commission of Inquiry

The League of Nations' Commission of Inquiry, appointed in line with the resolution of December 10,

1931, and comprising the Earl of Lytton of Great Britain, Général de Division Henri Claudel of France, Major-General Frank Ross McCoy of the United States, Dr. Heinrich Schnee of Germany and Count Pldrovandi of Italy, arrived in Japan on February 29, 1932, accompanied by a party of their secretaries. The Commissions left Japan for China on March 11, and spent about four months to make investigations in China and Manchuria.

Preliminary Report What the Commission learned was presented to the League of Nations on April 29 as a preliminary report, which was prepared in accordance with the declaration of M. Briand, President of the Council, of December 10, 1931, providing that the Commission should report to the Council as early as possible in case the withdrawal of the Japanese troops within the railway zone was not carried out before the arrival of the Commission on the spot.

In the course of this preliminary report, the Enquiry Commission stated that Manchuria was not under the authority of the Nanking Government and was infested by banditry, so that the Japanese troops could not be withdrawn, adding that the Nanking Government did not exercise its power in any part of Manchuria in the prevailing situation.

This report was accepted unanimously by the Council on May 10 for reference to the Assembly meeting in September.

The Final Report The full text of the final report of the Commission was published at 9 p.m., Tokyo time, on October 2 in Tokyo, Geneva and Nanking simultaneously.

The contents of the report were considered comparatively impartial in its description of the outline of the history of the Sino-Japanese re-

lations, Japan's interests in Manchuria and the general observations of the prevailing situation.

However, that the Commission gave only a cursory account of the Shanghai incident, as if this incident had been outside the scope of its investigation work, was taken to show that the Commissioners did not fully understand what their true mission was.

Further, the failure of the Commissioners to recognize the military action taken by Japan on September 18, 1931, which was dealt with in the fourth chapter of the report, as an act of self-defence, was highly resented in Japan. It was also generally held both in official and private circles in Japan that the sixth chapter of the report, in so far as the description of the circumstances pertaining to the founding of Manchoukuo was concerned, was full of prejudiced misrepresentations and that the last two chapters containing what they called "principles and conditions of settlement" and "considerations and suggestions to the Council" were for this reason practically superfluous, especially after the de jure recognition recently extended to Manchoukuo by Japan.

Report and League

Resolution of February 24 Following the publication of the Lytton Report, the League of Nations started its discussion thereon at the Council meeting convened on November 21, 1932, and, after complicated proceedings through the Assembly, the Committee of Nineteen and other committee meetings, a report with several recommendations was adopted by a vote of 42 to 1 on February 24, 1933, at the Assembly meeting, at which Siam abstained from voting and 12 countries were not represented.

The report was on the whole based

upon the Lytton Report and was distinctly unfavourable for Japan and Manchoukuo, one of the recommendations contained therein purporting to recognize Chinese sovereignty and administrative integrity in Manchuria.

Prior to the adoption of this report, the Foreign Minister of Manchoukuo published a statement declaring that the actions the League of Nations were taking would have not the slightest effect upon the constructive programme of Manchoukuo and that the Manchoukuo Government was strongly determined to strive for the development of its rich natural resources and for the full realization of its cherished land of peace and happiness. The text of this was communicated to all the delegates attending the League of Nations sessions.

Japan's Withdrawal After voting against the report of the League of Nations Assembly on the Sino-Japanese dispute, the Japanese delegation to the League meetings, headed by Mr. Yosuké Matsuoka, left Geneva without attending further meetings of the League, thereby expressing the firm determination of Japan.

In Japan, the Government decided on severance from the League of Nations and submitted a project to this end to the Throne. Accordingly the Privy Council met in plenary session on March 27, 1933, in the presence of the Emperor to recommend the project for Imperial sanction with a unanimous vote.

The Throne immediately sanctioned the project, a telegram was dispatched to Geneva addressed to the Secretary-General of the League of Nations notifying the body of Japan's withdrawal from its membership, and simultaneously with this the Emperor issued an Imperial re-

script announcing the policy to be followed by Japan after this action.

The official translation of the Imperial rescript follows:

"When the League of Nations came into being upon the restoration of a general peace, Our Imperial Father was pleased to order the entry of Our Empire thereinto; and We, in Our turn, have laboured assiduously to fulfil the high purpose of the late Emperor. It is thus that Our Empire has for these thirteen years past extended consistently its co-operation to the League.

"Now Manchoukuo having of late been founded, Our Empire deems it essential to respect the independence of the new state and to encourage its healthy development, in order that the sources of evil in the Far East may be eradicated and an enduring peace thereby established. Unhappily, there exists between Our Empire and the League of Nations a wide divergence of view in this regard and it has devolved upon Us to cause Our government to take, upon mature deliberation, the necessary steps for the withdrawal of Our Empire from the League.

"However, the advancement of international peace is what, as evermore, We desire, and Our attitude toward enterprises of peace shall sustain no change. By quitting the League and embarking on a course of its own, Our Empire does not mean that it will stand aloof in the extreme Orient nor that it will isolate itself thereby from the fraternity of nations. It is Our desire to promote mutual confidence between Our Empire and all the other Powers and to make known the justice of its cause throughout the world.

"Every country is overtaken today by emergencies of an unpreced-

ented magnitude. Our Empire itself is confronted by a situation fraught with momentous possibilities. It is indeed an hour that calls for an intensification of effort on the part of Our entire nation. We command that all public servants, whether civil or military, shall faithfully perform each his appointed duty, and that all private citizens shall pursue their wonted tasks with diligence. Stray not, in advancing, from the path of rectitude; and in action, embrace always the golden mean. Strive to meet the present situation with a united will and with courage and resolution. So may ye carry forward the glorious work bequeathed by Our Grand-sire and contribute to the prosperity and well-being of Mankind."

Jehol and Tangku Truce

Jehol Expedition The expedition carried out by the joint forces of Manchoukuo and Japan to Jehol to pacify this province of the new nation, and the subsequent truce concluded at Tangku between the hostile Chinese troops and the Japanese expedition on May 31, 1933, practically put an end to the long-protracted state of affairs popularly known as the Manchurian Incident.

The Jehol expedition, which was launched following a declaration to this end made by the Manchoukuo Government on February 26, 1933, announcing that it was dispatching without delay necessary forces "to exterminate completely all bandits within and to dislodge all the invading armies from the province," was executed with amazing speed and on March 4 a Japanese contingent occupied Chengte, the capital of the province; a few days later the Japanese troops taking several important positions along the Great Wall.

After having been driven out of

the province almost without any resistance, however, the Chinese troops continued hostile operations on the Great Wall positions from the south, and the Japanese forces were obliged to advance south across the Great Wall more than once to destroy the bases of Chinese hostilities.

The Truce In fact, on the second occasion the Japanese advanced within a few miles of Peiping and Tientsin, but they refrained from actually entering these cities, and instead succeeded in inducing the representatives of the Chinese forces to sign a truce on March 31 at Tangku, providing for a demilitarized zone between the Peiping and Tientsin districts and the Great Wall.

After ascertaining the intentions of the Chinese authorities to carry out the terms of the truce, the Japanese forces withdrew to the Great Wall line, true to their repeated declaration that they had no ulterior intention other than to maintain peace in Jehol.

Meanwhile, the Manchoukuo authorities, immediately after the pacification of Jehol, started a constructive programme in the province, re-adjusting finances and mapping out plans for future industrial and economic development for the provincial people.

The Cost During the Manchurian Incident, which Japan undertook to settle at any cost in order to defend its "life line" in Manchuria, meaning thereby its vested rights and interests of vital importance to its existence, the Japanese Government expended as much as approximately ¥573,000,000 to cover all expenses required in this connection.

The expenditure of this enormous sum was extended over a period of three years, ¥88,960,000 during the fiscal year of 1931-1932, ¥252,800,000 in the main budget and ¥40,400,000

in the supplementary budget during 1932-1933, and ¥190,800,000 during 1933-1934.

The casualties sustained by the Japanese forces during various operations in connection with the Manchurian Incident, from Sept. 18, 1931 to July 20, 1934, included 2,530 killed and 6,896 wounded, according to the figures published by the War Ministry.

Chronological Index of Principal Events

For the convenience of reference a chronological index of principal events in the country's foreign relations is appended:

OPENING OF THE COUNTRY

- 1833—Arrival of American fleet.
- 1854—First Japanese-American Treaty.
- 1856—Arrival of first American civil envoy, Townsend Harris.
- 1857—Harris concludes convention with the Shogunate.
- 1858—Japanese-American Commercial Treaty signed.

OCCUPATION OF TSUSHIMA BY RUSSIA

- 1861—A Russian fleet seizes the island of Tsushima but abandons it shortly afterwards through the intervention of Great Britain.

BOMBARDMENT OF KAGOSHIMA AND SHIMONOSEKI

- 1863—A British fleet bombards Kagoshima city.
- 1864—A combined fleet of Great Britain, the United States, France and the Netherlands bombards Shimonoseki.

IMPERIAL SANCTION OF TREATIES

- 1865—Treaties with Britain, France, the Netherlands, Russia and the United States are sanctioned by the Emperor.

TREATY REVISION

- 1871—Prince Iwakura's mission leaves for the United States and Europe.
- 1882—Count Inouye's Negotiations with Britain.
- 1888—Count Okuma's Negotiations.
- „ Viscount Aoki's Negotiations.
- 1894—Revised Anglo-Japanese Treaty signed.
- 1897—Similar Treaties concluded with other Powers.

THE PERUVIAN SLAVE SHIP INCIDENT
1872—Japanese Government seizes Peruvian slaver "Maria Luz" in Yokohama.

EXPEDITION TO TAIWAN

1872—Japan sends a punitive expedition to the island.

EXCHANGE OF SAGHALIEN AND THE KURILE ISLANDS

1875—Japan cedes Saghalien to Russia in exchange for the Kurile Islands.

BONIN ISLAND PROBLEM

1875—The United States recognizes Japan's territorial sovereignty over the Bonin Islands.

CONVENTION OF TIENTSIN

1885—Count Ito and Li Hung-chang sign the convention defining Sino-Japanese relations in Korea.

NON-ALIENATION OF FUKIEN PROVINCE

1889—Japan guarantees the non-alienation of Fukien province from China.

SINO-JAPANESE WAR

1894—Japan declares war.
1895—Treaty of Shimonoseki concluded.

ANGLO-JAPANESE ALLIANCE

1902—Alliance signed in London.

RUSSO-JAPANESE WAR

1904—Japan declares war.
1905—Treaty of Portsmouth signed.

JAPANESE-AMERICAN ARBITRATION TREATY

1905—Treaty signed in Washington, D. C. on Feb. 11.

PROTECTORATE OF KOREA

1905—Protectorate convention concluded.

PEKING TREATY

1905—Sino-Japanese convention embodying relevant terms of Portsmouth Treaty signed.

EXCLUSION OF JAPANESE SCHOOL CHILDREN IN CALIFORNIA

1906—Movement is started in California for exclusion of Japanese children from common schools.

FRANCO-JAPANESE AND RUSSO-JAPANESE AGREEMENTS

1907—Franco-Japanese Convention concluded.
1907—Russo-Japanese Agreement concluded.

NEW JAPAN-KOREAN AGREEMENT

1907—New Agreement concluded allowing Japan complete supervision of Korean domestic administration.

IMMIGRATION PROBLEM IN CANADA

1907—Japan exchanges on Dec. 3 a memorandum with Canada in connection with the immigration problem.

U.S.-JAPAN ARBITRATION TREATY

1908—Treaty concluded on Sep. 12.

JAPAN-AMERICAN ACCORD

1908—Official Notes exchanged regarding the preservation of peace in the Far East.

ANTUNG-MUKDEN RAILWAY ISSUE

1909—An agreement is signed on Aug. 15 between Japan and China regarding the Antung-Mukden Railway.

PROPOSAL TO NEUTRALIZE THE SOUTH MANCHURIA RAILWAY

1910—Japan refuses on Jan. 21 to accept the proposal of Secretary of State Knox of the United States regarding neutralization of the South Manchuria Railway.

RUSSO-JAPANESE AGREEMENT

1910—A new agreement is concluded on July 4 between Japan and Russia regarding the maintenance of the status quo in Manchuria.

FINAL TREATY REVISION

1910—Japan notifies Great Britain and 10 European countries on July 17 that existing treaties will be revised a year later. On August 4, similar notices are served to France and Austria-Hungary.

ANNEXATION OF KOREA

1910—Treaty of Annexation concluded.

INTERNATIONAL COPYRIGHT TREATY

1910—Japan signs the International Copyright Treaty in Berlin on September 8.

FRANCO-JAPANESE AGREEMENT REGARDING PATENTS AND COPYRIGHT

1911—An agreement is concluded on May 8, regarding patents and copyright in China.

NEW ANGLO-JAPANESE TREATY

1911—Treaty concluded on the basis of the arbitration treaties between Great Britain and the United States.

PUBLICATION OF THE REVISED TREATIES

1911—The United States publishes revised treaty with Japan on April 5. Great Britain, Spain, and Sweden do likewise on April 6, May 15 and July 13 respectively. Italy, Belgium, Denmark, the Netherlands, Switzerland and Canada publish revised treaties with Japan simultaneously on July 15, followed by Germany, Austria-Hungary and France on July 16, August 3, and August 26 respectively.

SETTLEMENT OF RUSSO-JAPANESE INDEMNITIES

1911—The Foreign Office announces that the amounts of the indemnification of

private Russian and Japanese subjects for damage done during the Russo-Japanese War have been determined.

RECOGNITION OF THE REPUBLIC OF HUNGARY

1911—Japan accords recognition on September 13.

RUSSO-JAPANESE EXTRADITION CONVENTION

1911—Convention concluded on September 13.

ANTI-JAPANESE ALIEN LAND LAW IN CALIFORNIA

1913—Passage of the so-called Webb Bill.

NANKING INCIDENT

1913—Negotiations regarding the Kunchow, Hankow and Nanking incidents are concluded on October 7, the Chinese accepting all the Japanese demands.

MANCHURIA RAILWAY TREATY

1913—A treaty is concluded between Japan and China regarding the railway building concessions.

RECOGNITION OF THE CHINESE REPUBLIC

1913—Japan recognizes the Republic of China on October 6 simultaneously with the election of Yuan Shih-kai as President.

ABOLITION OF FOREIGN SETTLEMENTS IN CHOSŌN

1914—The protocol abrogating the foreign settlements in Chosen, signed on April 20 the preceding year, is published.

THE GREAT WAR

1914—Japan declares war on Germany and Austria.

SINO-JAPANESE PARLEYS

1915—The Chinese Government requests Japan on January 8 to delimit the war zone in Shantung and withdraw her troops from that zone. Accordingly, Minister Hioki in Peking holds a conference with Yuan Shih-kai on January 18 to discuss Japan's counter proposals. Japan serves an ultimatum on May 6, and the Chinese Government accepts all the Japanese proposals.

SPANISH-JAPANESE TREATY

1915—Ratifications of a commercial treaty are exchanged on July 10.

ANTI-INDEPENDENT PEACE AGREEMENT

1915—Japan participates on Oct. 19 in the agreement of the Allied powers signed in London prohibiting the signatories from concluding a separate peace with Germany.

WARNING TO CHINA

1915—Anticipating disturbances in connection with the apparent designs of Yuan

Shih-kai to revive the Imperial government in China, Japan issues a warning to China on October 26.

PARTICIPATION IN THE ALLIED ECONOMIC CONFERENCE

1916—Baron Yoshio Sakatani leaves for Europe on May 1, to attend the Conference in Paris.

RUSSO-JAPANESE AGREEMENT

1916—The third Russo-Japanese agreement for protection of Japanese and Russian interests in the Far East is signed on July 3.

ISHII-LANSING AGREEMENT

1917—Japan and the United States exchange notes declaring that territorial proximity creates special relation between countries. This exchange of opinion, published on November 7, is generally known as the Ishii-Lansing Agreement.

SINO-JAPANESE MILITARY ENTENTE

1918—Entente is concluded on May 16, and its text published by the Japanese Foreign Office on May 30.

SIBERIAN EXPEDITION

1918—Japanese participation announced.

DECLARATION OF THE RENDITION OF SHANTUNG

1919—Count Uchida, the Foreign Minister announces the restoration of complete Chinese sovereignty on May 17.

RECOGNITION OF FINLAND

1919—Japan recognizes the independence of the Finnish Republic on May 23.

CONTROL OF THE SIBERIAN RAILWAY

1919—The Siberian Railway Joint Control Conference decides on June 2 to place the Ussuri line, 531.1 km. in length, and the Hellungkiang line, 2,735.6 km. in length, under the control of the Japanese experts' department of the Siberian expeditionary forces.

SEQUESTRATION OF GERMAN PROPERTY

1919—An Emergency Imperial Ordinance is issued on June 23 announcing sequestration of German property.

SIGNING OF THE PEACE TREATIES

1919—Prince Kimmochi Salonji signs the Versailles treaties at 3 o'clock in the afternoon of June 28.

PARTICIPATION IN EUROPEAN PROBLEMS

1920—Baron Chinda proposes on March 2 participation in the conference concerning the Dardanelles International Control, but the Japanese proposal is rejected owing to opposition from Great Britain, France and Italy.

DEMAND FOR THE EVACUATION OF SIBERIA

1920—The Soviet Government of Irkutsk sends an ultimatum to Japan on March 11.

NIKOLAEVSK AFFAIR

1920—Attack on Japanese consulate launched.

DECLARATION OF SIBERIAN POLICY

1920—Japanese Government issues statement re withdrawal of troops.

ANTI-JAPANESE IMMIGRATIONS

1920—Revision of regulations by the Immigration Bureau of the United States.

RENEWAL OF THE ANGLO-JAPANESE ALLIANCE

1920—The Japanese and British Governments notify the Secretariat of the League of Nations on July 14, that the duration of the Anglo-Japanese alliance will be extended for another year.

REOPENING OF THE GERMAN EMBASSY IN TOKYO

1920—Dr. Solf arrives in Japan as the first German ambassador after the Great War.

WASHINGTON CONFERENCE

1921—Conference opens with Japan participating.

THE GENEVA TRI-PARTITE NAVAL DISARMAMENT CONFERENCE

1927—Conference opens with Japan participating.

THE LONDON NAVAL DISARMAMENT CONFERENCE

1930—Conference opens with Japan participating.

THE MANCHURIAN INCIDENT

1931—Outbreak occurs at Mukden.

THE JAPAN-MANCHOUKUO PROTOCOL

1932—Protocol signed whereby Japan extends *de jure* recognition to the new State.

THE WORLD ECONOMIC CONFERENCE

1933—Conference opens with Japan participating.

THE JAPAN-INDIA TRADE CONFERENCE

1933—Conference held at Simla and New Delhi, India.

1934—New treaty signed at London, on July 12.

MANCHOUTIKUO ESTABLISHED,

March 1, 1934—The New State was proclaimed "Empire" and Mr. Pu-yi endorsed as Emperor.

THE JAPAN-BRITAIN TRADE CONFERENCE

1934—Conference adjourned on March 14 in failure.

THE JAPAN-DUTCH CONFERENCE

1934—Conference opens at Batavia on June 8.

List of the Envoys to and from Foreign Countries

JAPANESE ENVOYS TO FOREIGN COUNTRIES

(August 1, 1934)

Country	Representative	Address
Great Britain	Tsuneo Matsudaira, Ambassador	Embassy of Japan, 37 Portman Square, London, W.I. England
"	Shinjiro Matsuyama, Consul-General	Consulate-General of Japan, 1 Broad Street Place, Finsbury, Circus, London, E.C. 2, England
France	Naotaké Sato, Ambassador (on furlough)	Ambassade du Japon, 24 rue Greuze, Paris, (16 ^e) France
	Takanobu Mitani, Chargé d'Affaires (ad interim)	
Germany	Matsuzo Nagai, Ambassador	Ambassade du Japon, Berlin W. 62, Ahornstr., 1, Allemagne
"	Katsumi Ōno, Chargé d'Affaires	Consulat Général du Japon, Hamburg 1, Alsterdamm, 39, (Europahaus) Allemagne
Italy	Dr. Yotaro Sugimura, Ambassador	Ambassade du Japon, Viale Regina Margherita, 260, Rome, Italie
	Yoshio Iwaté, Chargé d'Affaires (ad interim)	
Belgium	Hachiro Arita, Ambassador	Ambassade du Japon, 1 Boulevard Général Jacques, Ixelles, Bruxelles, Belgique
The U.S.S.R.	Tamekichi Ohta, Ambassador	Ambassade du Japon, Malaya Nikitskaya, 13, Moscou, U.R.S.S.
"	Riyé Watanabé, Consul-General	Consulat Général du Japon, 24 Pekinskaya Ulitsa, Vladivostok, U.R.S.S.
"	Seishuku Ogata, Consul-General	Consulat Général du Japon, 3 Ulitsa Imeni Dzerzhinskovo, Alexandrovsk-Sakhalinsky, Sakhalin, U.R.S.S.
"	Masaharu Shimada, Consul-General	Consulat Général du Japon, 54 Komsomolskaya Ulitsa, Habarovsk, U.R.S.S.
Turkey	Viscount Kintomo Mushakōji, Ambassador	Ambassade du Japon, Ayaz Pacha 77, Péra, Stamboul, Turquie
Manchoutikuo	General Takashi Hishikari, Ambassador	Embassy of Japan, Hsinging
"	Morito Morishima, Consul-General	Consulate-General of Japan, Harbin
"	Seijiro Yoshizawa, Consul-General	Consulate-General of Japan, Hsinking
"	Shohei Morioka, Consul-General	Consulate-General of Japan, Tiehling
"	Kiyoshi Nagai, Consul-General	Consulate-General of Japan, Chientao
"	Teruo Hachiya, Consul-General	Consulate-General of Japan, Mukden
The U.S.A.	Hiroshi Saito, Ambassador (on furlough)	Embassy of Japan, 2514 Massachusetts Avenue, N.W. Washington, D.C., U.S.A.
"	Keinosuké Fujii, Chargé d'Affaires (ad interim)	

Country	Representative	Address
The U.S.A.	Kaneichji Okada, Consul-General	Consulate-General of Japan, 1742 Nuuanu Avenue, Honolulu, T.H., U.S.A.
"	Shū Tomii, Consul-General	Consulate-General of Japan, Postal Telegraph Bldg., 22 Battery St., San Francisco Cal., U.S.A.
"	Renzo Sawada, Consul-General	Consulate-General of Japan, 90 Broad St., New York City, N.Y., U.S.A.
Brazil	Kyujiro Hayashi, Ambassador	Ambassade du Japon, 75 Rua dos Voluntarios da Patria, Rio de Janeiro, Brésil
"	Iwataro Uchiyama, Consul-General	Consulat-Général du Japon, Avenida Brigadeiro Luíz Antonio 83, São Paulo, Brésil
Switzerland	Shinichi Shibusawa, Charge d'Affaires (ad interim)	Légation du Japon, 95 Thunstrasse, Berne, Suisse
"	Masayuki Yokoyama, Consul-General	Consulat-Général du Japon, 39, Quai, W. Wilson, Genève, Suisse
Spain	Arata Aoki, Minister	Légation du Japon, Calle de Alcalá 87, Madrid, Espagne
Portugal	Akio Kasama, Minister	Légation du Japon, Praça do Rio de Janeiro 14, Lisboa, Portugal
Holland	Toshihiko Taketomi, Minister	Légation du Japon, 1 Guliana van Stolberglaan, Den Haag, Pays-Bas
Sweden	Toshio Shiratori, Minister	Légation du Japon, 25 Strandvägen, Stockholm, Suède
Finland	Hikotaro Ichikawa, Chargé d'Affaires	Légation du Japon, 11, B, Parkgatan, Helsingfors, Finlande
Latvia	Shin Sakuma, Chargé d'Affaires (ad interim)	Légation du Japon, Tura Alunana iela 2, dz 2, Rīga, Lettonie
Poland	Nobubumi Itō, Minister	Légation du Japon, Foksal 10, Varsovie, Pologne
Czechoslovakia	Masnaki Hotta, Minister	Légation du Japon, Palace "Fenix," č 60-62, Václavské náměstí, Praha-11 Tchecoslovaquie
Austria	Naokichi Matsunaga, Minister	Légation du Japon, Wien III, Kőlblgasse 1, Autriche
Rumania	Yeisuké Fujita, Minister	Légation du Japon, Str. G.G. Cantacuzino 33, Bucarest, Roumanie
Greece	Shigetomo Sayegusa, Chargé d'Affaires (ad interim)	Légation du Japon, 23 Avenue de la Reine Sophie, Athènes, Grèce
Persia	Takezo Okamoto, Minister	Légation du Japon, Avenue Pahlavi, Téhéran, Perse

Country	Representative	Address
China	Kanamé Wakasugi, Secretary	Legation of Japan, Peiping
"	Akira Ariyoshi, Minister	Chancellery of the Legation, Shanghai
"	Shōtaro Tanaka, Chargé d'Affaires	Consulate-General of Japan, Tientsin
"	Junzo Sakané, Consul-General	Consulate-General of Japan, Tsingtao
"	Koichi Nishida, Consul-General	Consulate-General of Japan, Tsinan
"	Itaro Ishii, Consul-General	Consulate-General of Japan, Shanghai
"	Yakichiro Suma, Consul-General	Consulate-General of Japan, Nanking
"	Yaoichi Simizu, Consul-General	Consulate-General of Japan, Hankow
"	Uzuhiko Usami, Consul-General	Consulate-General of Japan, Fuchow
"	Shigeru Kawagoé, Consul-General	Consulate-General of Japan, Canton
"	Hiroshi Ashino, Chargé d'Affaires	Consulate-General of Japan, Prince's Bldg., 5, Ice House St., Hong Kong
Siam	Yasukichi Yatabé, Minister	Legation of Japan, 545 Rajaprarob Road, Makasan, Bangkok, Siam
Canada	Iyemasa Tokugawa, Minister	Legation of Japan, Victoria Bldg., 140 Wellington St., Ottawa, Ontario, Canada
Mexico	Yoshiatsu Horii, Minister	Légation du Japon, Avenida de Los Insurgentes, 190, Colonia, Roma, México, D.F., Mexique
"	Nooya Nagaminé, Chargé d'Affaires	Consulat-Général du Japon, Avenida de Los Insurgentes, 190, Colonia, Roma, México, D.F., Mexique
Peru	Yoshiatsu Murakami, Minister	Légation du Japon, Avenida Arequipa 610, Lima, Pérou
Chile	Makoto Yano, Minister	Légation du Japon 552 Calle Dieciocho, Santiago, Chili
Argentina	Jiro Yamazaki, Minister	Légation du Japon, Calle Reconquista 336, Buenos Aires, Argentine
Singapore	Teijiro Tamura, Consul-General	Consulate-General of Japan, Union Bldg., Collyer Quay, Singapore, Straits Settlements
Philippines	Atsushi Kimura, Consul-General	Consulate-General of Japan, G. de Las Reyes Bldg., Plaza Cervantes, Manila, P.I.
Dutch East Indies	Saichiro Koshida, Consul-General	Consulate-General of Japan, 3 Gang Scott, Batavia-Centrum, Java
British India	Tetsuichiro Miyaké, Consul-General	Consulate-General of Japan, Royal Insurance Bldg., 26/27, Dalhousie Square, Calcutta, British India

Country	Representative	Address
French Indo-China	Hirosuké Tezuka, Chargé d'Affaires	Consulat-Général du Japon, 76 Boulevard Carnot, Hanoi, Tonkin, Indochine
Egypt	Masamoto Kitada, Consul-General	Consulat-Général du Japon, 7 Rue Nébi Daniel, Alexandrie, Egypte
Australia	Kuramatsu Murai, Consul-General	Consulate-General of Japan, Grace Bldg., 77 York St., Sydney, New South Wales, Australia

FOREIGN ENVOYS TO JAPAN

(July 10, 1934)

Country	Representative	Address in Tokyo
Afghanistan	Habibullah Khan Tarzi, Minister	25 Mikawa-daimachi, Azabu-ku
Germany	Dr. Herbert von Dirksen, Ambassador	14, 1-chomé, Nagatacho, Kojimachi-ku
The U.S.A.	Joseph Clark Grew, Ambassador	1 Enokizaka-machi, Akasaka-ku
Argentina	Arturo Alvarey Montenegro, Charge d'Affaires	67 Shinsaka-machi, Akasaka-ku
Belgium	Le Baron de Bassompierre, Ambassador	33 Shimoniban-cho, Kojimachi-ku
Brazil	Sylvino Gurgel do Amaral, Ambassador	2, 3-chomé, Omoté-cho, Akasaka-ku
Canada	Herbert Marler, Minister (absent) Dr. Hugh Le Keenleyside, Chargé d'Affaires (ad interim)	16, 3-chomé, Omoté-cho, Akasaka-ku
Chile	Sergio Montt, Chargé d'Affaires (ad interim)	7, 1-chomé, Shirokané Dai-machi, Shiba-ku
China	General Tsiang Tso-Ping, Minister	14, 6-chomé, Iigura-machi, Azabu-ku
Colombia	Dr. Domingo Esguerra, Minister	Hotel Imperial
Cuba	Calixto Whitmarsh, Chargé d'Affaires (ad interim)	7 Fujimi-cho, Azabu-ku
Denmark	Hugo Hergel, Chargé d'Affaires (ad interim)	8 Marunouchi, Nakadori
Spain	Santiago Méndez de Vigo, Minister	2, 1-chomé, Ichibei-cho, Azabu-ku
Finland	Hugo Valvanne, Minister	62 Tansu-machi, Azabu-ku
France	Fernand Pila, Ambassador	33 Fujimi-cho, Azabu-ku
Great Britain	Sir Robert Clive, Ambassador	1 Goban-cho, Kojimachi-ku
Italy	Giacinto Auriti, Ambassador	28, 1-chomé, Mita, Shiba-ku
Manchoutikuo	W.S.Y. Tingé, Minister	50 Sakurada-cho, Azabu-ku
Mexico	Dr. Miguel Alonzo-Romero, Minister	21, 2-chomé, Nagata-cho, Kojimachi-ku
Norway	Ludvig Caesar Martin Aubert, Minister (absent) Christian Prah! Reusch, Chargé d'Affaires (ad interim)	2, 3-chomé, Marunouchi, Kojimachi-ku
Holland	General J.C. Pabat, Minister	1 Sakaé-cho, Shiba-ku
Peru	Jorge Bailey Lembecke, Chargé d'Affaires (ad interim)	13 Shinsaka-machi, Akasaka-ku
Persia	Hassan Ali Khan Kamal Hedayat, Minister	55 Zaimoku-cho, Azabu-ku
Poland	Michel Moscicki, Minister	3 Hiroo-cho, Azabu-ku
Portugal	Dr. Thomaz Ribeiro de Mello, Minister	1 Sannén-cho, Kojimachi-ku
Rumania	Georges G. Stoicesco, Chargé d'Affaires	55 Zaimoku-cho, Azabu-ku
Siam	Phra Mitrakarm Raksha, Minister	2 Dai-machi, Akasaka-ku
Sweden	Dr. J.E. Hultman, Minister	63 Zaimoku-cho, Azabu-ku

Country	Representative
Switzerland	Dr. Armin Daeniker, Chargé d'Affaires
Czechoslovakia	Frantisek Havlicek, Minister
Turkey	Nébil Bey, Chargé d'Affaires
The U.S.S.R.	Constantin Youreneff, Ambassador
Uruguay	Eduardo Daniel de Arteaga, Chargé d'Affaires (ad interim)

Japanese consulates are established in the following places:

Country	Situation of Consulates
Canada	Ottawa, Vancouver
Great Britain	Liverpool
France	Lyons, Marseilles
Italy	Milan
Belgium	Antwerp
Sweden	Stockholm
U. S. S. R.	Blagovestchensk
U. S. S. R.	Odessa
U. S. S. R.	Novo-Sivirsk
U. S. S. R.	Petropavlovsk
Manchoutikuo	Manchuli
Manchoutikuo	Tsitsihar
Manchoutikuo	Chinehow
Manchoutikuo	Antung
Manchoutikuo	Chengchiatun
Manchoutikuo	Hailoerh
Manchoutikuo	Newchwang
Manchoutikuo	Chifeng
China	Chang Kiakou
China	Chefoo
China	Hangchow
China	Soochow
China	Wuhu
China	Chengchow
China	Kiukiang
China	Ichang
China	Shashi
China	Changsha
China	Chungking
China	Amoy
China	Swatow
China	Yunnan
Cochin China	Saigon
Siam	Bangkok
Burma	Rangoon
Java	Sourabaya
Sumatra	Medan
India	Bombay
Ceylon	Colombo
Philippines	Davao
Egypt	Port Said
Union of South Africa	Cape Town
British East Africa	Mombasa
U. S. A.	Los Angeles
U. S. A.	Portland
U. S. A.	Chicago

Address in Tokyo
10 of 2, 2-chomé, Hirakawa-cho, Kojimachi-ku
22 Kasumi-cho, Azabu-ku
47 Kamiyama-cho, Shibuya-ku
1 Mamiana-cho, Azabu-ku
Rooms Nos. 251-252, Osaka Building, 3, 1-chomé, Uchisaiwai-cho, Kojimachi-ku

Country	Situation of Consulates
U. S. A.	Seattle
U. S. A.	New Orleans
Cuba	Havana
Panama	Panama
Mexico	Mazatlan
Argentina	Buenos Aires
Peru	Lima
Brazil	São Paulo
Brazil	Rio de Janeiro

The following foreign consulates are registered.

Country	Situation of Consulates
Germany	Yokohama, Kobé, Dairen, Osaka.
Argentina	Yokohama, Kobé, Osaka, Nagoya, Tokyo.
Austria	Tokyo.
Belgium	Yokohama, Kobé, Nagasaki, Keijo, Dairen, Osaka.
Bolivia	Yokohama, Osaka, Kobé.
Brazil	Kobé, Yokohama, Nagasaki.
Chile	Yokohama, Kobé.
China	Yokohama, Kobé, Nagasaki, Fusan, Gensan, Taihoku, Keijo, Shingishu.
Colombia	Yokohama.
Cuba	Kobé.
Denmark	Tokyo, Yokohama, Kobé, Nagasaki, Osaka.
Spain	Yokohama, Kobé, Tansui.
U. S. A.	Tokyo, Yokohama, Nagoya, Kobé, Nagasaki, Taihoku, Keijo, Dairen.
France	Yokohama, Kobé, Dairen, Nagasaki, Tansui, Keijo.
Great Britain	Tokyo, Yokohama, Osaka, Kobé, Shimonoseki, Nagasaki, Tansui, Keijo, Dairen, Jinsen, Hakodate, Fukuoka, Otaru.
Finland	Kobé, Yokohama, Dairen.
Greece	Yokohama, Kobé.
Italy	Kobé, Yokohama, Nagasaki, Keijo.
Mexico	Yokohama, Kobé.
Norway	Tokyo, Yokohama, Kobé, Shimonoseki, Nagasaki.

Country	Situation of Consulates	Country	Situation of Consulates
Holland	Tokyo, Nagoya, Yokohama, Kobé, Nagasaki, Taihoku, Keijo, Dairen.	Poland	Osaka, Tokyo.
Panama	Yokohama.	Czechoslovakia	Yokohama, Tokyo, Osaka.
Peru	Yokohama, Kobé.	Siam	Osaka.
Portugal	Tokyo, Kobé, Nagoya, Kyoto, Osaka, Moji, Shimonoseki, Nagasaki.	Honduras	Tokyo, Kobé, Yokohama.
U. S. S. R.	Kobé, Hakodate, Keijo, Otaru, Tsuruga, Dairen, Tokyo.	Salvador	Tokyo.
Sweden	Yokohama, Osaka, Kobé, Shimonoseki, Moji, Nagasaki, Dairen.	Latvia	Tokyo.
Switzerland	Tokyo.	Dominica	Kobé.
Venezuela	Kobé, Tokyo, Yokohama.	Guatemala	Tokyo, Yokohama, Kobé.
		Turkey	Osaka, Yokohama.
		Uruguay	Kobé, Yokohama.
		Rumania	Osaka.
		Luxemburg	Tokyo.
		Egypt	Kobé.
		Yugoslavia	Osaka.
		Haiti	Osaka.

CHAPTER VII

NATIONAL DEFENCE

The Imperial Precepts to The
Soldiers and Sailors

The forces of Our Empire are in all ages under the command of the Emperor. It is more than twenty-five centuries since the Emperor Jimmu, leading in person the soldiers of the Otomo and Mononobé clans, subjugated the unruly tribes of the land and ascended the Imperial Throne to rule over the whole country. During this period the military system has undergone frequent changes in accordance with those in the state of society. In ancient times the rule was that the Emperor should take personal command of the forces; and although the military authority was sometimes delegated to the Empress or to the Prince Imperial, it was scarcely ever entrusted to a subject. In the middle ages, when the civil and military institutions were framed after the Chinese model, the Six Guards were founded, the Right and Left Horse Bureaux established, and other organizations, such as that of the Coast Guards, created. The military system was thus completed, but, habituated to a prolonged state of peace, the Imperial Court gradually lost its administrative vigour; in course of time soldiers and farmers became distinct classes, and the early conscription system was replaced by an organization of volunteers, which finally produced the military class. The military power passed over entirely to the leaders of this class; through disturbances in the Empire the political power also fell into their hands; and for about

seven centuries the military families held sway. Although these results followed from changes in the state of society and were beyond human control, they were deeply to be deplored, since they were contrary to the fundamental character of Our Empire and to the law of Our Imperial Ancestors. Later on, in the eras of Kokwa and Kaei, the decline of the Tokugawa Shogunate and the new aspect of foreign relations even threatened to impair our national dignity, causing no small anxiety to Our August Grandfather, the Emperor Ninko, and Our August Father, the Emperor Komei, a fact which We recall with awe and gratitude. When in youth We succeeded to the Imperial Throne, the Shogun returned into Our hands the administrative power, and all the feudal lords their fiefs; thus, in a few years, Our entire realm was unified and the ancient régime restored. Due as this was to the meritorious services of Our loyal officers and wise councillors, civil and military, and to the abiding influence of Our Ancestors' benevolence towards the people, yet it must also be attributed to Our subjects' true sense of loyalty and their conviction of the importance of "Great Righteousness." In consideration of these things, being desirous of reconstructing Our military system and of enhancing the glory of Our Empire, We have in the course of the last fifteen years established the present system of the Army and Navy. The supreme command of Our forces is in Our hands, and although We may entrust subordinate

commands to Our subjects, yet the ultimate authority We Ourselves shall hold and never delegate to any subject. It is Our will that this principle be carefully handed down to posterity and that the Emperor always retain the supreme civil and military power, so that the disgrace of the middle and succeeding ages may never be repeated. Soldiers and Sailors, We are your supreme Commander-in-Chief. Our relations with you will be most intimate when We rely upon you as Our limbs and you look up to Us as your head. Whether We are able to guard the Empire, and so prove Ourselves worthy of Heaven's blessings and repay the benevolence of Our Ancestors, depends upon the faithful discharge of your duties as soldiers and sailors. If the majesty and power of Our Empire be impaired, do you share with Us the sorrow; if the glory of Our arms shine resplendent, We will share with you the honour. If you all do your duty, and being one with Us in spirit do your utmost for the protection of the state, Our people will long enjoy the blessings of peace, and the might and dignity of our Empire will shine in the world. As We thus expect much of you, Soldiers and Sailors, We give you the following precepts:—

(1) The soldier and the sailor should consider loyalty their essential duty. Who that is born in this land can be wanting in the spirit of grateful service to it? No soldier or sailor, especially, can be considered efficient unless this spirit be strong within him. A soldier or a sailor in whom this spirit is not strong, however skilled in art or proficient in science, is a mere puppet; and a body of soldiers or sailors wanting in loyalty, however well ordered and disciplined it may be, is in an emergency no better than a rabble. Remember that, as the

protection of the state and the maintenance of its power depend upon the strength of its arms, the growth or decline of this strength must affect the nation's destiny for good or for evil; therefore neither be led astray by current opinions nor meddle in politics, but with single heart fulfil your essential duty of loyalty, and bear in mind that duty is weightier than a mountain, while death is lighter than a feather. Never by failing in moral principle fall into disgrace and bring dishonour upon your name.

(2) The soldier and the sailor should be strict in observing propriety. Soldiers and sailors are organized in grades, from the Marshal and the Admiral of the Fleet down to the private soldier or ordinary seaman; and even within the same rank and grade there are differences in seniority of service according to which juniors should submit to their seniors. Inferiors should regard the orders of their superiors as issuing directly from Us. Always pay due respect not only to your superiors but also to your seniors, even though not serving under them. On the other hand, superiors should never treat their inferiors with contempt or arrogance. Except when official duty requires them to be strict and severe, superiors should treat their inferiors with consideration, making kindness their chief aim, so that all grades may unite in their service to the Emperor. If you, Soldiers and Sailors, neglect to observe propriety, treating your superiors with disrespect and your inferiors with harshness, and thus cause harmonious co-operation to be lost, you will not only be a blight upon the forces but also be unpardonable offenders against the state.

(3) The soldier and the sailor should esteem valour. Ever since the ancient times valour has in our

country been held in high esteem, and without it Our subjects would be unworthy of their name. How then may the soldier and the sailor, whose profession it is to confront the enemy in battle, forget even for one instant to be valiant? But there is true valour and false. To be incited by mere impetuosity to violent action cannot be called true valour. The soldier and the sailor should have sound discrimination of right and wrong, cultivate self-possession, and form their plans with deliberation. Never to despise an inferior enemy or fear a superior, but to do one's duty as soldier or sailor—this is true valour. Those who thus appreciate true valour should in their daily intercourse set gentleness first and aim to win the love and esteem of others. If you affect valour and act with violence, the world will in the end detest you and look upon you as wild beasts. Of this you should take heed.

(4) The soldier and the sailor should highly value faithfulness and righteousness. Faithfulness and righteousness are the ordinary duties of man, but the soldier and the sailor, in particular, cannot be without them and remain in the ranks even for a day. Faithfulness implies the keeping of one's word, and righteousness the fulfilment of one's duty. If then you wish to be faithful and righteous in any thing, you must carefully consider at the outset whether you can accomplish it or not. If you thoughtlessly agree to do something that is vague in its nature and bind yourself to unwise obligations, and then try to prove yourself faithful and righteous, you may find yourself in great straits from which there is no escape. In such cases your regrets will be of no avail. Hence you must first make sure whether the thing is righteous and reasonable or not. If

you are convinced that you cannot possibly keep your word and maintain righteousness, you had better abandon your engagement at once. Ever since the ancient times there have been repeated instances of great men and heroes who, overwhelmed by misfortune, have perished and left a tarnished name to posterity, simply because in their effort to be faithful in small matters they failed to discern right and wrong with reference to fundamental principles, or because, losing sight of the true path of public duty, they kept faith in private relations. You should, then, take serious warning by these examples.

(5) The soldier and the sailor should make simplicity their aim. If you do not make simplicity your aim, you will become effeminate and frivolous and acquire fondness for luxurious and extravagant ways; you will finally grow selfish and sordid and sink to the last degree of baseness, so that neither loyalty nor valour will avail to save you from the contempt of the world. It is not too much to say that you will thus fall into a life-long misfortune. If such an evil once makes its appearance among soldiers and sailors, it will certainly spread like an epidemic, and martial spirit and morale will instantly decline. Although, being greatly concerned on this point, We lately issued the Disciplinary Regulations and warned you against this evil, nevertheless, being harassed with anxiety lest it should break out, We hereby reiterate Our warning. Never do you, Soldiers and Sailors, make light of this injunction.

These five articles should not be disregarded even for a moment by soldiers and sailors. Now for putting them into practice, the all important is sincerity. These five articles are the soul of Our soldiers

and sailors, and sincerity is the soul of these articles. If the heart be not sincere, words and deeds, however good, are all mere outward show and can avail nothing. If only the heart be sincere, anything can be accomplished. Moreover, these five articles are the Grand Way of Heaven and Earth and the universal law of humanity, easy to observe and to practise. If you, Soldiers and Sailors, in obedience to Our instruction, will observe and practise these principles and fulfil your duty of grateful service to the country, it will be a source of joy, not to Ourselves alone, but to all people of Japan.

The 4th day of the 1st month of the 15th Year of Meiji.
(Imperial Sign Manual)

General

Special Position of Army and Navy
The Japanese Army and Navy are under the direct command of the Emperor and neither the Government nor the Diet has any right to interfere in the strategic actions or the number of men or ships to be maintained. In making any decision on military and naval strength or the organization thereof, the Emperor consults the Chiefs of the respective General Staffs, who are thereupon required to submit their plans direct to His Majesty. The plans are then handed to the Prime Minister, who in his turn consults the Diet as to the necessary appropriations. Thus the Diet, while powerless to interfere with the actual naval and military projects, is entitled to determine the amount to be appropriated for their execution. If, however, the Service estimates are reduced in such a way as to render the original projects impossible of execution, this is deemed to be an infringement of the Imperial Prerogative under Article XII of the Constitution.

The Board of Field Marshals and Fleet Admirals
This Board was created in 1898 as the Emperor's highest advisory body on military and naval affairs. Its members are at present as follows:

Field Marshal H. I. H. Prince Kan-in; Field Marshal H. I. H. Prince Nashimoto; Fleet Admiral H. I. H. Prince Fushimi.

The Supreme War Council
This is a larger advisory body which was created in 1887. Its membership includes, in addition to that of the above-mentioned Board, the Ministers of War and Marine, the Chiefs of the Naval and Military General Staffs and other generals and admirals specially nominated by the Emperor. Its functions are to advise the Emperor on all matters appertaining to war, especially on the correlation of the various departments of military administration, in the broader sense of the word. The Council may meet in sections to deliberate and tender advice on issues concerning the Army or Navy separately.

Conscription
The conscription system, first introduced in 1873 and last revised in 1927, demands that all able-bodied citizens of Japan proper, between the ages 17 and 40 shall serve either in the army or the navy, when called upon. At present the natives of Taiwan, Chosen, and the South Sea Islands are exempt from service. In fact, however, the general principle has never been applied, even during the Russo-Japanese War, the conflict having come to an end before the greater majority of those on the second reserve were called to the colours.

The service is divided as follows:

(1) Jobi hei-eki (standing service). This is of two kinds: (a) Gen-eki (active service), 2 years for the army and 3 years for the navy;

(b) Yobi-eki (1st reserve service), 5 years and 4 months for the army and 4 years for the navy.

(2) Kobi hei-eki (2nd reserve service), 10 years for the army and 5 years for the navy.

(3) Hoju hei-eki (replenishment reserve service). This is divided into two categories:—(a) 1st replenishment reserve service, 2 years and 4 months for the army and 1 year for the navy, (b) 2nd replenishment reserve service, 12 years and 4 months for the army and 11 years and 4 months for the navy.

Medical Class	Description	Service to which Allocated
I, II, A and B	Fit for active service.	Active service or replenishment reserve.
III	Fit for national service, but not for active service.	National service
IV	Unfit for any service.	Exempt from all service.
V	Nature of fitness undecided (may be included in Class I or Class II, A or B, in the following year).	Allocation postponed

They are then drafted to different branches of service according to the districts to which they belong and their ability and occupation.

Those who are fit for active service (Class I, Class II, A and B) are enrolled by lottery, at each conscription district, for active service or 1st or 2nd replenishment reserve. (Volunteer enrolments for active service are accepted.) Those having finished the period of active service are placed on the 1st reserve list for terms as stated above. At the end of such terms they are removed to the 2nd reserve, and then finally to the national service. Those who have gone through the period of replenishment reserve service are also transferred to the national service.

Sole supporters of families, and criminals sentenced to over 6 years' imprisonment or penal servitude are also exempt from service. Those studying at certain schools, Government or private, which are recognized to be of equivalent or superior status to that of middle

(4) Kokumin hei-eki (national service), extending in principle for the necessary period in either arm for the man to reach the age of 40.

Men are subjected to medical examination for conscription at the age of 20, and are classed as follows:

Class I; Class II, A, Class II, B; Class III; Class IV; and Class V. They are then allocated to the various categories of service according to their medical class as follows:

schools are exempt from conscription examination until the completion of their studies or until they attain their 27th year. Those staying abroad enjoy postponement of service under similar conditions, the age limit being 37.

By virtue of a revision of the conscription law in 1927, the active service of conscripts who have finished the course of a Seinen Kunrenjo (Young Men's Training Institute) is reduced by six months, while that of the graduates from normal schools by nineteen months. In other words, the former have to serve only eighteen months and the latter only five months, instead of full two years. A similar system of short term active service has also been adopted by the Navy.

The term of active service for graduates of middle schools and higher grade schools who have received full military training while at school and passed the final examination thereof is reduced to 12 months.

The conscription examination of such students is postponed till they reach the age of full 27 years.

After 3 months' active service they may be chosen as cadets and get special training for the remaining 9 months. They may be promoted, according to ability, to either corporals or second lieutenants in the first reserve service at or after the expiration of active service. From

among the graduates of technical or scientific departments of universities cadets may be chosen to supply technical officers of artillery, engineer and air forces.

Examination for Conscription According to medical examination, conscripts are classified into six grades as mentioned above. The figures for the past six years, 1928-1933, were as follows:

Total Number Examined	Class I	Class II		Class III	Class IV	Class V
		A	B			
1928	568,796	171,744	64,970	119,783	171,758	39,861
1929	585,819	175,979	69,872	119,721	178,790	41,075
1930	595,505	174,482	69,276	121,961	187,863	40,989
1931	619,146	178,355	72,617	124,942	200,263	42,245
1932	621,844	174,282	71,556	125,988	207,401	41,951
1933	631,099	178,994	72,796	132,651	205,777	40,141

Statistics on height and weight ascertained through the medical examinations for recent six years, 1928-1933, are as follows:

	Average Height	Average Weight
1928	1.596 m.	52.639 kg.
1929	1.602 m.	52.823 kg.

	Average Height	Average Weight
1930	1.598 m.	52.727 kg.
1931	1.600 m.	53.007 kg.
1932	1.600 m.	52.841 kg.
1933	1.602 m.	52.816 kg.

The grades of education attained by men examined for conscription in recent six years, 1928-1933, were:

	University	Higher School	Middle School	Higher Elementary School	Elementary School	Elementary School (Unfinished)	Uneducated
1928	51	1,209	48,309	256,611	209,418	42,200	5,973
1929	143	3,589	50,684	254,081	205,362	36,408	5,553
1930	493	7,308	65,944	296,829	197,312	31,812	4,812
1931	1,721	11,406	65,698	315,629	192,772	28,913	5,009
1932	3,741	13,188	69,147	324,204	182,064	25,323	4,177
1933	6,616	16,049	70,422	339,677	174,024	21,634	3,677

Of those listed above as uneducated 3,463 for 1928, 3,045 for 1929, 2,873 for 1930, 3,090 for 1931, 2,543 for 1932 and 2,268 for 1933 were illiterates. The ratio of illiteracy, which was 4.28 per cent. in 1903, 3.44 in 1911 and 2.17 in 1915, has been decreasing steadily, being 0.88 in 1925, 0.70 in 1927 and 0.61 in 1928.

Conscripts and Leave of Absence Conscripts may return home to attend to family business for periods varying with the necessity of the case, but in no case exceeding 14 days. This departure from the general rule was proposed in 1919 to meet the convenience of the families

of conscripts and was carried into effect at once.

Courts-Martial The Court-Martial Law provides that (1) all offences committed by officers and men shall be given public trial, (2) accused persons shall be given the benefit of counsel in their defence. Provision is also made for appeal.

The Army has eight courts-martial, namely, the High, the Divisional and six other temporary ones; the Navy has seven, the High, the Tokyo, the Admiralty and four other temporary ones. Courts-martial are always composed of judges (military or naval officers), law of-

officials (civil) and clerks. The number of these varies in accordance with the nature of the court in question.

Gendarmerie The gendarmerie is under the control of the War Minister and mainly takes charge of military police, although it may assist civil or judicial police. Orders may, therefore, come from Ministers of Home Affairs and Justice. As military police its function is to see military laws and order kept. Guarding of military secrets, policing of fortress districts and naval stations, enforcement of laws concerning conscription, active service, calling out of the reserve, enforcing levy and martial laws, general surveillance of military discipline, and keeping order in war districts; these things come under its administrative responsibility. The searching and detection of crimes among military men, the collection of evidences and the arrest of culprits come under its judicial responsibility. The number of gendarmes is: Japan proper 1,450, Korea 490, Manchuria 190, and Formosa 90.

Improvement in 1933

Conscription Districts The number of country districts divided for the purpose of conscription was lessened from 677 to 431. This was made so as to enlarge the area of each district and thus eliminate the chance of missing good material available. As to the re-arrangement of the city districts studies are being carried on.

School Graduate Cadets Graduates from middle schools and colleges are accorded special treatment of a short-term active service as stated above. The improvements effected by the Imperial Ordinance No. 71, April, 1933, on this point are as follows: (1) The abolition of the special fee, (2) the abolition of special treatment which they used to re-

ceive and the substitution for it by the system under which they are taken as usual soldiers first and, after three months, are chosen cadets according to their records, (3) the abolition of distinction of treatment given with graduates of middle schools and those of colleges, by which 12 months' service for the former and 10 months' for the latter was merged into a uniform 12 months' service, and (4) choice of cadets for engineering and technical service from graduates of scientific and technical colleges.

Juvenile Flying Students By the revision of Flying School rules juveniles are allowed to enter the Tokorozawa Flying School. Applicants for the piloting course must be boys of 17 to 19 of age, while boys from 15 to 19 are admitted to the engineering course.

Flying School One more flying school was established at Hamamatsu, Shizuoka prefecture, its specialities being studies in explosives, bombs, bombing, etc.

Juvenile Students of Communications Boys 15 to 18 are admitted into the Army Signallers' School to become non-commissioned engineering officers for wireless communications. The course of studies extend over 2 years.

Narashino Military School As an item of scientific improvement programme of the Army, the Narashino Military School was opened on August 1, 1933, at Narashino, Chiba prefecture. The underlying purposes are the studies of and education in chemical science related to modern fighting. Students are taken from all officers except those of the gendarmerie.

Volunteer Active Service A new system of taking reserve officers into active service as volunteers was instituted in February, 1933. The term of service extends over 2 years,

renewable every year on expiration, until the volunteers reach the age of 40 (42 in the case of university graduates and 45 in engineers). The volunteers must be first and second

lieutenants or ranking officers under 30 (32 in the case of university graduates and 35 in engineers). The number taken in 1933 was 890.

The Army

Outline History The Army under the Imperial régime was organized for the first time in the fourth year of Meiji (1871), when the samurai of the Kagoshima, Kochi and Yamaguchi clans formed an Imperial Bodyguard consisting of a few battalions, and four regular army divisions were established in Tokyo, Osaka, Kumamoto and Sendai. In January, 1873, the Government adopted a conscription system, by which members of all social classes were held equally liable for military service. The divisions in Nagoya and Hiroshima, which were established that year, were the first fighting units in this country to contain members of the farmer, merchant and other non-samurai classes. The total strength of the Japanese Army at that time was seven divisions consisting of about 36,600 men on peace standing and 46,250 on a war footing.

The number of soldiers to be mobilized was steadily increased after the Saigo Rebellion of 1877, but it was with this "cadre" of seven divisions that Japan defeated China in 1894-5. In the ten years follow-

ing the Japan-China War, six more divisions were established with the result that Japan was able to put nearly one million men in the field during the Russo-Japanese War of 1904-5.

In 1922 Japan's Army strength reached twenty-one divisions consisting of 308,000 men on peace standing. The peaceful atmosphere in world affairs after the European War and the national financial condition made it necessary for Japan to reduce the army, and as the result of a readjustment effected between 1922 and 1924, a reduction of 1,800 officers, 56,000 men and 13,000 horses was made. This corresponds to a reduction of about five divisions on peace standing. In May, 1925, four more divisions (the 13th, 15th, 17th and 18th) were abolished, and the present strength of the Japanese Army is 17 divisions and about 230,000 men on peace standing, inclusive of the Taiwan and Kwantung Armies.

Army Expenditures

The Army expenditures from 1893-94 down to 1934-35 have been as follows:

Year	Running Expenses	Extraordinary Expenses	Total
1893-94 (Just before Sino-Japanese War)	¥ 12,420,000	¥ 2,301,000	¥ 14,721,000
1896-97	32,614,000	30,629,000	53,243,000
1903-04 (Just before Russo-Japanese War)	39,353,000	7,529,000	46,884,000
1906-07 (Just after Russo-Japanese War)	37,835,000	30,045,000	67,870,000
1912-13	50,175,000	23,950,000	104,125,000
1917-18	88,344,000	35,093,000	123,437,000
1923-24	176,224,000	47,704,000	223,927,000
1924-25	179,331,000	27,403,000	206,734,000
1925-26	170,761,000	44,044,000	214,805,000

Year	Running Expenses	Extraordinary Expenses	Total
1926-27	167,561,000	29,380,000	196,941,000
1927-28	174,190,000	43,915,000	218,104,000
1928-29	167,620,000	81,486,000	249,106,000
1929-30	178,899,000	48,356,000	227,255,000
1930-31	174,546,000	26,278,000	200,824,000
1931-32	163,680,000	63,808,000	227,488,000
1932-33 (Working budget)	148,266,000	225,309,000	373,575,000
1933-34 (Budget)	172,119,000	276,004,000	448,123,000
1934-35 "	168,656,052	280,514,094	449,170,146

Army Budget for 1934-1935

The army budget for 1934-1935 reaches ¥449,000,000, exceeding by ¥1,047,000 over that of the previous year. The special demands were ¥233,000,000 for new armaments, the expenses for maintaining troops in Manchuria, etc., the demand for the latter being about ¥12,000,000 less than that of the previous year. Among the new items of the expenditure there are ¥400,000 for the aerodromes and equipments, ¥2,650,000 for rewards, ¥2,250,000 for improvement of educational facilities, and ¥300,000 for subsidies for military automobile manufacture. Details follow:

ORDINARY EXPENDITURES

(In yen)

I Department Proper	
Salaries	342,755
Office expenses	270,456
Total	613,191
II Military expenses	
Salaries	54,069,758
Buildings and repairs	6,351,332
Miscellaneous expenses	15,643,403
Clothes and food	32,076,207
Armaments and horses	46,093,085
Manœuvres	9,395,177
Medical treatments	964,316
Short term soldiers	534,011
Detention	57,653
Transportations	1,742,021
Attendance	42,034
Secret services	250,180
Total	167,219,177
III Yasukuni Shrine	
Contribution to the soldiers' shrine	12,000
IV Miscellaneous expenditures	811,884
Sum total	168,656,052

EXTRAORDINARY EXPENDITURES

(In yen)

I Buildings and repairs	1,018,395
II Defensive means	
Soldiers	15,980
Fortresses	4,633,601
Armaments	120,997,690
Total	125,647,271
III Grounds	450,622
IV Land survey	833,103
V Reconstruction in the quake-stricken districts	4,541,638
VI Bridges, ranges, etc.	1,899,794
VII Use of land and buildings	68,357
VIII Aviation	80,000
IX Map printing	356,577
X Armies in China	438,489
XI Temporary grants	162,190
XII Subsidies for automobile manufacture	697,002
XIII Aerial machines and equipments	1,254,197
XIV Aid for the Retired Soldiers' League	250,000
XV Prevention of anaemia of horses	40,000
XVI Armies in Manchuria	183,834,673
XVII Improvement of Air Corps, etc.	1,608,226
XVIII Readjustment of armies	2,770,601
XIX Yasukuni Shrine, extraordinary	75,000
XX Special increase in salaries	473,739
XXI Rewards in connection with the Manchurian Incident	2,645,890
XXII Educational materials and equipments	2,250,000
XXIII Aid for the Red Cross international meeting	50,000
XXIV Appliances for a military attaché abroad	3,500
XXV Investigation on pensions	54,000
XXVI Equipments for Army Medical School hospital	280,514,094
Sum total	280,514,094
Ordinary expenditures	¥168,656,052
Extraordinary expenditures	280,514,094
Total	449,170,146

Administrative Organization

Administration of the Army is conducted by the following three organs, the chiefs thereof working under direct order from the Throne:

The Ministry of War The central organ for military administration. The Ministry contains eight departments, the names and functions of which are listed below:

(a) The Minister's secretariat takes charge of all secret affairs, papers and other records, and general office work.

(b) The Bureau of Personal Affairs is in charge of all the affairs concerning the personnel of the army. It consists of two sections, the one dealing with appointments, promotion, etc., the other of decorations.

(c) The Bureau of Military Affairs is the real centre of military administration, and is responsible for the establishment of the system and organization of the Army, for the proclamation and withdrawal of martial law, and for all the affairs concerning ceremonies to be observed by the soldiers, morals and discipline among the men, the drafting of men and horses to various units, the conscription system, etc., etc.

(d) The Replenishment Bureau is divided into two sections, one for mobilization and the other for co-ordination, and is responsible for the establishment and improvement of the mobilization system, preparation and co-ordination of war supplies, improvement of military transportation, etc.

(e) The Arms and Ordnance Bureau consists of the section for rifles and guns and the section for various supplies. It is in the charge of arms, ordnance, and various supplies of war.

(f) The Intendance Bureau has four sections, the Paymaster's, Au-

dit, Clothing and Provisions, and Construction. This bureau is responsible for expenditure, the inspection of accounts, preparation of budgets, provisions, clothing, structures, etc.

(g) The Medical Bureau is responsible for all sanitary and medical arrangements among officers and men. It consists of the section for sanitary affairs and the section for medicine and surgery.

(h) The Judicial Bureau is responsible for the organization of courts-martial and all other affairs in connection with martial law.

The Ministry of War also supervises the following organizations situated in various parts of the country.

(a) The Military Aviation Bureau is the central organ for the study of military aviation, and is required to organize the education of pilots and mechanics, to supervise repairs, replenishment, and purchases of aeronautical supplies, etc.

(b) The Technical Investigation Bureau conducts researches on all technical developments likely to effect military efficiency. Inspection of ordnance and various war supplies is conducted by this bureau. Under its supervision is the Military Chemical Laboratory which conducts researches on methods of chemical warfare.

(c) The Military Technical Board. This is an organ for deliberation on all technical problems submitted by the War Minister.

(d) The Military Arsenal is responsible for the establishment of designs and plans of arms and ordnance, as well as repairs and examination of various supplies of war inclusive of gunpowder. It has branches in Osaka, Nagoya, Oji, Kokura and Heijo.

(e) The Woolen Factory at Senju is engaged in the manufacture

of woolen yarn and clothes, for military supplies.

(f) The Remount Bureau has charge of horse replenishment, including breeding and purchase.

(g) The Military Arms Depot is responsible for the purchase, storage, repairs, maintenance, supply, exchange, and scrapping of arms and ordnance. It also takes care of the guns installed in fortresses. The main office is in Tokyo and there are branches in Chiba, Osaka, Nagoya, Kokura, and Hiroshima.

(h) The Military Clothing Depot has its head office in Tokyo, and branches in Osaka and Hiroshima. It takes care of the manufacture, purchase, storage, and supply of all clothing supplies.

(i) The Military Hygienic Supplies Depot is responsible for the manufacture, purchase, storage, supply, and inspection of all hygienic supplies.

(j) The Military Depot of Provisions and Forage, with its head office in Tokyo and branches in Osaka and Ujina, is in charge of the preparation and supply of provisions and forage.

(k) The Fortifications Bureau is responsible for the construction, inspection, and maintenance of all defensive structures, besides being required to conduct researches on artillery and military engineering.

(l) The Military Transport Bureau is situated at Ujina and looks after all matters concerning the transportation of troops.

The General Staff It deliberates on military policies, national defence and strategy. It is also required to train and supervise all staff officers. The Staff College and the Land Survey Bureau are under the control of the Chief of the General Staff.

The Land Survey Bureau is responsible for the replenishment of military maps, production of maps

for public use and the training of experts for the Bureau services.

The Department of Military Training It is in charge of all military schools and the training and education of officers and men, as well as the co-ordination and development of military education; aeronautical education of military aviation, however, is entrusted to the Aviation Bureau, and the training of staff officers comes under the General Staff.

The Department consists of the headquarters and sections for cavalry, artillery, engineers and commissariat.

Field Organization

The Division A division generally consists of 2 infantry brigades, 1 cavalry regiment, 1 field artillery regiment, 1 engineer battalion, and 1 commissariat battalion. To some larger divisions, a tank corps, or a mountain artillery regiment, or a heavy field artillery regiment, is attached. While a few others include a full cavalry brigade, a regiment of transport service, a regiment of telegraphists or an anti-aircraft regiment. Eight ammunition columns (4 infantry and 4 artillery), 6 field hospitals, and 1 remount depot accompany each division on service. The number of officers and men in a division is about 10,000 on peace standing and 20,000 on war strength. Divisional commanders hold the rank of Lieutenant-General, brigade commanders that of Major-General.

The Regiment An infantry regiment consists of 8 battalions and a machine-gun corps, and an infantry battalion of 3 companies of 150 men each, and a machine gun section. A company is subdivided into three sections.

A cavalry regiment, of which Japan has 25 at present, consists of 2 or 3 squadrons. Eight of these regiments are organized into four

independent cavalry brigades, while the remaining seventeen are attached one to each of the divisions.

Japan has 30 artillery regiments and 10 battalions, namely 15 regiments (90 batteries) of field artillery, 1 battalion of horse artillery, 4 regiments and 1 battalion (22 batteries) of mountain artillery, and 8 regiments (44 batteries) of heavy field artillery. A field artillery regiment is divided into 3 battalions, and a battalion into 3 companies on war strength. On peace strength a field artillery regiment consists of only 6 batteries each equipped with four guns. In addition there are 3 regiments and 8 battalions (34 batteries) of heavy artillery, which are responsible for the defence of fortified zones.

Units	No. of Complete Regiments	No. of Additional Battalions	Total No. of Companies, Squadrons, Batteries, etc.
Infantry	70		
Cavalry	25	6	730
Field Artillery	15		70
Mountain Artillery	4		90
Horse Artillery		1	99
Heavy Field Artillery	8	1	2
Heavy Artillery	3	8	44
Engineers		(independent)	34
Railway Corps	2	17	48
Telegraph Corps	2		16
Air Force	8		15
Balloon Corps			26
Commissariat		1 (corps)	2
Tank Corps		15	30
Anti-Aircraft Artillery	1	2	2
		1 (corps)	4

This force is divided into 17 divisions and 34 brigades and was stationed in December, 1932 as follows:

Imperial Guard Division	
Divisional headquarters	Tokyo
Headquarters of 1st Infantry Guard Brigade	Tokyo
Guard Regiments 1st and 2nd	Tokyo
Headquarters of 2nd Infantry Guard Brigade	Tokyo
Guard Regiments 3rd and 4th	Tokyo

In peace time 1 regiment and 1 battery (5 batteries in all) of anti-aircraft artillery are maintained.

Air Force Japan's air force is divided into units attached to the Army and Navy respectively. The Army air force consists at present of 11 reconnoitering squadrons, 11 fighting squadrons, 4 bombing companies, and 2 balloon companies, consisting of approximately 800 planes and 6,900 officers and men.

The Peace Strength

A full statistical classification of the peace strength of the Army, 1933, is given below. In addition to the units listed, a force of gendarm-erie 2,220 strong and a medical corps, about 1,500 strong are maintained.

Headquarters of 1st Cavalry Brigade	Narashino
Cavalry Guard Regiment	Tokyo
13th and 14th Cavalry Regiments	Narashino
Headquarters of 4th Heavy Field Artillery Brigade	Tokyo
Artillery Guard Regiment	Tokyo
Heavy Field Artillery Regiment 4th	Shimoshizu
Heavy Field Artillery Regiment 8th	Tokyo
Engineer Guard Battalion; Commissariat Guard Battalion	Tokyo

Railway Regiment 1st	Chiba
Railway Regiment 2nd, Telegraph Regiment 1st	Tokyo
Air Force Regiment 5th	Tachikawa
Balloon Corps	Chiba
1st Division	
Divisional headquarters	Tokyo
Headquarters of 1st Infantry Brigade	Tokyo
Infantry Regiment 1st	Tokyo
Infantry Regiment 49th	Kofu
Headquarters of 2nd Infantry Brigade	Tokyo
Infantry Regiment 3rd	Tokyo
Infantry Regiment 57th	Sakura
Headquarters of 2nd Cavalry Brigade	Narashino
Cavalry Regiment 1st	Tokyo
Cavalry Regiment 15th and 16th	Narashino
Headquarters of Heavy Field Artillery Brigade 3rd	Kohnodai
Field Artillery Regiment 1st	Tokyo
Horse Artillery Battalion	Kohnodai
Heavy Field Artillery Regiments 1st and 7th	Kohnodai
Yokosuka Heavy Artillery Regiment	Yokosuka
Engineer Battalion 1st	Tokyo
Commissariat Battalion 1st	Tokyo
2nd Division	
Divisional headquarters	Sendai
Headquarters of 3rd Infantry Brigade	Sendai
Infantry Regiment 4th	Sendai
Infantry Regiment 29th	Wakamatsu
Headquarters of 15th Infantry Brigade	Takata
Infantry Regiment 16th	Shibata
The 3rd Battalion of this regiment is stationed at Muramatsu.	
Infantry Regiment 30th	Takata
Cavalry Regiment 2nd	Sendai
Field Artillery Regiment 2nd	Sendai
Independent Mountain Artillery Regiment 1st	Takata
Engineer Battalion 2nd	Sendai
Commissariat Battalion 2nd	Sendai
3rd Division	
Divisional headquarters	Nagoya
Headquarters of 5th Infantry Brigade	Nagoya
Infantry Regiment 6th	Nagoya
Infantry Regiment 68th	Gifu
Headquarters of 29th Infantry Brigade	Shizuoka
Infantry Regiment 15th	Toyohashi
Infantry Regiment 34th	Shizuoka
Headquarters of 4th Cavalry Brigade	Toyohashi

Cavalry Regiment 3rd	Nagoya
Cavalry Regiment 25th and 26th	Toyohashi
Headquarters of 1st Heavy Field Artillery Brigade	Mishima
Heavy Field Artillery Regiments 2nd and 3rd.	Mishima
Field Artillery Regiment 3rd	Nagoya
Anti-aircraft Artillery Regiment 1st	Hamamatsu
Engineer Battalion 3rd	Toyohashi
Air Force Regiments 1st and 2nd	Gifu
Air Force Regiment 7th	Hamamatsu
Commissariat Battalion 3rd	Nagoya
4th Division	
Divisional headquarters	Osaka
Headquarters of 7th Infantry Brigade	Osaka
Infantry Regiment 8th	Osaka
Infantry Regiment 70th	Sasayama
Headquarters of 22nd Infantry Brigade	Wakayama
Infantry Regiment 37th	Osaka
Infantry Regiment 61st	Wakayama
Cavalry Regiment	Osaka
Field Artillery Regiment 4th	Shitayama
Miyama Heavy Artillery Regiment Engineers	Miyama
Battalion 4th	Takatsuki
Commissariat Battalion 4th	Osaka
5th Division	
Divisional headquarters	Hiroshima
Headquarters of 9th Infantry Brigade	Hiroshima
Infantry Regiment 11th	Hiroshima
Infantry Regiment 41st	Fukuyama
Headquarters of 21st Infantry Brigade	Yamaguchi
Infantry Regiment 21st	Hamada
Infantry Regiment 42nd	Yamaguchi
Cavalry Regiment 5th	Hiroshima
Field Artillery Regiment 5th	Hiroshima
Engineer Battalion 5th	Hiroshima
Telegraph Regiment 2nd	Hiroshima
Commissariat Battalion 5th	Hiroshima
6th Division	
Divisional Headquarters	Kumamoto
Headquarters of 11th Infantry Brigade	Kumamoto
Infantry Regiment 13th	Kumamoto
Infantry Regiment 47th	Oita
Headquarters of Infantry Brigade 36th	Kagosima
Infantry Regiment 23th	Miyakonojo
Infantry Regiment 45th	Kagosima
Cavalry Regiment 6th	Kumamoto
Field Artillery Regiment 6th	Kumamoto
Engineer Battalion 6th	Kumamoto
Commissariat Battalion 6th	Kumamoto

7th Division	
Divisional headquarters	Asahigawa
Headquarters of 13th Infantry Brigade	Asahigawa
Infantry Regiment 25th	Sapporo
Infantry Regiment 26th	Asahigawa
Headquarters of 14th Infantry Brigade	Asahigawa
Infantry Regiment 27th and 28th	Asahigawa
Cavalry Regiment 7th	Asahigawa
Field Artillery Regiment 7th	Asahigawa
Hakodate Heavy Artillery Battalion	Hakodate
Engineer Battalion 7th	Asahigawa
Commissariat Battalion 7th	Asahigawa
8th Division	
Divisional headquarters	Hirosaki
Headquarters of 4th Infantry Brigade	Hirosaki
Infantry Regiment 5th	Aomori
Infantry Regiment 31st	Hirosaki
Headquarters of 16th Infantry Brigade	Akita
Infantry Regiment 17th	Akita
Infantry Regiment 32th	Yamagata
Headquarters of 3rd Cavalry Brigade	Morioka
Cavalry Regiment 8th	Hirosaki
Cavalry Regiment 23rd and 14th	Morioka
Field Artillery Regiment 8th	Hirosaki
Engineer Battalion 8th	Morioka
Commissariat Battalion	Hirosaki
9th Division	
Divisional headquarters	Kanazawa
Headquarters of 6th Infantry Brigade	Kanazawa
Infantry Regiment 7th	Kanazawa
Infantry Regiment 35th	Toyama
Headquarters of 18th Infantry Brigade	Tsuruga
Infantry Regiment 19th	Tsuruga
Infantry Regiment 56th	Sabayé
Cavalry Regiment 9th	Kanazawa
Mountain Artillery Regiment 9th	Kanazawa
Engineer Battalion 9th	Kanazawa
Commissariat Battalion 9th	Kanazawa
10th Division	
Divisional Headquarters	Himeji
Headquarters of 8th Infantry Brigade	Himeji
Infantry Regiment 39th	Himeji
Infantry Regiment 40th	Tottori
Headquarters of Infantry Brigade 53rd	Okayama
Infantry Regiment 10th	Okayama
Infantry Regiment 63rd	Matsuyé
Cavalry Regiment 10th	Himeji
Field Artillery Regiment 10th	Himeji
Engineer Battalion 10th	Okayama
Commissariat Battalion 10th	Himeji

11th Division	
Divisional headquarters	Zentsuji
Headquarters of 10th Infantry Brigade	Zentsuji
Infantry Regiment 12th	Zentsuji
Infantry Regiment 22nd	Matsuyama
Headquarters of 22nd Infantry Brigade	Tokushima
Infantry Regiment 43rd	Tokushima
Infantry Regiment 44th	Kochi
Cavalry Regiment 11th	Zentsuji
Mountain Artillery Regiment 11th	Zentsuji
Engineer Battalion 11th	Zentsuji
Commissariat Battalion 11th	Zentsuji
12th Division	
Divisional headquarters	Kurumé
Headquarters of 12th Infantry Brigade	Fukuoka
Infantry Regiment 14th	Kokura
Infantry Regiment 24th	Fukuoka
Headquarters of 24th Infantry Brigade	Kurumé
Infantry Regiment 46th	Ohmura
Infantry Regiment 48th	Kurumé
The 3rd Battalion of this regiment is stationed at Saga	
Tank Corps 1	Kurumé
Cavalry Regiment 12	Kurumé
Headquarters of 2nd Heavy Field Artillery Brigade	Kokura
Field Artillery Regiment 24th	Kurumé
Independent Mountain Artillery Regiment 3rd	Kurumé
Heavy Field Artillery Regiment 5th and 6th	Kokura
Shimonoseki Heavy Artillery Regiment	Shimonoseki
Sasebo Heavy Artillery Battalion	Sasebo
Kechi Heavy Artillery Battalion	Kechi
Engineer Battalion 18th	Kurumé
Flying Air Force Regiment 4th	Tachiarai
Commissariat Battalion 18th	Kurumé
14th Division	
Divisional headquarters	Utsunomiya
Headquarters of 27th Infantry Brigade	Utsunomiya
Infantry Regiment 2nd	Mito
Infantry Regiment 59th	Utsunomiya
Headquarters of 28th Infantry Brigade	Takasaki
Infantry Regiment 15	Takasaki
Infantry Regiment 50th	Matsumoto
Cavalry Regiment 18th	Utsunomiya
Field Artillery Regiment 20th	Utsunomiya
Engineer Battalion 14th	Mito
Commissariat Battalion 14th	Utsunomiya

16th Division	
Divisional headquarters	Kyoto
Headquarters of 19th Infantry Brigade	Kyoto
Infantry Regiment 9th	Kyoto
The 3rd Battalion of this regiment is stationed at Ohtsu	
Infantry Regiment 20th	Fukuchiyama
Headquarters of 30th Infantry Brigade	Tsu
Infantry Regiment 33rd	Tsu
Infantry Regiment 38th	Nara
Cavalry Regiment 20th	Kyoto
Field Artillery Regiment 22nd	Kyoto
Maizuru Heavy Artillery Battalion	Maizuru
Engineer Battalion 16th	Kyoto
Air Force Regiment 3rd	Yokkaichi
Commissariat Battalion 16th	Kyoto
19th Division	
Divisional headquarters	Ranan
Headquarters of 37th Infantry Brigade	Kanko
Infantry Regiment 73rd	Ranan
Infantry Regiment 74th	Kanko
Headquarters of 30th Infantry Brigade	Ranan
Infantry Regiment 75th	Kainei
Infantry Regiment 76th	Ranan
Cavalry Regiment 27th	Ranan
Field Artillery Regiment 25th	Ranan
Engineer Battalion 19th	Kainei
20th Division	
Divisional headquarters	Ryuzan
Headquarters of 39th Infantry Brigade	Heijo
Infantry Regiment 77th	Heijo
Infantry Regiment 78th	Ryuzan
Headquarters of 40th Infantry Brigade	Ryuzan
Infantry Regiment 79th	Ryuzan
Infantry Regiment 80th	Taiko
The 3rd Battalion of the regiment is stationed at Taiden.	
Cavalry Regiment 28th	Ryuzan
Field Artillery Regiment 26th	Ryuzan
Anti-aircraft Corps of above regiment	Heijo
Heavy Artillery Battalion of Masan	Masan
Engineer Battalion 20th	Ryuzan
Air Force Regiment 6th	Heijo
The Headquarters of special units are distributed as follows:	
Tokyo Garrison Headquarters	Tokyo
Headquarters of Chosen Army	Keijo
Headquarters of Taiwan Army	Taihoku

Headquarters of Taiwan Garrison	Taihoku
1st Taiwan Infantry Regiment 1	Taihoku
2nd Taiwan Infantry Regiment 2	Taihoku
Taiwan Mountain Artillery Battalion	Taihoku
Kiirun Heavy Artillery Battalion	Kiirun
Mako Heavy Artillery Battalion	Mako
Heito 8th Flight Regiment	Heito
Headquarters of Kwantung Army	Ryojun
Headquarters of Independent Garrison	Koshurei
1st Infantry Battalion Independent Garrison	Koshurei
2nd Infantry Battalion Independent Garrison	Mukden
3rd Infantry Battalion Independent Garrison	Tashihchiao
4th Infantry Battalion Independent Garrison	Lienshan-kwan
5th Infantry Battalion Independent Garrison	Saupinkai
6th Infantry Battalion Independent Garrison	Antung
Ryojun Heavy Artillery Battalion	Ryojun
Headquarters of Japanese Force in China	Tientsin
Japanese Infantry Garrison in Tientsin	Tientsin
Japanese Infantry Garrison in Peking	Peiping

Fortresses

The Army has 17 fortresses at places of strategic importance in different parts of Japan proper and its dependencies. At each of these fortresses, a heavy artillery regiment or battalion is stationed, and in some cases an air force detachment. Their sites and divisional attachments are as follows:

Site	Division
(1) Yokosuka	1st
(2) Chichijima (Bonin Is.)	"
(3) Yura	4th
(4) Amamioshima	6th
(5) Hoyo	"
(6) Tsugaru	7th
(7) Shimonoseki	12th
(8) Tsushima	"
(9) Sasebo	"
(10) Nagasaki	"

Site	Division
(11) Iki	12th
(12) Maizuru	16th
(13) Chinkaiwan	Chosen Army
(14) Eikowan	"
(15) Kiirun	Taiwan Army
(16) Bokoto	"
(17) Ryojun (Port Arthur)	Kwantung Army

Equipment

Field Artillery The 1905 type cannons of 7.5 centimetre calibre in use by the field artillery are believed to have a range of more than 14,000 metres with a maximum firing capacity of 16 times a minute and an average of about eight times a minute.

The Infantry The infantry is armed with infantry cannon having a range of about 2,000 metres, indirect firing howitzer with a range of about 1,500 metres, bomb throwing tubes, short distance cannon, heavy and light machine-guns with a firing capacity of 700 to 1,000 and 120 to 400 times a minute respectively.

Flying Machines The number of flying machines attached to the Army is not exactly known. But, according to an official report it has 584 machines in use, 253 in reserve, while about 300 are under construction. The fighting planes now largely in use are of the A-4 type. As the planes of this type are rather out of date now, their speed being less than 300 kilometres an hour, they will gradually be replaced by fighting planes of nine-one and nine-two types, which are said to be as powerful as any in use by other aerial forces of the Powers. The army light bombers, of the 87 and 88 types, are slightly out of date. The heavy bombers, however, are believed to be as powerful as the best bombers of

the world. Two of these are of 3,400 h.p. and are entirely home made. Besides, there are more than fifty planes of several types contributed to the Army by the Japanese people since the beginning of the Sino-Japanese conflicts in Manchuria and Shanghai.

Arms Depot The Arms Depot has its headquarters in Tokyo, and branches at Tokyo, Chiba, Nagoya, Osaka, Hiroshima and Kokura. It conducts the purchase, storing, maintenance, repairs, distribution, replacement, etc. of arms and ordnance, mounting of guns and similar work. Military arsenals are established at Tokyo, Osaka, Nagoya and Oji (Tokyo City). They undertake the designing, planning, and manufacture of arms, ordnance, munitions of war and powder. They also undertake the manufacture of powder and arms for the Navy and the general public at their request. Besides there are ordnance manufactories at Tokyo, Osaka, Nagoya, Kokura and Heijo (Chosen).

Cannons of 10 cm. calibre have a range of about 20 km., and those of 24 cm. a range of about 50 km. As the angle of elevation reaches to 43°-73° and that of depression to 5°-10°, and the change of direction extends as wide as 40°-50°. The angle of elevation in case of the high-angle gun reaches as high as 85°-115° while it can revolve to all directions. As to the increase of speed, machine-guns can fire 1,000 shots a minute.

The study on gun-powder, bullets and shells is constantly going on and the Imperial armies are supplied with new discharge-powder, explosives and detonators.

OCCUPATION OF SENIOR COMMANDS

(August 1, 1934)

Name and Rank	Command
Lieut.-General Giichi Nishi	Tokyo Garrison
Lieut.-General Prince Asaka	Guard Division
Major-General Tomosuké Takata	1st Guard Infantry Brigade
Major-General Viscount Rikutaro Oshima	2nd " " "
Major-General Shigeru Nakayama	1st Cavalry Brigade
Major-General Hayao Tada	4th Heavy Field Artillery Brigade
Lieut.-General Heisuké Yanagawa	1st Division
Major-General Waichiro Sonobé	1st Infantry Brigade
Major-General Marquis Toshitamé Maeda	2nd " " "
Major-General Heijuro Kasai	2nd Cavalry Brigade
Major-General Koji Hayashi	3rd Heavy Field Artillery Brigade
Lieut.-General Shinji Hata	2nd Division
Major-General Viscount Giichi Tani	3rd Infantry Brigade
Major-General Toshio Miyaké	15th " " "
Lieut.-General Zentarô Wakayama	3rd Division
Major-General Manzo Suyama	5th Infantry Brigade
Major-General Toji Yasui	29th " " "
Major-General Seisuké Ogawa	4th Cavalry Brigade
Major-General Shigeru Hirayama	1st Heavy Field Artillery Brigade
Lieut.-General Prince Higashikuni	4th Division
Major-General Hyojiro Hattori	7th Infantry Brigade
Major-General Yasusuké Shiji	32nd " " "
Lieut.-General Kuniaki Koiso	5th Division
Major-General Ryuhei Ogisu	9th Infantry Brigade
Major-General Yoshio Wakamatsu	21st " " "
Lieut.-General Kobei Kashii	6th Division
Major-General Kuniso Matsuda	11th Infantry Brigade
Major-General Ryosuké Yoshizumi	36th " " "
Lieut.-General Miyotaro Sugihara	7th Division
Major-General Jippu Tani	13th Infantry Brigade
Major-General Tsunesaburo Ida	14th " " "
Lieut.-General Kotaro Nakamura	8th Division
Major-General Shozaburo Iino	4th Infantry Brigade
Major-General Sunao Kawahara	10th " " "
Major-General Masanobu Kamata	3rd Cavalry Brigade
Lieut.-General Toyozo Toyama	9th Division
Major-General Kyozo Komiyama	6th Infantry Brigade
Major-General Shozo Motokawa	18th " " "
Lieut.-General Yoshitsugu Tatekawa	10th Division
Major-General Hakaru Yano	8th Infantry Brigade
Major-General Rgojo Ueno	33rd " " "
Lieut.-General Motoo Furusho	11th Division
Major-General Kakutaro Kobayashi	10th Infantry Brigade
Major-General Otokichi Nakamura	22nd " " "
Lieut.-General Kazuo Ohtani	12th Division
Major-General Satoru Yoshimura	12th Infantry Brigade
Major-General Hideki Tojo	24th " " "
Major-General Takamasa Izeki	2nd Heavy Field Artillery Brigade
Lieut.-General Shuuroku Hata	14th Division
Major-General Tatsuroku Nakamura	27th Infantry Brigade
Major-General Teizo Hiraga	28th " " "
Lieut.-General Atsushi Kaba	16th Division
Major-General Masakazu Matsumura	19th Infantry Brigade
Major-General Tameichiro Takahashi	30th " " "
Lieut.-General Sadao Ushijima	19th Division
Major-General Sotojiro Tokuno	37th Infantry Brigade
Major-General Masakichi Itami	38th " " "

Name and Rank	Command
Lieut.-General Nobutaro Umezaki	20th Division
Major-General Shohei Washizu	39th Infantry Brigade
Major-General Shosaku Nagaya	40th " " "

OVERSEAS COMMANDS

Name and Rank	Command
Lieut.-General Kenkichi Ueda	Chosen Army
Lieut.-General Count Juichi Terauchi	Taiwan Army
Lieut.-General Kesao Fukuda	Taiwan Garrison
General Takashi Hishikari	Kwantung Army
Lieut.-General Yoshiji Umezu	Japanese Garrison in China

FORTRESS COMMANDS

Name and Rank	Command
Lieut.-General Toshio Tani	Tokyo Bay
Lieut.-General Yoshishigé Shimizu	Yura
Lieut.-General Iwao Kagamiyama	Ryojun
Lieut.-General Kumaya Shimomoto	Shimonoseki
Major-General Shozo Shima	Sasebo
Major-General Yoshioki Jojima	Hoyo
Major-General Kwanichi Nakajima	Kiirun
Major-General Yasuhiko Takaya	Bokoto
Major-General Kanji Takahashi	Tsushima
Major-General Heishiro Shiba	Chinkai Bay
Major-General Monya Kikuchi	Maizuru
Major-General Masashi Asukai	Tsugaru
Colonel Seitaro Akiyama	Nagasaki
Colonel Wakichiro Fukushima	Iki
Colonel Kazuyoshi Yokohama	Elko Bay
Colonel Suekichi Fujii	Chichijima
Colonel Zoji Ryu	Amamioshima

MILITARY ATTACHÉS TO JAPANESE EMBASSIES AND LEGATIONS

Name and Rank	Post
Lieut.-Colonel Masao Maruyama	Embassy in London
Lieut.-Colonel Raishiro Sumita	" Paris
Colonel Hiroshi Oshima	" Berlin
Lieut.-Colonel Takazo Numata	" Rome
Lieut.-Colonel Hikosaburo Hata	" Moscow
Major Wataro Yoshinaka	" Angora
Colonel Kenji Matsumoto	" Washington
Lieut.-Colonel Tautomu Ouchi	Legation in Riga
Major-General Masataka Yamawaki	" Warsaw
Lieut.-General Yoshiyuki Suzuki	" Peiping
Major Ichiro Suganami	" Ottawa
Colonel Shunjiro Takeuchi	" Mexico City
Major Saichi Terada	Office of Legation in Helsingfors

Promotion and Age Limit

Army officers in service are promoted to higher ranks by selection in accordance with the following rules in time of peace, the time limit being reduced by one-half in war time:

One year from Sub-Lieutenant to Lieutenant, 2 years from Lieutenant

to Captain, 4 years to Major, 2 years to Lieutenant-Colonel, 2 years to Colonel, 2 years to Major-General, 3 years to Lieutenant-General. Promotion to full General and then to Marshal is subject only to the Emperor's will.

The age limit for officers on the active list varies according to rank as follows:

General	65
Lieutenant-General	62
Major-General	58
Colonel	55
Lieutenant-Colonel	53
Major	50
Captain	48
Lieutenant and Sub-Lieutenant	45

There is no age limit for Marshals.

Name	Place
Artillery and Engineering School	Tokyo
Infantry School	Chiba prefecture
Cavalry School	" "
Field Artillery School	" "
Heavy Field Artillery School	Kanagawa prefecture
Engineers' School	Chiba "
Signallers' School	Tokyo "
Mechanical Transport School	" "
Narashino Military School	Chiba "
Toiyama School	Tokyo city
Military Academy	" "
Military Preparatory School	" "
4 Non-Commissioned Officers' Schools	Tokyo, Sendai, Toyohashi, Kumamoto

Toiyama School teaches fencing, gymnastics and military music to both officers and men.

(2) The Staff College (Tokyo City) under the direct control of the General Staff.

(3) Those under the control of various bureaux of the Ministry of War, of which a full list is given below.

Name	Place
Tokorozawa Flying School	Saitama prefecture
Akeno Flying School	Miyé "
Hamamatsu Flying School	Shizuoka "
Shimoshizu Flying School	Chiba "
Engineering School	Tokyo City
Intendance School	" "
Army Medical School	Tokyo City
Army Veterinary School	" "
Gendarmerie Training School	" "

The Flying School at Tokorozawa is to give necessary training to military fliers as to how to handle and repair a plane and its engine, besides a knowledge of the materials of which planes and engines are constructed. This school is opened to civilian students. The Flying

Army Education

Schools providing instruction in military affairs are of three categories as follows:

(1) Those under the authority of the Department of Military Education, of which a full list is given below:

Name	Place
Artillery and Engineering School	Tokyo
Infantry School	Chiba prefecture
Cavalry School	" "
Field Artillery School	" "
Heavy Field Artillery School	Kanagawa prefecture
Engineers' School	Chiba "
Signallers' School	Tokyo "
Mechanical Transport School	" "
Narashino Military School	Chiba "
Toiyama School	Tokyo city
Military Academy	" "
Military Preparatory School	" "
4 Non-Commissioned Officers' Schools	Tokyo, Sendai, Toyohashi, Kumamoto

School at Shimoshizu is to teach aerial photography, aerial communications and reconnoitering. The Akeno Flying School gives courses to army pilots on the aerial warfare, handling of machine-guns on a plane and also on the construction of aerial weapons.

To raise the level of educational capacity and general efficiency among officers, certain special courses and facilities are arranged. Graduates from universities in science or engineering are now entitled to the position of engineer of artillery lieutenants after six months' cadetship, while those from the medical and agricultural colleges are qualified to become surgeon and veterinary lieutenants respectively after three months' cadetship. Non-commissioned officers of ability may be promoted to the rank of lieutenant in virtue of a system adopted in 1930, after a short period of special training. Posts still higher, even to the supreme Marshalship, are open to non-commissioned officers of exceptional ability.

The Navy

Outline History As a result of the policy of seclusion strictly followed by the Shogunate Government of the Tokugawas, Japan was without anything worthy of the name of a navy, when Commodore Perry's fleet entered Uraga Bay in the 6th year of Kaei (1853) with a view to inducing the Shogun's Government to open Japanese ports to the world. By the 4th year of Ansei (1857), however, Japan was in possession of a few warships given her by Holland and England. They formed the first squadron of the Western type that the nation ever had. By the efforts of the Meiji Government, this squadron developed into an efficient fleet of 28 fighting craft and 24 torpedo-boats, with a total tonnage of over 50,000 tons by 1894, when Japan declared war on China. After the Sino-Japanese War, Japan's navy grew very rapidly and in 1902, just before the outbreak of Russo-Japanese War, was in possession of 78 ships with a total tonnage of 256,816 tons.

The Naval Policy Japan's naval policy was, and is, to maintain a fleet powerful enough to defend the country against any naval force which could be dispatched to the western Pacific by any naval Power of the world. This policy was embodied first in the expansion plan adopted in 1907, including the construction of 8 battleships, 8 battle-cruisers, 21 light cruisers, 64 destroyers, and 32 submarines. As a preliminary to carrying out the plan, it was decided to build 8 battleships, 4 battle-cruisers, 11 light cruisers and a number of destroyers and submarines at a total expenditure of ¥254,000,000. In 1916, the Diet passed the programme to be carried out in the seven years ending 1923. In 1917,

the programme was enlarged by a project covering the construction of 2 more battle-cruisers and a number of auxiliary ships in the six years ending 1923. In 1919, this programme was enlarged by a new project covering the construction of 8 capital ships and 85 auxiliary ships at a total expenditure of ¥750,000,000 to be appropriated in the eight years ending 1927. Thus, in 1921, Japan's naval expenditure amounted to about ¥500,000,000 or over one-third of the total amount of the budget.

The 1919 Programme The number and kind of ships to be constructed by the 1919 plan were 8 battleships armed with 16-inch guns (Nagato, Mutsu, Tosa, Kaga, etc.) and 8 battle-cruisers (Amagi, Akagi, etc., etc.), 26 light cruisers, 94 destroyers, and 93 submarines. As a result of the Washington Conference, the construction of these ships was abandoned, the Mutsu and the Nagato being retained on the list, while the Akagi and the Amagi were retained for conversion into plane carriers. (The great earthquake of 1923 made the Amagi unfit for service, and she was replaced by the Kaga).

After the Conference every effort was made to build up a powerful fleet of auxiliary ships to compensate for the deficiency in capital ships, of which Japan was allowed only 9 as against the 15 each of America and Britain. This effort resulted in the establishment of a well balanced fleet of auxiliary ships. The Naval Treaty signed in London in 1930, however, again gave Japan a low ratio in the number and tonnage of eight-inch gun cruisers, and allowed her only 52,700 tons of submarines, in spite of her demand for

a minimum of 78,000 tons. This made it necessary further to reinforce the auxiliary fleet.

The 1931 Plan In 1931, the First Naval Replenishment Plan was referred to the Diet which passed it almost unanimously. The plan covers the construction of 4 light cruisers of 8,500 tons each, 12 first class destroyers of 1,400 tons each, 9 first class submarines, 1 large mine-layer, 3 smaller mine-layers, 4 torpedo-boats, and 6 mine-sweepers, at a total expenditure of ¥247,080,000 to be appropriated in the 6 years.

The 1932 Plan The replenishment plan is accompanied by two other plans, the first of which covers the establishment of 12 naval flying corps on land and an aeronautic arsenal, the improvement and reinforcement of planes carried on plane-carriers and other ships, and the improvement of arms to be mounted on naval planes. The total expenditure for this, amounting to ¥81,970,000, is to be voted by 1936. On its completion, the plan is to be followed by another expansion plan covering the establishment of 2 more flying corps on land at a total expenditure of ¥50,000,000. The second plan supplementary to the 1931 Replenishment Plan covers a total expenditure of ¥44,950,000 to be appropriated for the modernization of capital and auxiliary ships, plane-carriers, submarines, and the replacement of guns, etc. When these replenishment programmes are completed, Japan will have 12 Treaty cruisers, 23 light cruisers, 4

plane-carriers, 4 submarine tenders, 6 mine-layers, 8 coast defence ships, 13 gun-boats, 79 first class destroyers, 34 second class destroyers, 33 first class submarines, 38 second class submarines, 4 torpedo-boats, 14 mine-sweepers, 3 training-ships, 1 target ship, 2 surveying ships, 17 transports, and 1 ice-breaker.

The naval authorities referred a second naval replenishment plan to the Ministry of Finance for study on October 31, 1932. The plan calls for a total expenditure of ¥460,000,000 covering the construction of one plane-carrier of 8,000 tons, two 8,500 ton cruisers with 6-inch guns, 7 first class destroyers of 1,400 tons each, six submarines, one mine-layer of 5,000 tons type, a number of torpedo-boats and mine-sweepers, and the establishment of 5 flying corps on land, all for completion in the 4 years ending 1936.

Definite information as to the equipment of the 8,500 ton cruisers mentioned above is still kept secret, but according to the Tokyo Nichi-Nichi, they are to be armed with 15 six-inch guns, mounted in 5 turrets, and a deck for aeroplanes, of which they are to carry 39 each. The cost per ton under the 2nd replenishment plan is estimated at ¥2,922 for cruisers, ¥3,902 for destroyers, ¥4,460 for submarines, and ¥2,000 for mine-layers.

Naval Expenditures

The naval expenditure from 1893-94 down to 1934-35 have been as follows:

Year	Running Expenses	Extraordinary Expenses	Total
1893-94 (Just before Sino-Japanese War)	¥ 5,141,000	¥ 2,960,000	¥ 8,101,000
1896-97 (Just after Sino-Japanese War)	7,351,000	12,555,000	20,006,000
1903-04 (Just before Russo-Japanese War)	21,530,000	14,585,000	36,115,000
1906-07 (Just after Russo-Japanese War)	27,991,000	32,885,000	61,876,000
1912-13	41,534,000	53,952,000	95,486,000
1917-18	48,328,000	113,906,000	162,234,000
1925-26	122,242,000	106,761,000	229,003,000
1926-27	127,428,000	109,879,000	237,307,000

Year	Running Expenses	Extraordinary Expenses	Total
1927-28	¥136,545,000	¥136,992,000	¥273,537,000
1928-29	143,026,000	125,106,000	268,132,000
1929-30	147,648,000	120,016,000	267,664,000
1930-31	146,888,000	95,147,000	242,035,000
1931-32	138,914,000	88,215,000	227,129,000
1932-33 (working budget)	140,740,000	172,069,000	312,809,000
1933-34 (budget)	178,822,000	224,949,000	403,771,000
1934-35 ..	199,337,475	288,534,188	487,871,663

Navy Budget for 1934-1935

ORDINARY EXPENDITURES

(In yen)

I Department proper	
Salaries	317,935
Office expenses	167,640
Total	485,575
II Military expenses	
Salaries	48,582,780
Buildings and repairs	762,629
Miscellaneous expenses	4,376,464
Clothes and food	21,899,418
Construction and repairs of ships	74,960,278
Manoeuvres	391,469
Medical treatments	937,483
Naval stations and ports	1,000,035
Construction of warships	40,978,949
Waterways	527,786
Educational expenditures	1,348,888
Aids to seamen's families	895,621
Grants to the mutual aid society	2,088,503
Detention	11,037
Secret services	63,300
Total	198,313,669
III Miscellaneous expenditures	538,240
Sum total	199,337,475

EXTRAORDINARY EXPENDITURES

(In yen)

I Construction of auxiliary ships	121,419,160
II Equipments in ports, schools, hospitals and factories	20,127,946
III Equipments of air forces	33,649,187
IV Equipments of warships	60,341,268
V Armaments	27,635,887
VI Buildings and repairs	754,111
VII Entrusted repairs	720,129
VIII Drawings and books on vessels	82,229
IX Technical and chemical studies	1,202,000
X Temporary grants	67,540
XI Allotment of the International Waterway Bureau	6,968
XII Repairs in the quake-stricken districts	1,587,624
XIII Dispatch of ships to the north waters	100,000

XIV Expenses connected with the Manchurian Incident	11,637,625
XV Manoeuvres	6,270,000
XVI Drawing weather charts, etc.	100,000
XVII Special increase of salaries	650,994
XVIII Rewards in connection with the Manchurian Incident	1,606,610
XIX Educational armaments	500,000
XX Investigation on pensions for the wounded	11,370
XXI Aid for the Red Cross international meeting	50,000
XXII Books	14,030
Total	288,534,188
Ordinary expenditures	¥199,337,475
Extraordinary expenditures	288,534,188
Total	487,871,663

Administrative Organization

Warships and other vessels organized into fleet and squadrons actually represent what is called the Japanese Navy, and all the organs under the jurisdiction of the Ministry of Marine are intended for the construction, maintenance, control and successful utilization of these vessels. Each naval station and fleet is placed in the charge of a Commander-in-chief, who is responsible for the discipline and education of his men.

The Minister The Minister of Marine is in charge of the administration of the Navy, while the Chief of the Naval Staff is directly responsible to the Emperor for operation, mobilization and intelligence. The administrative departments under the supervision of the Minister of Marine are the following:

(1) Naval Affairs Bureau (2) Personal Affairs Bureau (3) Education Bureau (4) Medical Bureau (5) Pay-

masters' Bureau (6) Court Martial Bureau.

The Minister of Marine is responsible for all centrally controlled naval education, for there is no organ in the Navy corresponding to the Department of Military Education.

The schools under the supervision of the Minister are:

(1) The Naval Staff College (Tokyo). This school is intended for the training of advanced students selected from among naval officers.

(2) Naval Academy (or Naval Cadets' College) (Etajima). This school is intended for the education of intending naval officers. Warrant officers are also educated here before they are promoted to the rank of special service officer.

(3) Naval Engineering College (Maizuru). This school is intended for the education of intending engineering officers. Warrant engineering officers are received under the same conditions as at the Naval Academy.

(4) Naval Medical College. This school is to train surgeons and pharmacists and to conduct research in the field of surgery, medicine and naval sanitation. Warrant medical officers are educated here before they are qualified for the rank of special service naval surgeon.

(5) Naval Paymasters' College. This trains naval officers aspiring after the position of a naval intendant officer. Warrant naval intendants are required to study here before they are qualified for the rank of special service naval intendant officer.

Under the Commander-in-Chief The following schools are under the direct supervision of the Commanders-in-Chief of the Naval Stations.

(1) Gunnery School (Yokosuka). Officers, special service officers, warrant officers and seamen of special ratings are admitted.

(2) Torpedo School (Yokosuka). Officers, warrant officers and seamen specially selected are admitted.

(3) Submarine School (Kuré). Officers, warrant officers and seamen specially selected are trained here for submarine warfare. Researches on submarine construction and operation are also conducted.

(4) Engineering School. This school is for the training of warrant officers and seamen aspiring to the rank of engineering officer, or special service engineering officer, or shipwright.

(5) Communications School. This school is open to officers, warrant officers, and other ratings. Researches in the science of naval communication are also conducted.

(6) Training Ships. Officers, warrant officers and other ratings are given training in navigation on these ships.

Active Service Organization

The Three Districts The coasts of Japan and the seas surrounding the country are divided into three Naval Districts, and these districts are placed in the charge of naval stations as follows:

1st Naval District, consisting of the coasts of Aomori, Iwaté, Miyagi, Fukushima, Ibaraki, Chiba, Tokyo, Kanagawa, Shizuoka, Aichi, Miyé, Hokkaido and Karafuto, and the adjacent seas, is in the charge of the Yokosuka Naval Station.

2nd Naval District, consisting of the coasts of Wakayama, Osaka, Hyogo, Okayama, Hiroshima, Yamaguchi, Shimané, Tottori, Kyoto, Fukui, Ishikawa, Toyama, Niigata, Yamagata, Akita, Tokushima, Kochi, Ehimé, Kagawa, Oita, Miyazaki, and the eastern part of Fukuoka prefecture, and the adjacent seas, is in the charge of the Kuré Naval Station.

3rd Naval District, consisting of

the coasts of the remainder of Fukuoka prefecture, Saga, Nagasaki, Kumamoto, Kagoshima, Okinawa, Taiwan and Chosen and the adjacent seas, is in the charge of the Sasebo Naval Station.

The coasts and adjacent seas of the South Sea Islands, now under mandate to Japan, are in the charge of the Yokohama Naval Station. There are also auxiliary naval stations at Maizuru in Kyoto prefecture, Ohminato in Aomori prefecture, Chinkai in Chosen and Mako in the Boko Islands (Pescadores).

The naval districts have each a marine division, which is responsible for the defence of the naval port where it is posted, besides being required to protect the neighbouring district from attack. In addition to the marine division, each naval station or auxiliary naval station has a defence corps, which is responsible for the defence of the neighbouring seas. Where there is no marine division, the defence corps is required to take care of the port where it is stationed and to protect the neighbouring district from attack. The naval ports and auxiliary naval ports have respectively one or more air force detachments, which are required to protect the port and neighbouring district from naval and aerial raids.

Naval Office in Manchoutikuo

Japan's recognition of Manchoukuo and provisions of the Japan-Manchoukuo Protocol might have necessitated military and naval actions in that country on the part of Japan and to meet the possible emergency the Marine Department of Japan issued a law in March, 1933, for the establishment of the Imperial Naval Office in Manchoukuo to be located in Hsinking.

The Office takes charge of the watch and protection of the rivers

and the coast lines of Manchoutikuo. The commander is directly under the Emperor, and as to the administration he acts in accordance with the order of the Minister of Marine of Japan. At present a provisional Naval Defence Brigade is quartered at Harbin and is guarding the banks of the Sungari.

Port Arthur Naval Station The Imperial Naval Station at Port Arthur was abolished in November, 1922, according to the Naval disarmament programme. But the newly created situation in Manchuria made it a matter of necessity to revive it and it was re-established in April, 1933. The station is under a special regulations independent of other Naval stations in home land. It has a specific duties in the Kwantung Leased Territory and is engaged in the protection of the coasts of Kwantung Province, Manchoutikuo and the North China above the Yangtze.

The Standing Fleets

The standing fleets as reorganized on December 1, 1932, are as follows:

1st Fleet

1st Battle Squadron—Kongo, Haruna, Hyuga and Mutou.

2nd Battle Squadron—Unorganized.

3rd Battle Squadron—Abukuma, Yura and Natori.

1st Torpedo Battle Squadron—Yubari, 22nd, 23rd and 30th destroyer flotillas.

1st Submarine Battle Squadron—Jingei, 28th and 30th submarine flotillas.

2nd Fleet

4th Battle Squadron—Takao, Atago, Maya and Chokai.

5th Battle Squadron—Kinukasa, Kako and Aoba.

2nd Torpedo Battle Squadron—Jintsu, 7th, 8th, 11th and 12th destroyer flotillas.

2nd Submarine Battle Squadron—Kuma, 18th, and 19th submarine flotillas.

1st Naval Air Force Squadron—Kaga, Hoshio, and 2nd destroyer flotillas.

Squadron of Special Service Ships belonging to the Combined Fleet: Mamiya, Naruto, Tsurumi and Notoro.

1st Squadron Abroad: Tsushima, Ataka, Uji, Sumida, Fushimi, Toba, Setsu, Katada, Hira, Hozu, Atami, Futami, 24th destroyer flotilla, and Urakazé.

2nd Squadron Abroad: Hirato and 16th destroyer flotilla.

Training Squadron: Yakumo and Iwaté.

3rd Fleet

(Temporary organization) Izumo, Tenryu, 27th destroyer flotilla and all ships of the 1st Squadron Abroad as stated above.

The Naval Air Force

The Naval Air Force of Japan consists of:

(1) 7 aeroplane corps and 1 airship corps at Kasumigaura, 2-½ aeroplane corps at Yokosuka, 3 aeroplane corps at Tateyama, 1-½ aeroplane corps at Sasebo, 2 corps at Omura and ½ corps at Kuré, the number of planes belonging to these air corps being 472 in all, inclusive of those under construction; and (2) the aircraft-carriers proper, Kaga, Akagi, Hosho, Noto, Ryujō (under construction) and several other ships, the number of planes carried, including those under construction being 392. Flying officers and men number about 9,800.

The Personnel

The personnel of the naval service, including the air force, for the three years ending 1932 was as follows:

	Active Service	Reserve (1st & 2nd)	Total
1930	82,288	51,592	133,880
1931	81,299	53,355	134,654
1932	86,849	52,839	139,688

Classified according to ranks, those on the active list were as follows in February, 1932:

Admirals to Rear-Admirals and ranking officers	119
Captains to Lieut.-Commanders and ranking officers	2,082
Lieutenants to 2nd Sub-Lieutenants and ranking officers	2,602
Midshipmen	336
Special service officers	1,355

Warrant officers	1,738
Cadets at school	544
Petty officers and men	80,250
Total	82,532

Equipment Each naval station is equipped with a shipbuilding yard, and one or more dry docks for accommodating warships. The Yokosuka and Kuré arsenals are capable of taking in superdreadnoughts of over 40,000 tons, but those of Sasebo and Maizuru are only fit for building cruisers and smaller ships. There are a number of up-to-date private establishments, such as the Mitsubishi shipyard at Nagasaki, Kawasaki shipyard at Kobé, Fujinagata shipyard at Osaka, and Ishikawajima shipyard at Tokyo. Of these the Mitsubishi and Kawasaki shipyards are capable of building superdreadnoughts.

Warship Building

The first warship built in Japan was the Seiki (870 tons) launched at Yokosuka in 1875. She played an important part in the civil war of 1877. The Hashidaté (4,228 tons), launched just before the Sino-Japanese War of 1894-5, remained the largest warship built at home until 1903. Soon after the Russo-Japanese War, Japan succeeded in building the battle-cruisers Tsukuba (13,800 tons), Ikoma, and Kurama (14,600 tons each), the battleships Satsuma (19,300 tons), Aki (19,250 tons), Kawachi and Settsu (20,800 tons each). The two last named were the first dreadnoughts planned and constructed at home and marked a new stage in the progress of naval architecture in Japan.

The Kawachi and Tsukuba sank about 15 years ago as a result of an explosion of their magazines, the former at Tokuyama and the latter at Yokosuka, while the Satsuma and Aki were removed from the list and sunk in target practice. The Settsu

has been converted into a target ship of 16,130 tons and is still in service.

Independent of Foreign Material Up to recent years, Japan was dependent on foreign countries as regards war material, but is now almost independent in this connection. She has ample supplies of coal, iron, copper and zinc as long as she controls the mines in Manchuria. The supply of crude oil is still insufficient, but the rapid progress in the oil-shale industry of Manchuria, and the remarkable development of the oil industry in North Saghalien, Formosa, etc., show that the empire will shortly be self-sufficing in this respect also. The Imperial Iron Works at Yawata (Kyushu) has an annual output of about 200,000 tons armour plates, rails, etc., while the Muroran Steel Works of Hokkaido is turning out an ample quantity of steel for use by the Army and Navy. In the chemical industry also, Japan is now almost independent and prepared for any form of chemical warfare. In the Russo-Japanese War, the 6 battleships and 6 armoured cruisers of the Japanese fleet were all built in England, and the officers and men

could fire no guns without optical implements made in foreign countries. The Navy of today is independent in every sense of the word.

List of Ships

The Navy consisted on September 30, 1933 of the following ships, classified by types with the total tonnage in each:

Type	Number	Tonnage
Battleships	9	272,070
Training Battleship	1	19,500
1st Class Cruisers	12	107,800
2nd Class Cruisers	21	90,255
Aircraft Carriers	4	68,370
Submarine Tenders	5	21,015
Mine Layers	5	15,230
Coast Defence Vessels	8	62,530
Gun Boats	13	5,300
1st Class Destroyers	73	96,561
2nd Class Destroyers	32	24,930
1st Class Submarines	31	41,657
2nd Class Submarines	34	27,497
Torpedo Boats	4	—
Mine Sweepers	14	8,274
Special Service Ships	23	259,857
Total	289	1,120,846

(Tonnage of ships under construction is not included.)

The full individual list of warships at the same date was:

BATTLESHIPS

Name	Displacement (ton)	When completed	Nominal speed (knot)	Main armaments (centimetre)	High angle guns (centimetre)	Torpedo tubes
Kongo	29,330	1913	26.0	36(8) 15(16)	12.7(8)	4
Kirishima	29,330	1915	26.0	36(8) 15(16)	12.7(8)	4
Haruna	29,330	1915	26.0	36(8) 15(16)	12.7(8)	4
Fuso	29,330	1915	22.5	36(12) 15(16)	12.7(8)	2
Yamashiro	29,330	1917	22.5	36(12) 15(16)	12.7(8)	2
Isé	29,990	1917	23.0	36(12) 14(18)	12.7(8)	4
Hyuga	29,990	1918	23.0	36(12) 14(18)	12.7(8)	4
Nagato	32,720	1920	23.0	40(8) 14(20)	12.7(8)	6
Mutsu	32,720	1921	23.0	40(8) 14(20)	12.7(8)	6
Total 9	272,070 tons					

TRAINING BATTLESHIP

Hiei	19,500	1914	18.0	36(6) 15(16)	12.7(4)	—
------	--------	------	------	--------------	---------	---

Name	Displacement (ton)	When completed	Nominal speed (knot)	Main armaments (centimetre)	High angle guns (centimetre)	Torpedo tubes
Hokazé	1,215	1921	34.0	12(4)	—	6
Nokazé	1,215	1922	34.0	12(4)	—	6
Namikazé	1,215	1922	34.0	12(4)	—	6
Numakazé	1,215	1922	34.0	12(4)	—	6
Kamikazé	1,270	1922	34.0	12(4)	—	6
Asakazé	1,270	1923	34.0	12(4)	—	6
Harukazé	1,270	1923	34.0	12(4)	—	6
Matsukazé	1,270	1924	34.0	12(4)	—	6
Hatakazé	1,270	1924	34.0	12(4)	—	6
Okkazé	1,270	1925	34.0	12(4)	—	6
Hayaté	1,270	1925	34.0	12(4)	—	6
Asanagi	1,270	1924	34.0	12(4)	—	6
Yunagi	1,270	1925	34.0	12(4)	—	6
Muzuki	1,315	1926	34.0	12(4)	—	6
Kisaragi	1,315	1925	34.0	12(4)	—	6
Yayoi	1,315	1926	34.0	12(4)	—	6
Uzuki	1,315	1926	34.0	12(4)	—	6
Satsuki	1,315	1925	34.0	12(4)	—	6
Minazuki	1,315	1927	34.0	12(4)	—	6
Fumizuki	1,315	1926	34.0	12(4)	—	6
Nagatsuki	1,315	1927	34.0	12(4)	—	6
Kikuzuki	1,315	1926	34.0	12(4)	—	6
Mikazuki	1,315	1927	34.0	12(4)	—	6
Mochizuki	1,315	1927	34.0	12(4)	—	6
Yuzuki	1,315	1927	34.0	12(4)	—	6
Fubuki	1,700	1928	34.0	12.7(6)	—	9
Shirayuki	1,700	1928	34.0	12.7(6)	—	9
Hatsuyuki	1,700	1928	34.0	12.7(6)	—	9
Miyuki	1,700	1929	34.0	12.7(6)	—	9
Murakumo	1,700	1929	34.0	12.7(6)	—	9
Shinonomé	1,700	1928	34.0	12.7(6)	—	9
Usugumo	1,700	1928	34.0	12.7(6)	—	9
Shirakumo	1,700	1928	34.0	12.7(6)	—	9
Isonami	1,700	1928	34.0	12.7(6)	—	9
Uranami	1,700	1929	34.0	12.7(6)	—	9
Ayanami	1,700	1930	34.0	12.7(6)	—	9
Shikinami	1,700	1929	34.0	12.7(6)	—	9
Asagiri	1,700	1930	34.0	12.7(6)	—	9
Yugiri	1,700	1930	34.0	12.7(6)	—	9
Amagiri	1,700	1930	34.0	12.7(6)	—	9
Sagiri	1,700	1931	34.0	12.7(6)	—	9
Oboro	1,700	1931	34.0	12.7(6)	—	9
Akebono	1,700	1931	34.0	12.7(6)	—	9
Sazanami	1,700	1932	34.0	12.7(6)	—	9
Ushio	1,700	1931	34.0	12.7(6)	—	9
Akatsuki	1,700	1932	34.0	12.7(6)	—	9
Hibiki	1,700	1933	34.0	12.7(6)	—	9
Ikazuchi	1,700	1932	34.0	12.7(6)	—	9
Inazuma	1,700	1932	34.0	12.7(6)	—	9
Hatsuharu	1,368	1933	34.0	12.7(5)	—	9
Nenohi	1,368	1933	34.0	12.7(5)	—	9
Wakana	1,378	under construction	34.0	12.7(5)	—	9
Hatsushimo	1,378	"	34.0	12.7(5)	—	9
Ariaké		"				
Yugure		"				
Total 73	96,561 (completed ones only)					

2ND CLASS DESTROYERS

Name	Displacement (ton)	When Completed	Nominal speed (knot)	Main armaments (centimetres)	High angle guns (centimetre)	Torpedo tubes
Momo	755	1916	31.5	12(3)	—	6
Kashi	755	1917	31.5	12(3)	—	6
Hinoki	755	1917	31.5	12(3)	—	6
Yanagi	755	1917	31.5	12(3)	—	6
Tsubaki	770	1918	31.5	12(3)	—	6
Maki	770	1918	31.5	12(3)	—	6
Kaya	770	1920	31.5	12(3)	—	6
Niré	770	1920	31.5	12(3)	—	4
Kuri	770	1920	31.5	12(3)	—	4
Nashi	770	1919	31.5	12(3)	—	4
Také	770	1919	31.5	12(3)	—	4
Kaki	770	1920	31.5	12(3)	—	4
Tsuga	770	1920	31.5	12(3)	—	4
Kiku	770	1920	31.5	12(3)	—	4
Aoi	770	1920	31.5	12(3)	—	4
Hagi	770	1921	31.5	12(3)	—	4
Susuki	770	1921	31.5	12(3)	—	4
Fuji	770	1921	31.5	12(3)	—	4
Tsuta	770	1921	31.5	12(3)	—	4
Ashi	770	1921	31.5	12(3)	—	4
Hishi	700	1921	31.5	12(3)	—	4
Hasu	770	1922	31.5	12(3)	—	4
Sumiré	770	1923	31.5	12(3)	—	4
Yomogi	770	1922	31.5	12(3)	—	4
Tadé	770	1922	31.5	12(3)	—	4
Wakataké	820	1922	31.5	12(3)	—	4
Kuretaké	820	1922	31.5	12(3)	—	4
Sanaé	820	1923	31.5	12(3)	—	4
Asagao	820	1923	31.5	12(3)	—	4
Yugao	820	1924	31.5	12(3)	—	4
Fuyo	820	1923	31.5	12(3)	—	4
Karukaya	820	1923	31.5	12(3)	—	4
Total 32	24,930 tons					4

1ST CLASS SUBMARINES

Name	Tonnage (when afloat)	When Completed	Speed (when afloat)	Armament (centimetre)	High angle guns (centimetre)	Torpedo tubes
I No. 1	1,955	1926	17.0	14(2)	—	6
I No. 2	1,955	1926	17.0	14(2)	—	6
I No. 3	1,955	1926	17.0	14(2)	—	6
I No. 4	1,955	1929	17.0	14(2)	—	6
I No. 5	1,955	1932	17.0	14(2)	—	6
I No. 6	1,955	under construction				6
I No. 21	1,142	1927	14.0	14(1)	—	4
I No. 22	1,142	1927	14.0	14(1)	—	4
I No. 23	1,142	1928	14.0	14(1)	—	4
I No. 24	1,142	1928	14.0	14(1)	—	4
I No. 51	1,390	1924	17.0	12(1)	—	8
I No. 52	1,390	1925	19.0	12(1)	—	8
I No. 53	1,635	1927	19.0	12(1)	—	8
I No. 54	1,635	1927	19.0	12(1)	—	8
I No. 55	1,635	1927	19.0	12(1)	—	8
I No. 56	1,635	1929	19.0	12(1)	—	8
I No. 57	1,635	1929	19.0	12(1)	—	8
I No. 58	1,635	1928	19.0	12(1)	—	8
I No. 59	1,635	1930	19.0	12(1)	—	8
I No. 60	1,635	1929	19.0	12(1)	—	8

NATIONAL DEFENCE

Name	Tonnage (when afloat)	When completed	Speed (when afloat)	Armament (centi- metre)	High angle guns (cen- timetre)	Torpedo tubes
I No. 61	1,635	1929	19.0	12(1)	—	6
I No. 62	1,635	1930	19.0	12(1)	—	6
I No. 63	1,635	1928	19.0	12(1)	—	6
I No. 64	1,635	1930	19.0	12(1)	—	6
I No. 65	1,638	1932	19.0	10(1)	—	6
I No. 66	1,638	1932	19.0	10(1)	—	6
I No. 67	1,638	1932	19.0	10(1)	—	6
I No. 68	1,400	under construction	20.0	10(1)	—	6
I No. 69	1,400	"	—	—	—	—
I No. 70	1,400	"	—	—	—	—
I No. 71	1,400	"	—	—	—	—
Total 31	41,657 tons	(completed ones only)				

2ND CLASS SUBMARINES

Name	Tonnage	When completed	Speed	Armament	High angle guns	Torpedo tubes
Ro No. 17	735	1921	17.0	8(1)	—	6
Ro No. 18	735	1921	17.0	8(1)	—	6
Ro No. 19	735	1922	17.0	8(1)	—	4
Ro No. 20	735	1922	17.0	8(1)	—	6
Ro No. 21	735	1922	17.0	8(1)	—	6
Ro No. 22	735	1922	17.0	8(1)	—	6
Ro No. 23	735	1923	17.0	8(1)	—	6
Ro No. 24	735	1920	17.0	8(1)	—	4
Ro No. 25	735	1921	17.0	8(1)	—	4
Ro No. 26	746	1923	16.0	8(1)	—	4
Ro No. 27	746	1924	16.0	8(1)	—	4
Ro No. 28	745	1923	16.0	8(1)	—	4
Ro No. 29	655	1923	13.0	10(1)	—	4
Ro No. 30	655	1924	13.0	10(1)	—	4
Ro No. 31	655	1927	13.0	10(1)	—	4
Ro No. 32	655	1924	13.0	10(1)	—	4
Ro No. 33	—	under construction	—	—	—	—
Ro No. 51	893	1920	17.0	8(1)	—	6
Ro No. 53	893	1921	17.0	8(1)	—	4
Ro No. 54	893	1921	17.0	8(1)	—	6
Ro No. 55	893	1921	17.0	8(1)	—	6
Ro No. 56	893	1922	17.0	8(1)	—	6
Ro No. 57	893	1922	17.0	8(1)	—	4
Ro No. 58	893	1922	17.0	8(1)	—	4
Ro No. 59	893	1923	17.0	8(1)	—	4
Ro No. 60	988	1923	16.0	8(1)	—	6
Ro No. 61	988	1924	16.0	8(1)	—	6
Ro No. 62	988	1924	16.0	8(1)	—	6
Ro No. 63	988	1924	16.0	8(1)	—	6
Ro No. 64	988	1925	16.0	8(1)	—	6
Ro No. 65	988	1926	16.0	8(1)	—	6
Ro No. 66	988	1927	16.0	8(1)	—	6
Ro No. 67	988	1926	16.0	8(1)	—	6
Ro No. 68	988	1925	16.0	8(1)	—	6
Total 34	27,497 tons	(completed ones only)				

Note: I and Ro represent first and second letters of the Japanese Alphabet.

TORPEDO BOATS

Chidori	527	under construction	—	12.7(3)	—	4
Manazuru	527	"	—	12.7(3)	—	4
Tomozuru	"	"	—	—	—	—
Hatsukari	"	"	—	—	—	—
Total 4						

LIST OF SHIPS

MINE SWEEPERS

Name	Displacement (ton)	When completed	Nominal speed (knot)	Main Armaments (centimetre)	High angle guns (cen- timetre)	Torpedo tubes
No. 1	615	1923	20.0	12(2)	8(1)	—
No. 2	615	1923	20.0	12(2)	8(1)	—
No. 3	615	1925	20.0	12(2)	8(1)	—
No. 4	615	1925	20.0	12(2)	8(1)	—
No. 5	615	1929	20.0	12(2)	8(1)	—
No. 6	615	1929	20.0	12(2)	8(1)	—
No. 7	1,030	1911	24.0	12(1)	8(1)	—
No. 8	1,030	1911	24.0	12(1)	8(4)	—
No. 9	770	1918	24.0	12(2)	8(4)	—
No. 10	770	1918	24.0	12(2)	—	—
No. 13	492	1934	20.0	12(2)	—	—
No. 14	492	1934	12.0	12(2)	—	—
No. 15	—	under construction	—	—	—	—
No. 16	—	"	—	—	—	—
Total 14	8,274 tons	(completed ones only)				

SPECIAL SERVICE SHIPS

Training Ships

Asahi	11,441	1900	18.2	—	—	—
Shikishima	11,275	1900	18.6	—	—	—
Fuji	9,179	1897	18.25	—	—	—

Target Ships

Settsu	16,130	1912	21.0	—	—	—
--------	--------	------	------	---	---	---

Surveying Ships

Yamato	1,330	1887	14.0	8(2)	—	—
Koshu	2,080	—	10.3	8(2)	—	—

Transports

Seito	7,542	1906	10.0	—	—	8(2)
Suzaki	8,800	1918	14.0	12(2)	—	8(2)
Muroto	8,215	1918	12.5	12(2)	—	—
Nojima	8,215	1919	12.5	12(2)	—	—
Notoro*	14,050	1920	12.0	12(2)	—	8(2)
Shiretoko	14,050	1920	12.0	12(2)	—	8(2)
Erimo	14,050	1920	12.0	12(2)	—	8(2)
Sata	14,050	1921	12.0	14(2)	—	8(2)
Tsurumi	14,050	1922	12.0	14(2)	—	8(2)
Shiriya	14,050	1922	12.0	14(2)	—	8(2)
Ishiro	14,050	1922	12.0	14(2)	—	8(2)
Kamoi	17,000	1922	15.0	14(2)	—	8(2)
Kakureto	14,050	1923	12.0	14(2)	—	8(2)
Hayatomo	14,050	1924	12.0	14(2)	—	8(2)
Naruto	14,050	1924	12.0	14(2)	—	8(2)
Mamiya	15,820	1924	14.0	14(2)	—	8(2)

Ice-breaker

Ohtomari	2,330	1921	13.0	8(1)	—	—
Total 23	259,857 tons					

The planes

The battle planes in use in the Naval Air Force are of type 8 and of another newer type recently adopted. The bombers and torpedo planes in use are of type 13. Some of these machines played an important part in the Sino-Japanese conflict in Shanghai, but they are not suitable for an aerial war in the future.

The reconnoitering planes in use are of type 14. They are equipped with a 450 h.p. motor and can cover nearly 200 kilometres an hour. They are armed with a machine-gun mounted behind the seat of the reconnoitering officer, so that he can

defend the machine against enemy fire from behind. Their speed is considered too slow for satisfactory service in the future.

There are also a few large sea-planes of type 9-0. No. 1 of these is of metallic material, 21 metres long, 30 metres wide, 12 tons in weight, and is equipped with a number of motors producing 2,100 h.p. in all. Its maximum speed is 220 kilometres an hour. The No. 2 of type 9-0 is 20 metres long, 30 metres wide, 13 tons in weight, and equipped with motors producing 2,400 h.p. in all. Both of them are superior in capacity to the PN-12 of the American Navy, which has a speed of less than 200 kilometres.

OCCUPANTS OF SENIOR COMMANDS

(August 1, 1934)

Name and Rank	Command
(1) FLEETS AND SQUADRONS:	
Admiral Nobumasa Suyetsugu	Combined Fleet and 1st Fleet
Vice-Admiral Sankichi Takahashi	2nd Fleet
" Shinjiro Imamura	3rd "
" Hajimé Matsushita	Training Squadron
(2) YOKOSUKA NAVAL STATION:	
Admiral Osami Nagano	Naval Station
Rear-Admiral Baron Minoru Sonoda	Staff
" Hiroshi Kawahara	Ships' Department
" Katsuji Masaki	Personnel "
Captain Setsuo Kabashima	Harbour "
Vice-Admiral Toyotaro Murata	Naval Arsenal
Rear-Admiral Seigi Nagata	Paymasters' Department
" Chozo Takamatsu	War Materials "
Engineer Isokichi Ura	Building Department
Rear-Admiral Hisashi Fukushima	Naval Hospital
" Kenji Maehara	Aeronautic Arsenal
Captain Baron Masaki Shibayama	Marine Division
(3) KURÉ NAVAL STATION:	
Vice-Admiral Hisanori Fujita	Naval Station
Rear-Admiral Tokutaro Sumiyama	Staff
Captain Iori Matsuzaki	Personnel Department
" Sadao Yamada	Harbour "
Rear-Admiral Tadao Nakamichi	Ships' "
Vice-Admiral Shigeru Matsushita	Naval Arsenal
Rear-Admiral Shigeharu Kuwabara	Naval Assistant Engineers Training Centre
" Kanemitsu Yamashita	Naval Arsenal at Hiro
" Masayuki Yamanaka	Naval Fuel Factory
" Naoto Motomatsu	Paymasters' Department
" Juro Nagoya	War Materials "
Engineer Shigeo Shiraishi	Building "
Rear-Admiral Yoshihiyo Mukoyama	Naval Hospital
" Takashi Ando	Marine Division

Name and Rank	Command
(4) SASEBO NAVAL STATION:	
Vice-Admiral Mitsumasa Yonai	Naval Station
Rear-Admiral Yekichi Katagiri	Staff
Captain Keigi Tabata	Personnel Department
" Seizo Matsuno	Harbour "
Rear-Admiral Chomei Ujiiyé	Naval Arsenal
" Juzo Sasaki	Paymasters' Department
" Yutaka Arima	Ships' "
Engineer Masaji Hadamé	Building "
Rear-Admiral Tadao Fukushima	Naval Hospital
" Senzo Wada	Marine Division
" Kinpei Kajimoto	War Materials Department
(5) AUXILIARY NAVAL STATIONS:	
Vice-Admiral Gengo Hyakutaké	Maizuru Auxiliary Station
Rear-Admiral Ryoko Niizuma	Mako " "
" Choji Inouyé	Ohminato " "
Vice-Admiral Hisao Ichimura	Chinkai " "
" Yuriichi Edahara	Ryojun " "
Rear-Admiral Shozaburo Kobayashi	Manchoutikuo Naval Office

NAVAL ATTACHÉS TO JAPANESE EMBASSIES AND LEGATIONS

Name and Rank	Post
Captain Takamoto Togari	Embassy in Paris
Captain Kiichi Endo	" " Berlin
" Osamu Sato	Legation in China
Lieut.-Commander Minoru Maeda	Embassy in Moscow
Captain Jin Kobayashi	" " Washington
Lieut.-Commander Yuzuru Okuma	Legation in Mexico City
Commander Kenzo Ito	" " Buenos Aires
" " "	" " Rio de Janeiro
" " "	" " Santiago
Captain Arata Oka	Embassy in London

Naval Promotion

Officers are promoted by selection, and candidates for special promotion are selected at the conference of the Admirals' Council.

The regular course of promotion for them is: Midshipmen, over one year's service on a training ship; 2nd Sub-Lieutenants, over one year's service; 1st Sub-Lieutenants, over 18 months' service, including 6 months' service in Torpedo or Gun-

nery School. Lieutenants of over 4 years' service are promoted to Lieutenant-Commander.

Special service 1st Sub-Lieutenants, over two years' service; Special service 2nd Sub-Lieutenants, over three years' service. Special service Lieutenants (combatants, engineers and paymasters) may be promoted to Lieutenant-Commander by special appointment.

The qualifications for subsequent promotion are as follows:

Promotion	Minimum Service in Lower Rank
Commanders—Lieutenant-Commanders	2 years
Captains—Commanders	2 "
Rear-Admirals—Captains	2 "
Vice-Admirals—Rear-Admirals	2 "
Admirals—Vice-Admirals	2 "

Period determined by Imperial order subject to special merit

N. B. 1st class warrant or ranking officer of over 6 years in the service may be promoted to 1st Lieutenant or ranking officer.

CHAPTER VIII

PUBLIC FINANCE

General Outline

The total revenue and expenditure of the Japanese Government at the beginning of the Meiji Era were maintained around the ¥30,000,000 mark, but in recent years they have reached as high as from ¥1,500,000,000 to ¥1,800,000,000 each (for general accounts only).¹

Sources of Income Early in the Meiji Era the land tax constituted the chief financial source of revenue for the State, consequently the farmers provided by far the greater part of the revenue, and the burden business men and industrialists had to bear for the State was very small. The tax revenue in the first year of Meiji amounted to ¥3,150,000, of which the land tax yielded more than 60 per cent. A tax revision was carried out in 1875 and, in consequence, the Government established various new taxes as direct sources of State income.

The Sino-Japanese and Russo-Japanese wars also brought about noteworthy changes in the State finances, because the necessary funds were raised by the issuance of bonds and the imposition of heavy taxes on people. As the Taisho Era coincided with the World War and post-war prosperity periods it was marked by phenomenal business and industrial expansion and increase in State revenue. During this time it became more than apparent that a thorough readjustment of the tax system was necessary, if the burden

of taxation was to be equitably distributed. A thorough investigation was made, and after much forethought and drawing on experiences of the past the present system was evolved. The yearly tax revenue in recent years has been around ¥900,000,000, which is 60 per cent. of the total State expenditure. The customs tariff, because of its international aspect was harder to arrange and the adoption of a national tariff by Japan instead of a conventional one was only realized after difficult diplomatic negotiations.

Japan has a monopoly system of its own, and though a monopoly differs from a tax in principle it is the same in substance. In Japan proper there is a government monopoly in tobacco, salt and camphor and in the colonies one is enforced in saké, opium, ginseng and other special products. The tobacco monopoly is not different in nature from the excise tax on saké distillation and the revenue accruing from it occupies an important position in government finance. It is thus necessary, to obtain a complete understanding of the financial system of Japan, not to ignore the monopoly.

Bonds form an integral part of the country's finance as well as the State revenue and taxes. Bonds were first issued in Japan in 1870 in the form of foreign loans. The first domestic bonds were issued in 1873 by the Meiji Government for the purpose of raising funds to take over the entire amount of debts of the feudal clans. Subsequent issues of bonds followed the outbreak of the Sino-Japanese and Russo-Japa-

nese wars. The nationalization of the railways caused a further increase in the bond issue and at the end of 1912, the closing year of the Meiji Era, the total debts of the Central Government amounted to ¥2,500,000,000. During, and immediately after the Great War, there was great activity in financial circles and the Government made large issues of bonds for the purpose of obtaining funds for starting or subsidizing various new industries. The expenses of the Siberian Expedition and Japan's participation in the World War on the Allies' side were met by bond issues as emergency funds and later, the money necessary for the reconstruction of Tokyo and other Kwanto districts devastated by the great earthquake and fire of 1923 was also raised by means of domestic and foreign bonds. The Government also had to issue a great number of bonds for readjustment of the so-called Earthquake Bills and for special loan accommodation to banks after the banking crisis of 1927. Japan's national debts have thus mounted to more than ¥6,000,000,000.

Local Finance Provincial government finance has moved in line with the Central Government finance. The feudal clans were abolished and replaced by prefectural governments in July, 1871, and the total prefectural finance was only ¥16,000,000 in 1873. The promulgation of the city, town and village administration system in 1888 and that of the prefectural administrative system in 1890 were great events marking the establishment of self-government. Provincial expenditure which amounted to ¥43,000,000 in 1891, had increased to ¥336,000,000 by 1926, the largest increase being in the Taisho Era, when, benefiting from the effects of the war-boom on domestic finance and economy and fol-

lowing the lead and encouragement of the Central Government, the prefectural and other self-governing bodies launched all kinds of enterprises, issuing bonds and increasing local taxes to obtain the necessary funds. In the fiscal year 1927-28 the total revenue of all self-governing bodies amounted to ¥2,247,827,513, although it dwindled in subsequent years, the fiscal year 1932-1933, showing a figure of ¥1,473,451,698.

Accounts System

In the second year of Meiji, 1869, Shigenobu Okuma (later Marquis Okuma) submitted to the Government a plan calling for the establishment of an accounts system to prevent a reckless disbursement of administrative expenses. In due course, and as a result of this plan, a Ministry of Finance and a fiscal year starting with October and ending with September were instituted. When Hirobumi Ito (later Prince Ito) came home from his inspecting trip to America in 1873, he offered valuable advice to the Government on a financial system and this caused the Government to announce its estimates of accounts. This marked an important point in the accounts system of Japan as it was the prototype of the Government budget, but because of the lack of system, the budget of each Ministry was subject to change by the administrative chief. The fiscal year was changed to from April to March in 1886, and has been so observed since. The opening of the Imperial Diet in 1890 brought about a great improvement in the accounts system of Japan, for each budget has since been subject to approval, and Government income and expenditure has thus come under supervision. The Board of Audit under direct control of the Emperor was also established and to it is assigned the duty of inspecting the

¹ For a detailed historical account of public finances see *The Japan Year Book, 1933, Chapter IX.*

Government accounts. These perfected the constitutional accounts system of the Government and at the same time the Accounts Law was promulgated in 1889 and has been enforced since April 1, 1890. This law laid the foundation of the accounts system of Japan and in 1921 it was revised from the so-called "safe" system to the "deposit" system, i. e. the depositing of Government funds in the Bank of Japan.

Special Accounts

Special accounts for the Government's enterprises existed independently of general accounts, before the promulgation of the Accounts Law in 1889. Railway funds, readjustment loans, enterprise funds, hypothec funds and others were included among the special accounts, which were unified by a law issued in 1889. The number of special accounts for the 1890-91 fiscal year was 33, which increased to 61 in 1908. Mr. Yuko Hamaguchi, Finance Minister of the Kato (Takaki) Cabinet, made a substantial readjustment of special accounts in 1925 and reduced the number to 31. Subsequently, the health insurance special accounts, the postal annuity special accounts and live-stock reinsurance special accounts were established. In 1934 government steel works was omitted and communication enterprises was put into the list instead. The present number of special accounts is 34 and is as follows: (1) China Cultural Enterprise, (2) Health Insurance, (3) Government Mint, (4) Printing Bureau, (5) Monopoly Bureau, (6) Deposits Bureau, (7) Education Funds, (8) National Loan Readjustment Funds, (9) Public Loans, (10) Indemnity, (11) National Property Readjustment Funds, (12) Education Improvement and Agricultural Village Promotion Funds, (13) Korean Gov-

ernment-General, (14) Korean Railway Stores Funds, (15) Formosan Government-General, (16) Formosan Railway Stores Funds, (17) Kwantung Government, (18) Karafuto Government, (19) South Seas Government, (20) Army Arsenal, (21) Senju Military Cloth Manufactory, (22) Naval Arsenal, (23) Naval Gunpowder Magazines, (24) Naval Fuel Factories, (25) Imperial Universities, (26) Government Colleges, (27) Government Schools and Libraries, (28) Rice Demand and Supply Regulation, (29) Live-Stock Reinsurance, (30) Post Office Life Insurance, (31) Korean Post Office Life Insurance, (32) Postal Annuity Service, (33) Imperial Government Railways, and (34) Communication Enterprises.

Finance of Sino-Japanese War

The Sino-Japanese War imparted a great impetus to Japanese finance. The war started in June, 1894, and ended in March, 1895. The enormous amount of ¥200,000,000 was needed to pay for it.

Japan got 200,000,000 taels of war indemnity from China as the result of the Shimonoseki Peace Treaty and also 35,000,000 taels as recompense for the retrocession of Liaotung Peninsula. This amount made good the war expenses Japan paid, but immediately after it State finance increased tremendously. The Government appropriated ¥190,000,000 into the general budget for the 1896-97 fiscal year, being double that of the year before. The increase was caused through armament expansion, the management of Formosa (which was the territory ceded by China), expansion of traffic and communications and sundry other enterprises necessary for national development. The Government appropriated for 32 kinds of continuation enterprises ¥180,000,000 in 1896

and of this amount ¥48,000,000 was apportioned for that year only. The majority of continuation enterprises were armament expansion such as ¥47,000,000 for warship construction, ¥33,000,000 for naval ordnance, ¥17,000,000 for army expenses, and ¥14,000,000 for naval construction. These enterprises spread over from

two to nine years. It is necessary to explain the war indemnity special accounts to know the financial expansion. Converted into the Japanese currency, the indemnity totalled ¥372,599,488. Excluding the maintenance funds for the Weihaiwei guard, the indemnity of ¥364,599,656 was used for the following purposes:

All supplementary funds to extraordinary war funds	¥ 78,957,164
Army expansion funds	56,798,638
Navy expansion funds	139,259,387
Establishment of Government Steel Works	579,762
Transferred to general accounts for 1897-98 fiscal year	3,214,484
Transferred to general accounts for 1898-99 fiscal year	12,000,000
Transferred to Imperial Household accounts	20,000,000
Warship and torpedo funds	30,000,000
Educational funds	10,000,000
Balance at the end of 1902-3 fiscal year	3,700,218

Russo-Japanese War and Post-War Finance

The Russo-Japanese War began in February of 1904 and ended in September of 1905 with the conclusion of the Portsmouth Treaty. Japan spent ¥1,716,000,000 in war expenses (extraordinary war funds special accounts) during the period of one year and four months. In addition, extraordinary expenses spent by various Ministries in connection with the War amounted to ¥238,000,000, thus making an aggregate of ¥1,954,000,000. The war funds were raised by means of taxes to the amount of ¥215,000,000, surplus funds totalling ¥147,000,000, special funds of ¥670,000,000 (an aggregate of ¥430,000,000), and the remainder by floating public loans and obtaining temporary advances totalling ¥1,559,000,000. The Government increased taxes on all the principal items on the tax list and also expanded the spheres of the oil consumption tax and the tobacco monopoly system, thereby raising ¥62,000,000. It also established the textile consumption tax and transit tax and introduced the salt monop-

oly, thereby realizing an income of ¥74,000,000. During the time the War was in progress, four new Divisions were formed with the approval of the Diet. In the 1906-7 fiscal year two more Divisions were established. In consequence, six Divisions were added to the existing 18 Divisions and these constituted the standing army. In the Navy, two warships, the Nisshin and Kasuga, were purchased during the War, and after the War naval expansion was carried out, resulting in the increase of total warship tonnage from 260,000 tons before the War to 513,000 tons in 1908. The railway nationalization bill was approved in the 22nd session of the Imperial Diet and was enforced in 1907. The Government issued ¥476,000,000 bonds for the purpose of nationalization. A considerable increase was made in State expenditure after the War. The 1904-5 fiscal year's expenditure of the general accounts totalling ¥277,000,000 increased to ¥600,000,000 in 1907 and those of the special accounts made a remarkable increase from ¥130,000,000 to ¥678,000,000 during the same period. In tax revenue, the amount of

¥190,000,000 for 1904 doubled by 1907. Cries for financial retrenchment began to be heard. The Saionji Cabinet and the second Katsura Cabinet tried to retrench but without success.

Finance during the Taisho Era

A financial retrenchment policy was adopted by the Government early in the Taisho Era. Japan's foreign trade witnessed a marked increase in the excess of imports and its national debts increased heavily. The specie reserve quickly dwindled. How to bring about an equilibrium in the international debt and credit relations formed a source of great concern. A great change was made in Japan's financial and economic conditions by the outbreak of the World War in July, 1914. Japan participated in the War on the Allies' side and sent its expeditionary force to Shantung. The Okuma Cabinet was responsible for Japan's participation. Prior to this, a two-Division increase controversy formed the cause of the downfall of the Saionji Cabinet, but the outbreak of the War solved the problem. Two army divisions were established in Korea. The army readjustment plan, the eight-four squadron programme, naval construction and other wartime expenses contributed to a financial expansion. The Government expenditure for the 1918-19 fiscal year totalled more than ¥1,000,000,000, showing a 40 per cent. gain over the year before. The continuation expenses commencing with the 1918-19 fiscal year totalled more than ¥1,000,000,000. The Government revised taxes, raised the income tax by 15 per cent., alcoholic drink tax by 14 per cent. and beer tax by 20 per cent. and established a war-time profit tax, the result being an increased revenue of ¥63,000,000.

The World War Japanese economic prosperity attained its high-water mark during the World War. A considerable increase was made in the country's visible and invisible foreign trade. An excess of exports over imports in the visible trade for 1915, 1916, 1917 and 1918 recorded an aggregate of ¥1,400,000,000 and that in the invisible trade reached nearly the same amount. This resulted in a remarkable increase of specie. The amount of specie holdings at the end of 1914 was only ¥340,000,000, but this had increased to as much as ¥2,180,000,000 by the end of 1920. The Hara Cabinet which replaced the Terauchi Cabinet in September, 1918, took advantage of the war-time boom to carry out an inflation policy, funds being specially allotted to armament replenishment and to the perfecting of traffic and communication arrangements. In connection with the completion of the eight-eight battle squadron programme, sponsored by the navy, the continuation expenses of ¥408,000,000 for warship construction were increased by ¥750,000,000. National defence expenses involving the army and navy totalled ¥620,000,000, of which ¥242,000,000 was for the army and the rest for the navy. A new appropriation of ¥225,000,000 was added to the existing appropriation of ¥292,000,000 for the telephone enterprise, to be disbursed over eight years commencing 1920; and in the telegraphic enterprises ¥74,000,000 was to be spent in the following seven years. The enormous amount of ¥1,420,000,000 was set aside for railway enterprises, spread over 10 years. The Government expenditure for the 1922-23 fiscal year totalled ¥1,491,000,000. To raise this amount bonds were issued, the sinking fund was suspended and taxes increased. The great financial reaction that

overtook Japan in 1920 and the great Kwanto earthquake and fire of 1923 precipitated Japanese finance and economy into a miserable plight. These incidents virtually formed the causes of the difficulties in national finance and economy which now faced the country.

Financial Readjustment. The Katō (Tomosaburo) Cabinet carried out a great financial readjustment. The Washington Treaty was ratified in Japan in August, 1922. According to the 1923-24 fiscal year's budget formulated by this Cabinet the basic naval plan was so changed that the Government reduced naval continuation expenses by ¥200,000,000 and was also able to make a cut of ¥70,000,000 in other enterprises. Substantial cuts were made in the income, business, stamp and drug taxes and the oil consumption tax was abolished. The reduction totalled ¥14,000,000. The sinking fund system was restored and ¥42,000,000 was devoted to it. Immediately after the death of Premier Viscount Katō in August, 1923, the great Kwanto earthquake took place. The disbursement of ¥572,000,000 on a six-year programme for earthquake reconstruction work was fixed by the Yamamoto Cabinet that succeeded the Katō Cabinet, and all these expenses were to be raised by bonds. The Yamamoto Cabinet was in existence for only four months and the Kiyoura Cabinet, which succeeded it, had to enforce the plan. The Government raised a £25,000,000 loan in London and a \$150,000,000 loan in New York. These foreign loans totalled ¥550,000,000, and of this ¥350,000,000 was devoted to the conversion of sterling bonds, which matured in February and July, 1925, and the remaining amount was used for earthquake and fire reconstruction.

A financial retrenchment policy was adopted by the Coalition Cabinet headed by Premier Count Takasaki Kato of the Kenseikai. The Cabinet was inducted in June, 1924. To begin with, a no-loan policy was adopted by the Cabinet and taxation readjustment was also enforced. An independent Kenseikai Cabinet took the place of the Coalition Cabinet in March, 1925. Thoroughgoing revision was introduced into the income, land, business, inheritance, saké, textile consumption and hemp taxes. The transit, soy sauce, and drug taxes were revised and the capital interest and soft drink taxes were created. A reduction of ¥37,000,000 in taxes was realized for the 1926-27 fiscal year.

Finance of the Showa Era

For the first six years of Showa, 1926-32, two Seiyukai and two Minseito Cabinets came into power in turn. The former stands for a traditional inflation policy, while the latter for a deflation policy. Financial retrenchment was carried out by the Minseito Cabinet and the gold embargo was lifted by the Hamaguchi Cabinet (Minseito) on January 11, 1930. Mr. Junnosuke Inoué, Finance Minister of that Cabinet, adopted a no-loan policy. A noteworthy financial retrenchment was carried out by Mr. Inoué in the 1930-31 fiscal year's budget and, in spite of a strenuous protest of the army and navy against the retrenchment, he was successful in effecting a saving of ¥35,063,000, of which ¥26,733,000 was the result of reduction of administrative expenses and ¥8,330,000 by the postponement of different enterprises.

The reduction is classified as follows according to various Ministries:

Ministries	Expenses saved in administrative expenses (In ¥1,000)	Expenses saved by postponing enterprises	Total amount saved
Foreign	241	—	241
Home	5,114	1,669	6,783
Finance	1,861	433	1,795
War	6,694	1,164	7,858
Marine	4,731	2,536	7,267
Justice	894	8	903
Education	883	589	1,472
Agriculture and Forestry	1,843	1,638	3,481
Commerce and Industry	237	171	2,502
Overseas	2,347	—	2,347
Total	26,753	8,330	35,083

The Inukai Cabinet that succeeded the Wakatsuki Cabinet on December 16, 1931, decided to adopt the budget drafted by the preceding Cabinet, due to lack of time to formulate a new one. However, the new Cabinet determined not to abolish the Overseas Ministry and other administrative organizations, which were decided on by the Wakatsuki Cabinet, but decided to carry out administrative readjustment. The sinking fund system was temporarily suspended and the deficient income was to be met by loans. The 1932-33 fiscal year's budget was as follows:

REVENUE	
Ordinary revenue	¥ 1,238,409,784
Extraordinary revenue:	158,685,750
Normal revenue	85,155,932
Loans	123,529,818
Total revenue	1,397,095,498
EXPENDITURE	
Ordinary expenditure	¥ 1,141,344,414
Extraordinary expenditure	255,751,084
Total	1,397,095,498

Revenue and Expenditures, 1868 to 1933

By way of a summary the revenue and expenditures from 1868 to 1933 is given below:

	General accounts		Special accounts		Tax Revenue
	Revenue	Expenditures	Revenue	Expenditures	
	(In ¥1,000)				
1st period	33,089	30,505	—	—	3,157
6th period	85,507	62,679	—	—	65,015
1882	73,508	73,481	—	—	67,739
1887	82,181	79,453	—	—	66,255
1890	106,469	82,125	53,404	25,621	69,251
1895	118,433	85,317	160,925	106,216	70,848
1900	295,855	292,750	120,461	151,038	133,926
1905	535,256	420,741	246,981	192,188	251,275
1910	672,874	569,154	1,167,642	968,752	317,286
1915	708,616	583,270	899,612	657,156	312,745
1920	2,000,652	1,359,978	3,043,119	2,265,333	696,257
1925	2,071,360	1,524,989	3,236,475	2,663,719	894,809
1926	2,056,361	1,578,826	3,047,909	2,451,295	886,999
1927	2,062,755	1,765,723	3,447,764	2,832,532	898,673
1928	2,005,691	1,814,855	3,541,024	2,844,398	915,910
1929	1,826,445	1,736,317	3,724,214	3,063,458	893,505
1930	1,596,972	1,557,864	3,549,582	3,052,108	835,041
1931	1,531,082	1,476,875	3,191,786	2,691,390	735,504
1932 ¹	2,045,275	1,950,141	4,206,162	3,820,729	708,006
1933 ²	2,309,415	2,309,415	5,433,293	5,095,181	692,035

Note:

The financial year begins on April 1st and ends on March 31st of the following year. The figures for 1931-32 and the years preceding it represent the settled accounts.

¹ Represent the actual account on July 31, 1933.

² Represent the budget.

Budget for 1933-34

The 1933-34 fiscal year's budget was an unprecedentedly large budget following the emergency situation created by the Manchurian incident and the great depression in the farm-

ing industry. Revenue and expenditure involved in the fiscal year's budget amounted to ¥2,239,320,000 each.

The expenditure, classified according to Ministries, follows:

Ministries	1932-33		1933-34	
	Amount (in million yen)	Percentage	Amount (in million yen)	Percentage
Civil List	4	2%	4	2%
Foreign	25	1.3	26	1.1
Home	220	11.3	218	9.7
Finance	374	19.2	474	21.1
War	361	18.6	447	20.0
Marine	297	15.3	372	16.6
Justice	32	1.6	34	1.5
Education	196	10.1	151	6.7
Agriculture and Forestry	98	5.0	117	5.2
Commerce and Industry	11	.5	13	.6
Communications	345	17.7	349	15.6
Overseas	25	1.3	27	1.2
Total	1,943	100.0	2,239	100.0

For comparative studies the State revenue and expenditure in recent years are shown below:

Sources of revenue	REVENUE (in yen)				
	1926-27	1930-31	1931-32	1932-33 (Budget)	1933-34 (Budget)
ORDINARY:					
Taxes:	886,999,191	835,041,051	735,504,074	708,006,874	692,034,720
Land tax	68,728,175	68,035,367	63,915,946	58,482,530	58,255,186
Income tax	209,577,913	200,616,410	144,501,197	131,142,921	138,103,700
Business tax	62,146,344	56,772	27,604	—	—
Business profit tax	7,489	54,286,406 ⁴	37,904,278	32,357,953	36,124,023
Capital interest tax	12,279,429	15,651,646	14,770,665	14,866,282	14,961,260
Inheritance tax	18,409,682	32,904,624	30,169,882	28,022,355	26,017,260
Travelling tax	1,869,057	—	—	—	—
Mining tax	5,243,902	4,997,553	3,751,774	3,753,114	2,878,443
Tax on issue of bank notes	3,285,929	7,439,873	8,998,010	14,189,150	—
Tax on saké	216,533,406	218,854,670	188,798,530	176,488,430	180,459,356
Tax on soy	1,039,696	—	215	—	—
Table water tax	2,954,808	3,639,910	3,266,374	3,279,382	3,172,529
Sugar excise	82,439,852	77,889,447	77,886,223	71,952,693	74,145,443
Textile consumption tax	35,925,951	33,884,188	33,748,169	30,433,493	30,099,839
Kerosene oil consumption tax	—	—	—	—	—
Tax on bourses	14,857,378	9,123,622	11,755,934	11,793,250	11,898,058
Customs duties	150,612,398	105,379,643	114,274,206	128,984,023	113,667,897
Tonnage dues	1,538,272	2,280,912	2,235,059	2,261,298	2,250,827
Other taxes	15	—	—	—	—
Stamp receipts	82,327,944	69,704,464	65,433,562	66,022,196	67,317,988
Receipts from Government undertakings and properties:					
Postal, telegraph and telephone services	451,414,256	487,860,048	472,700,101	449,070,052	460,103,622
	223,172,356	229,263,789	229,130,387	231,088,145	242,439,355

Branches of expenditure	1926-27	1930-31	1931-32	1932-33 (Budget)	1933-34 (Budget)
Communications	59,919,078	39,277,095	31,508,725	42,380,612	44,063,311
Overseas Affairs	—	24,743,120	23,245,161	23,155,526	27,260,211
Total	496,832,955	355,711,046	365,051,071	778,763,291	944,438,078
Total expenditure	1,578,826,425	1,557,863,732	1,476,875,265	2,012,165,484	2,809,414,977

Budget for 1934-35

The Finance Minister, Mr. Korekiyo Takahashi, in his speech before the Diet at the resumption on Jan. 23, 1934, of its 65th session, in outlining the budget, said: Both revenues and expenditures in the General Budget for the 9th fiscal year of Showa amount to over ¥2,112,000,000. Estimated revenues: Ordinary ¥1,248,000,000, Extraordinary ¥863,000,000. Estimated expenditures: Ordinary ¥1,247,000,000, Extraordinary ¥854,000,000.

Comparison with Previous Year Comparison of this year's budget with that of the previous year shows decreases as follows:

Ordinary revenues	¥ 42,000,000
Extraordinary revenues	154,000,000
Total	¥197,000,000
Ordinary expenditures	117,000,000
Extraordinary expenditures	79,000,000
Total	¥197,000,000

However, in view of the system of special accounts for communication enterprises, which has been instituted beginning with this year and which excludes the revenues and expenditures of communication enterprises from the general accounts, it is not really proper to compare the figures for this year and last year as they appear in the budgets. As a matter of fact, if it is assumed that the communication accounts had been left out of the budget for last year, and compare it with the budget for this year, the following would be noted:

An increase of ¥131,000,000 in ordinary revenues.

A decrease of ¥140,000,000 in extraordinary revenues.

Or a decrease of ¥8,000,000 in the total revenue.

Correspondingly: an increase of ¥45,000,000 in ordinary expenditures; a decrease of ¥53,000,000 in extraordinary expenditures; or a decrease of ¥8,000,000 in the total expenditure.

In comparing the revenue for this year with that for the previous year, it is to be noted that all individual items of revenue from taxes, with the exception of capital tax, show increases as follows:

Income tax	¥ 26,900,000
Business profit tax	2,100,000
Inheritance tax	2,700,000
Liquor tax	38,100,000
Exchange tax	5,500,000
Other taxes	2,000,000
Total	¥ 83,300,000

Also an increase is noted in the revenue stamp tax of ¥6,200,000.

As regards the revenues from Government enterprises and property the increase over last year includes the following items:

Forest revenue	¥ 3,900,000
Monopoly profits	14,800,000
Dividends on Government owned shares and stocks	16,800,000
Other profits	1,500,000
Total	¥ 37,000,000

Increase in Revenue Taking into account the remission from the Bank of Japan and other miscellaneous items of income, the total of the increases in revenue over last year amounts to ¥131,600,000, while the

sum to be remitted to the Treasury from the special account for the communication enterprises is estimated at ¥78,000,000.

While substantial improvements are anticipated in revenues, yet, on account of the Manchurian Incident appropriation, the emergency relief and exchange losses that must be met as in the preceding year, and a large increase in the appropriations for national defense, necessitated by the prevailing circumstances of the international situation, it is impossible to cover the increases in expenditure for the coming year with the increases in revenue. However, in taking into consideration the actual status of the National Treasury and the future of bond issues, it has been deemed necessary to cut as much as possible even the appropriations for the above-mentioned four items, and to refrain from allowing any increase in all other appropriations excepting a few cases of so-called "obligatory expenditures."

The Manchurian Incident appropriation, though made to cover the whole of the fiscal year, because of the circumstances at the time the budget was being framed, is, after all, smaller as compared with last year. It is itemized as follows:

In the general accounts:	
For the Ministry of Foreign Affairs	¥ 3,800,000
For the Ministry of Army.	133,800,000
For the Ministry of Marine	11,600,000
Reserve Funds to be held by the Ministry of Finance	10,000,000
Total	¥159,200,000

In the special accounts:	
For the Government of Chosen and Kwantung	¥ 4,300,000
Grand total	¥163,500,000

Appropriations for the improvement of armament:	
Sum appropriated previously for this year, covering both Army and Marine Ministries	¥ 30,500,000

Additional appropriations newly made for the Ministry of Army:	
Ordinary	¥ 2,700,000
Extraordinary	106,800,000
For the Ministry of Marine:	
Ordinary	¥ 11,700,000
Extraordinary	179,400,000
Total of additional appropriations for Army and Navy	
	¥300,800,000
Grand total	¥331,300,000

Emergency Relief As for the appropriations for emergency relief, in pursuance of the previously decided policy, a material reduction has been effected. They are as follows:

Appropriation made previously for this year	
	¥ 45,300,000
Additional appropriation newly made	
	79,400,000
Total	¥124,700,000

The expenditures to be borne by local bodies in conjunction with the above, are set at ¥76,300,000.

The total of the expenditures by the Central Government and local bodies for relief amounts, therefore, to ¥201,000,000. Besides, the appropriations in the special account, set aside for the Governments of Korea and Saghalien, amounting to ¥4,500,000.

Appropriations necessitated by the fall of yen in foreign exchanges are as follows:

Exchange loss in the payments of principal and interest of national loans	
	¥ 50,000,000
Other exchange losses	
	4,200,000
The increase in the foreign service allowances, cost of supplies, etc.	
	16,300,000
Total	¥ 70,500,000

Altogether the total expenditures for the coming fiscal year reach the sum of ¥2,112,000,000, which cannot be covered by the ordinary revenue without leaving an enormous deficit. Since the present economic condition of Japan does not warrant increases

in taxation or any other programme for augmenting the government income, it has been decided to resort, as in the previous year, to the issuance of national loans.

The national loans to be issued during the fiscal year, and to serve as sources of revenue are as follows:

In the general accounts:	
Earthquake remedy loans	¥ 12,500,000
Road construction loans	6,500,000
Manchurian incident loans	159,800,000
Deficit loans	506,500,000
Total	¥785,000,000
In the special accounts:	
(chiefly industrial loans)	
For the Government of Korea	¥ 29,400,000
For the Government of Saghalien	3,500,000
For the Imperial Railways	48,000,000
For Communication Enterprises	15,000,000
Total	¥ 95,900,000
Grand total	¥881,000,000
Decrease as compared with last year	¥130,700,000

The manner in which these national bonds are to be issued, will follow the precedent of having them taken up by the Bank of Japan in the first instance, to be disposed of later at its discretion in accordance with conditions in the money market.

BUDGET FOR 1934-1935

(in yen)

ORDINARY REVENUE

I Taxes	Total 775,263,313
Income tax	165,076,524
Land tax	58,265,471
Business profit tax	44,225,189
Capital interest tax	14,443,418
Inheritance tax	28,781,666
Mining tax	3,296,762
Tax on liquors	218,571,876
Tax on soft drinks	3,409,195
Sugar excise	74,429,432
Consumption tax on textile fabrics	30,669,690
Tax on bourses	17,492,343
Customs duties	114,273,173
Tonnage dues	2,328,569
II Stamp receipts	73,582,269
III Receipts from public undertakings and State property	Total 254,708,106
Forests	35,126,371

Monopoly Bureau	183,155,406
Printing Bureau	2,085,082
Senju Woollen Factory	4,860
Capital profit of Navy Factory	1,240,000
Profit of Navy Fuel Factory	850,000
Rent of State property	528,672
Dividend receipts	21,446,352
Prisons' receipts	5,771,162
IV From special account for communications	78,000,000
V From the Bank of Japan	25,298,761
VI Miscellaneous receipts	Total 33,405,281
Certificates and fees	596,162
Penal fees and confiscated money	1,797,545
Indemnification and forfeit	302,475
Custom houses, miscellaneous	1,138,290
Receipts according to the Pension Regulations	2,000,448
Allotments according to the Pension Regulations	1,315,700
Charges according to the Pension Regulations for Special Accounts	19,045,301
Tuition of the self-supporting boys in the Military Preparatory School	68,230
From Bonin Islands	1,577
Interests	117,398
Other miscellaneous receipts	7,021,802
VII Transferred from Special Account of Funds for Educational Improvement and Agrarian Development	8,044,737
Total	1,245,302,437

EXTRAORDINARY REVENUE

I Proceeds of the sale of State property	3,867,757
II Miscellaneous receipts	Total 21,003,449
Architectural receipts	720,129
Survey receipts	99,807
Repayments	1,425,086
Share of the sale of the fur-seal fur	51,053
Repayments according to the Earthquake note readjustment law	13,086,916
Repayments from the Reconstruction enterprises adjustment loans	107,736
Repayments from the Earthquake loans	360,352
Contributions to the return funds of National Debt	10,000
Dividend from the Ko-Sai R.W.	1,530,000
Receipts from the South Manchuria Railway Co.	1,475,971
Receipts from the Oriental Development Co.	60,000
Receipts from the Japan Iron Foundry	1,268,896
Repayment from iron raw mate-	

rial loan	187,103
Transferred from the Wounded Soldiers' Hospital fund	500,000
Contributions	100,000
III Receipts from Public Bodies on harbour construction	5,200,145
IV Allotment of Public Bodies for enterprises	Total 7,182,022
Allotment for waterway works	4,179,904
Allotment for harbour equipments	287,118
Allotment for road reconstruction	2,210,000
Allotment for the Yamato river banks reconstruction	455,000
V Receipts for encouragement of scientific researches	Total 147,000
Imperial donation	12,000
Contributions	135,000
VI Transferred from Special Accounts	Total 9,589,689
From Special Account of fund for the adjustment of State property	6,259,077
From Special Account of the Monopoly Bureau	524,697
From Special Account of the Mint	800,000
From Special Account for Deposit Bureau, Finance Department	50,000
From Special Account of Senju Woollen Factory	65,377
From Special Account of fund for schools and libraries	252,914
From Special Account of Communications	959,830
From Special Account of Post Office Life Insurance	677,794
VII Payment by insurance companies	3,520,783
VIII Compensations from exporters	796,000
IX Balance of fund for Special Account of the Iron Foundry	7,000,000
X Receipts from the issue of public loans	Total 785,047,458
The Earthquake Loans	12,306,787
The Road Loans	6,590,000
The Manchurian Incident Loans	159,325,902
The Deficiency Loans	606,824,819
XI Transferred from the surplus of the preceding year	19,427,688
Total	863,830,906
Grand Total of Revenue	2,112,133,493

ORDINARY EXPENDITURE

Imperial Household:	4,500,000
Department of Foreign Affairs	
I Department proper	Total 3,826,819
Salaries	486,423
Office expenses	594,657
Salary of foreigners	45,000
Telegrams	208,313

Entertainments	2,000
International allotments	982,991
Expenses of resident students abroad	68,365
Secret services	1,439,068
II Offices in Foreign countries	Total 11,807,540
Salaries	5,389,172
Office expenses	2,581,563
Travelling expenses	1,285,916
Salary of foreigners	40,849
Law court expenses	36,146
Detention expenses	122,317
House and land rent	1,169,741
Telegrams	883,520
Entertainments	296,316
III Protection of resident Japanese abroad	Total 1,230,725
Salaries	222,961
Office expenses	1,007,764
IV Miscellaneous expenses	89,529
Total	16,954,613
Department of Home Affairs	
I Isé Shrine	230,000
II Other national shrines	771,360
III Department proper	Total 765,050
Salaries	339,430
Office expenses	383,337
International allotments	11,001
Secret expenses	31,282
IV Bureau of Social Affairs	408,088
V Imperial office of international labour organization	125,517
VI National Juvenile Correction School	45,648
VII Wounded Soldiers' Hospital	113,824
VIII Bureau of Labour Exchange	186,953
IX Police Institute	21,837
X Hygienic Laboratory	655,898
XI Allment Investigation Laboratory	60,333
XII National Leper-houses	316,944
XIII Examination of Physicians and Pharmacists	28,599
XIV Prefectural Offices	Total 10,403,018
Salaries	7,039,160
Office expenses	3,099,785
Protection of the Ainu	37,858
Imperial attendance, etc.	83,212
Bonin Islands	41,740
Seven islands of Izu	19,214
Secret expenses	82,049
XV Conscription expenses	1,489,136
XVI Relief of Soldiers' families	1,594,001
XVII Joint payment for police expenses	22,470,755
XVIII Grants to social works	Total 6,743,168
Prevention of epidemics	1,481,539
Juvenile protection work	152,735
Insane hospitals	219,207
Labour exchanges	308,740

PUBLIC FINANCE

Local expenses for social works	1,686,171	Salaries	219,815
Relief works	2,834,776	Office expenses	178,555
Prevention of parasites	10,000	International allotments	4,161
Prevention of ill-treatment of children	50,000	Aid to protection work of ex-convicts	83,575
XIX National allotment for health insurance	3,072,824	Investigation expenses	31,268
XX Miscellaneous expenses	148,562	Aid to Prison Police Institute	9,690
Total	49,651,515	Total	18,911,504
Department of Finance		II Court expenses	11,458,472
I Department proper	Total 965,492	Salaries	4,942,829
Salaries	430,789	Office expenses	2,127,108
Office expenses	507,809	Judicial and register expenses	232,702
International allotments	-1,062	Adjudication expenses	70,239
Custom house investigation committee	25,882	Detention expenses	80,654
II Cabinet expenses	Total 851,188	Secret expenses	80,654
Salaries	247,390	III Prison expenses	Total 13,788,461
Office expenses	437,492	Salaries	604,178
Rewards	70,000	Office expenses	6,264,354
Examination of high officials	54,000	Detention expenses	6,919,899
Punishment of Officials	1,570	IV Miscellaneous expenses	122,970
Official service limitation committee	3,186	Total	33,844,999
Contribution to international statistics association	1,000	Department of Education	
Secret expenses	46,550	I Department proper	Total 2,468,635
III Privy Council	197,669	Salaries	385,426
IV House of Peers	1,483,338	Office expenses	553,359
V House of Representatives	2,032,221	Scientific investigations	456,751
VI Board of Audit	475,975	Physical investigations	115,446
VII Court of Administrative Litigation	113,300	Protection of national treasures	190,000
VIII Bureau of Fund Employment	92,551	International allotments	29,859
IX Custom-houses	4,392,166	Expenses of investigators abroad	594,435
X Tax levying expenses in Japan proper	Total 15,729,535	Aviation council meetings	4,853
Salaries	5,666,884	Investigation of historical places and old trees and their protection	89,891
Office expenses	3,174,461	Civic education	98,784
Committee meetings	262,395	II Meteorological observatories	718,935
Disposing expenses	252,425	III Latitude observatory	45,410
Stamps, etc.	59,596	IV Common education	Total 90,750,270
Aid to local public bodies	5,511,936	Allotment for elementary school teachers' salaries	85,000,000
Aid to textile associations	336,909	Aid to elementary education expenses	1,950,000
Aid to saké brewers' associations	465,029	Aid to normal school expenses	2,500,000
XI Miscellaneous repayment and compensations	12,580,875	Salaries of elementary school teachers called to military service	449,040
XII Transferred to the fund for national debt adjustment	378,625,340	Investigation of special communities	3,352
XIII Payment to Special Account of Deposit Bureau of the Department	3,370,000	Miscellaneous expenses of common education	347,878
XIV Miscellaneous expenses	359,993	Encouragement of school attendance	500,000
XV Reserve Fund	14,000,000	V Business education	640,516
Total	435,279,443	VI Social education	2,143,832
Department of War (See Chapter VII)	Total 168,656,072	VII Thought guidance	279,586
Department of Marine (See Chapter VII)	Total 199,337,475	VIII Deaf and dumb education	159,614
Department of Justice		IX Aid to public school teachers' special salary	1,213,320
I Department proper	Total 522,064	X Aid to private school pension fund	133,600
		XI University and library expenses	Total 31,081,316
		Imperial universities	12,722,083
		Government universities	6,226,050

BUDGET FOR 1934-1935

Libraries	12,133,163	V Pension and Annuity	Total 169,098,590
XII Miscellaneous expenses	4,587	Annuitant	12,065,399
Total	122,639,771	Pension	157,033,191
Department of Agriculture and Forestry		VI Miscellaneous expenses	36,554
I Department proper	Total 1,502,413	Total	172,817,623
Salaries	434,293	Department of Overseas Affairs	
Office expenses	389,172	I Department proper	718,454
International allotments	29,798	Salaries	299,665
Control of fisheries	358,070	Office expenses	372,239
Horse castration	167,625	Secret expenses	46,550
Encouragement of improvement of the horse	96,248	II Transferred to Special Account of Karafuto from the profit of tobacco monopoly	1,245,040
Examination of stud-horses	27,207	III Miscellaneous expenses	8,331
II Forestry expenses	Total 20,742,434	Total	1,971,825
Salaries	2,168,240	Total of Ordinary Expenditure	1,247,207,265
Office expenses	1,125,249		
Enterprises	17,448,945	EXTRAORDINARY EXPENDITURE	
III Experimental stations	1,512,679	Department of Foreign Affairs	
IV Raw Silk Conditioning Houses	1,666,071	I Repairs	190,028
V Stud-horses and their pasture	1,736,386	II Removal of a legation	25,581
VI Fisheries Institute	426,573	III Establishment of a legation	145,000
VII Subsidies	Total 1,952,151	IV Subsidies to educational bodies	542,920
To agricultural associations	122,744	V Protection of resident Japanese abroad	1,413,305
To experiments and lecture meetings	26,496	VI Committee expenses of the League of Nations	198,000
To the maintenance of landed farmers	1,394,414	VII Protection of emigrants	430,000
To fisheries associations	20,654	VIII Promotion of trade	100,000
To prevention of silk-worm diseases	83,283	IX International cultural enterprises	200,000
To the local expenses for taking statistics	304,580	X Manchurian Incident expenses	3,853,604
VIII Miscellaneous expenses	196,160	XI Extraordinary diplomatic expenses	1,000,000
Total	29,734,897	XII Extraordinary increase of salaries	2,612,310
Department of Commerce and Industry		Total	10,710,748
I Department proper	Total 1,535,119	Department of Home Affairs	
Salaries	603,265	I Subsidies to water-works, reconstruction of river banks, ports, public works, etc.	12,591,217
Office expenses	655,637	II River improvements	19,345,514
International allotments	13,788	III Harbour improvements	9,111,145
Investigation committee of dumping	3,052	IV Road improvements	8,800,000
Weights and measures	207,058	V Promotion of farm-villages	28,850,000
Geological investigation	52,319	VI Investigation on public works	58,504
II Patent Bureau	764,058	VII Investigation on city plans	38,004
III Mine Supervision Bureau	430,491	VIII Subsidies to road improvements and city plans	350,000
IV Experiments and studies	1,443,228	IX Improvements in Hokkaido	25,128,114
V Promotion and investigation	908,715	X Buildings and repairs	485,576
VI Subsidies	164,515	XI Isé Shrine construction office	35,000
VII Miscellaneous expenses	22,926	XII Investigation of Isé shrine equipments	10,000
Total	5,319,052	XIII Extraordinary expenses for shrines	296,500
Department of Communications		XIV Education of shrine priests, etc.	11,066
I Department proper	Total 1,038,485	XV Investigation on shrine system	16,575
Salaries	448,345	XVI Special institutions for police	1,362,029
Office expenses	583,208		
Aid to the international marine meeting	2,000		
International allotments	4,882		
II Communication expenses	1,237,317		
III Electro-technical Laboratory	340,852		
IV Lighthouse Bureau	1,066,375		

XVII Prevention of epidemics	1,406,353	II Miscellaneous investigations	745,408
XVIII Promotion of hygienic enterprises	431,788	III Library of the Cabinet	8,205
XIX National parks	86,389	IV Readjustment of State property	427,819
XX Medical treatment relief fund	1,200,000	V For 4% Chinese Loan	3,845,610
XXI Promotion of public welfare of Loochoo Islands	236,678	VI Extraordinary expenses of the Board of Audit	33,630
XXII Fisheries at Bonin and Izu islands	31,897	VII Reconstruction works	2,032,902
XXIII Sand banks of Kamitsujima	10,058	VIII Examination of lawyers	5,958
XXIV Supervision of land cultivation	107,422	IX Making of the list of decoration holders	11,397
XXV Investigation of local institutions and finance	13,330	X Editing of Meiji-Taisho finance history	20,102
XXVI Investigation on prevention of snow damages	20,000	XI Travelling expenses of representatives to International Statistic Conference	9,000
XXVII Promotion of social works	207,850	XII Subsidies to the Industrial Bank of Japan and shipbuilding	272,487
XXVIII Local improvements	574,484	XIII Repayment of official expenses	148,072
XXIX Subsidies for prevention of factory accidents and mine hygiene	32,729	XIV Surplus of the fund for the bonds given to the Lords in Meiji era instead of their feuds	2,078
XXX Committee meetings of unemployment	20,000	XV Resources control and utilization emergency expenses	80,705
XXXI Official expenses for housing associations	16,871	XVI Special increase of salaries	50,784
XXXII Emergency expenses for unemployed labourers	4,593,185	XVII Extraordinary economic and financial adjustment expenses	126,179
XXXIII Promotion of public pawnshops	380,013	XVIII Control of foreign exchanges	103,153
XXXIV Emergency expenses for local improvements	1,000,000	XIX Extraordinary expenses for the control of custom houses	67,255
XXXV Promotion of farmer-resuscitation movement	50,000	XX Expenses for conferring rewards in connection with Manchurian Incident	1,319,384
XXXVI Travelling expenses of representatives to the International Labour Conference	153,724	XXI Reconstruction of Musashino correction school	57,500
XXXVII Remaining works of Reconstruction enterprises	51,350	XXII Extraordinary expenses for conferring pensions	20,000
XXXVIII Subsidies to Reconstruction enterprises	1,000,000	XXIII Adjustment of slided land	101,629
XXXIX Construction of river banks damaged by 1923 earthquake	105,000	XXIV Grant to the earthquake relief fund	234,134
XL Emergency expenses for the Yamato river	800,000	XXV State reserve fund for Manchurian Incident	10,000,000
XLI Enforcement of Building Law in cities damaged by 1923 earthquake	122,827	Total	31,680,531
XLII Reconstruction works in Izu and Sagami	113,271	Department of War: Total	280,514,004
XLIII Expenses for the Sanriku district damaged by 1933 earthquake and waves	72,779	Department of Marine: Total	283,334,188
XLIV Relief of famine in Hokkaido and Aomori	166,049	Department of Justice	
XLV Hokkaido river-improvements	181,361	I Investigations on laws	31,122
XLVI Special increase of salaries	54,624	II Buildings and repairs	537,609
Total	119,838,816	III Reconstruction expenses	209,521
Department of Finance		IV Extraordinary earthquake official expenses	46,726
I Buildings and repairs	11,957,119	V Special institution for the prevention of thought crime	383,224
		VI Special works for arbitration between creditors and debtors	798,053
		VII Extraordinary prison expenses	200,121
		Total	2,226,441
		Department of Education	
		I Buildings and repairs	756,999
		II Establishment and enlargement	

of higher schools	398,118	XVII Transfer to Special Account for reinsurance for cattle	60,841
III Extraordinary investigations on educational and religious questions	110,290	XVIII Economic recovery of farm-villages	7,534,354
IV Editing a history of Meiji Restoration	68,100	XIX Water-works and sewerage	84,000
V Extraordinary institute for training teachers	8,374	XX Agricultural public works	20,513,907
VI Special training courses	217,950	XXI Subsidies for agricultural recovery of earthquake districts	288,660
VII Training of meteorologists	21,084	XXII Subsidies for agricultural recovery of districts damaged by natural calamities	982,469
VIII Travelling expenses of delegates to international meetings	62,400	XXIII Promotion of Loochoo Islands	785,076
IX Subsidies to schools and cultural works	1,234,445	XXIV Subsidy for agriculture in Oshima, Kagoshima prefecture	91,841
X Social education	100,000	XXV Subsidies for common coon stores	1,050,000
XI Extraordinary expenses for protection of National treasures	152,301	XXVI Special increase of salaries	21,785
XII Extraordinary expenses for university and school libraries	3,141,203	Total	57,975,772
XIII Reconstruction expenses	2,921,565	Department of Commerce and Industry	
XIV Extraordinary expenses for elementary school education	12,891,144	I Subsidies for the encouragement of industries	Total 3,490,410
XV Extraordinary expenses for young men's training institutes and business continuation schools	500,000	To the Central Wholesale Market	251,100
XVI Extraordinary expenses for thought guidance	47,000	To commercial associations	80,000
XVII Extraordinary expenses for maintenance of historical places	27,847	For promotion of native production	30,414
XVIII Investigation and control of costly art productions	19,200	To manufacturing companies	1,114,396
XIX Expenses for students sent abroad	447,989	To the Institute of Physico-chemical Research	250,000
XX Establishment of Hakodate Higher Fishery School	20,000	For promotion of inventions	103,498
Total	23,146,018	To iron industry	1,399,121
Department of Agriculture and Forestry		To gold mines	255,761
I Subsidies for agricultural and fishery enterprises	15,419,142	For prevention of mine diseases and accidents	6,120
II Promotion of farm-villages	4,325,017	II Promotion of industrial arts	180,765
III Investigations and studies	639,844	III Promotion of foreign trade	Total 1,484,208
IV Buildings and repairs	458,106	Salaries	25,235
V Prevention of cattle diseases, etc.	721,050	Office expenses	44,530
VI River-improvement enterprises	1,777,555	Subsidies	774,443
VII Forestry enterprises	1,849,586	Compensation for exported goods	640,000
VIII Encouragement of private forestry	965,298	IV Control of export trade	57,590
IX Protection of fur-seals	180,495	V Promotion of self-supply policy of liquid fuel	1,668,554
X Fishery registration	7,169	VI Control, aid and promotion of minor industries	95,330
XI Adjustment of coast fishery grounds	35,777	VII Investigations and experiments	255,554
XII Control of fisheries in foreign seas	40,706	VIII Buildings and repairs	440,576
XIII Enforcement of the Russo-Japanese Fishery Treaty	49,846	IX Extraordinary expenses for rearrangement of mine maps and Patent Bureau materials	60,534
XIV Preparation for the revision of the Russo-Japanese Fishery Treaty	40,000	X Enforcement of the new weights and measures law	10,247
XV Examination of Tsingtao meats	37,525	XI Patent Bureau: examination expenses	176,423
XVI Control of game-fields	17,723	XII Promotion of the Loochoo Islands	7,720
		XIII Subsidy to the industrial enterprise in Oshima, Kagoshima prefecture	7,884

XIV Temporary rationalization of Industry Bureau	231,440
XV Investigation committee of properties of iron foundries	14,000
XVI Residual office expenses of Yawata Iron Foundry	22,000
XVII Travelling expenses of the delegate to International Insurance Conference	7,148
Total	8,210,383
Department of Communications	
I Subsidies for aid and encouragement	Total 16,164,356
To mariners' aid	16,000
To sea disaster relief	56,000
Navigation subsidy	9,935,764
To standardization of electric instruments	2,720
To labour exchange of mariners	94,100
Aviation subsidy	169,837
Air transport subsidy	1,260,000
To social works for mariners	935
To give work to ex-mariners	319,000
To the improvement of ships	4,250,000
II Establishment and repair of light houses	208,125
III Buildings and repairs	8,600
IV Investigation on iron material for shipbuilding	36,779
V Temporary investigation expenses of the Electro-technical Laboratory	24,346
VI Equipment for shipbuilding improvement	61,154
VII Extraordinary examination of ships	36,585
VIII Equipments in air-lines	390,145
IX Recovery of equipments damaged by earthquakes	27,641
Total	17,008,141
Department of Overseas Affairs	
I Training institute of emigrants	161,153
II Subsidies for encouragement and protection of emigration and colonization work	5,905,255
III Emigrants to Manchuria	530,986
IV Subsidy to the Oriental Development Co.	400,000
V Subsidies to cotton and sheep associations	250,000
VI Subsidies to Special Accounts	Total 17,825,160
To Chosen (Korean) Government-General	12,825,160

To Kwantung Government	4,000,000
To Karafuto Government	1,000,000
VII Special increase of salaries	9,032
Total	25,081,586
Total of Extraordinary Expenditure	864,926,218
Grand Total of State Expenditure	2,112,133,483

CONTINUATION EXPENDITURE

In Extraordinary Expenditure is included a number of items derived from Continuation Expenditure from which sums are annually earmarked for various expenses, the budget for Continuation Expenses being spread over a period. The more important items with their total and annual (1934-35) allotments are as under.

(II) River improvements	Total amount	610,412,297
1934-1935		19,345,514
(IX) Improvements in Hokkaido	1934-1935	25,128,114
Of which ¥6,642,192 is a part of the total amount for the land, river and harbour improvement plans		215,612,769
Department of Finance:		
(I) Buildings and repairs	1934-1935	11,957,119
Of which ¥2,570,084 is a part of the total amount for Departmental Office Buildings		50,701,635
(VII) Reconstruction works	Total amount	92,880,771
1934-1935		2,032,962
Department of War: (Chap. VII)		
(II) Perfection of defensive means	Total amount	578,066,752
1934-1935		125,647,271
Items I, III, and XVIII are also parts of continuation expenditures		
Department of Marine: (Chap. VII)		
(I) Construction of auxiliary ships	Total amount	1,391,986,958
1934-1935		121,419,160
(III) Equipments of air forces	Total amount	127,740,749
1934-1935		33,649,187
(IV) Equipments of warships	1934-1935	60,341,298
Of which ¥57,507,298 is a part of the total amount		156,625,734
Department of Education:		
(XIII) Reconstruction expenses	Total amount	72,600,836
1934-1935		2,921,565

SPECIAL ACCOUNTS
(In yen)

Ministry	Special Account	Revenue	Expenditure
Foreign Affairs	Cultural Work for China	9,324,145	2,998,645
Home Affairs	Health Insurance	18,748,737	18,748,737

Ministry	Special Account	Revenue	Expenditure
Home Affairs	Labour Accident Legal Insurance	1,382,355	1,382,355
Finance	Mint Bureau	11,629,331	6,514,018
"	Mint Bureau, fund section	12,478,595	15,428,474
"	Printing Bureau	9,120,054	7,034,972
"	Monopoly Bureau	352,331,287	162,651,327
"	Deposits Bureau	164,839,976	116,404,024
"	Educational Fund	21,575	
"	National Debt Readjustment Fund	3,279,341,883	3,279,341,883
"	National Loan Money	881,025,994	881,025,994
"	State Property Readjustment Fund	6,259,334	6,259,077
"	Educational Improvement and Farm-village Promotion Fund	7,712,850	8,044,757
War	Arsenal	130,109,966	130,109,966
"	Senju Woollen Factory	6,564,059	6,559,199
Marine	Navy-arsenal	82,320,092	81,567,617
"	Powder Mill	8,036,293	8,036,293
"	Fuel House	24,093,922	23,743,922
Education	Imperial Universities (6)	27,736,607	27,736,607
"	Imperial Universities Endowment Funds	896,721	3,121,638
"	Government Colleges	13,207,081	13,207,081
"	Government Colleges Endowment Funds	325,337	905,305
"	Schools and libraries	17,032,914	17,032,914
"	Schools and libraries, endowment funds	382,822	1,341,001
Agriculture and Forestry	Rice trade control	163,145,252	163,145,252
"	Cattle re-insurance	403,882	403,882
Communications	Communication business, funds	35,813,338	35,813,338
"	Communication business, necessities	34,472,677	34,472,677
"	Communication business, business	273,324,351	264,126,381
"	Post Office Life Insurance	223,532,688	156,237,911
"	" " Annuity	13,620,447	5,718,761
Railways	State railways, funds	113,133,216	121,633,216
"	" " equipments	188,160,000	188,160,000
"	" " business	674,887,694	611,754,478
Overseas Affairs	Chosen Government-General	250,107,331	250,107,331
"	Chosen railways, equipment funds	16,817,962	16,817,962
"	Chosen Post-Office Life Insurance	6,442,155	3,721,036
"	Taiwan Government-General	110,737,283	110,737,283
"	Taiwan State Railways, Equipment funds	6,000,000	6,000,000
"	Kwantung Government	22,911,058	22,911,058
"	Karafuto Government	25,929,056	25,929,056
"	South Seas Government	5,635,675	5,635,675

CONTINUATION EXPENDITURES IN SPECIAL ACCOUNTS

Ministry	Enterprise	Total amount	1934-1935
Education	Kyoto Imperial University, Medical Department Hospital	539,586	200,000
Communications	Telegraph and Telephone Equipments	600,176,985	31,519,500
"	Post Office buildings	5,387,687	459,491
Railways	Construction of railways and motor roads	3,800,783,726	114,933,000

SUPPLEMENTARY BUDGETS,
1933-34 AND 1934-35

Supplementary Budget for 1933-1934,	
General account	
Revenue	
Transferred from the surplus of the previous year	¥9,151,939

Expenditure	Ordinary	
Foreign legations		260,550
Conscription expenses		366,827
Police expenses		919,097
Repayments, etc.		1,957,200
Communications		1,341,000

Annuities and pensions	3,159,000
Total	8,003,674
Extraordinary	
Indo-Japanese conference	62,000
Disaster relief travelling expenses	68,122
Amnesty enforcement expenses	18,148
Kwantung Government	1,000,000
Total	1,148,265
Total Expenditure	9,151,939
Special account	
Chosen Government	
Revenue Surplus of the previous year	¥88,565
Expenditure Disaster relief	88,565
Taiwan Government	
Revenue Income from railways	1,206,188
Expenditure Railway business	231,087
Kwantung Government	
Revenue Replenishment	1,000,000
Expenditure Subsidies	1,000,000
Supplementary Budget for 1934-1935	
General account	
Revenue	
Dividends on shares and stocks	¥215,639
Sale of silk	1,911,600
Surplus of Iron Foundry fund	2,100,000
Deficit loan money, etc.	16,767,552
Total	20,994,791
Expenditure	
Transferred to national loan readjustment fund	194,791
Buildings	159,736
Investigations	40,264
Farm-village relief fund	15,000,000
Subsidies for the improvement of farms	4,000,000
Subsidies for common silk storage	1,600,000
Total	20,994,791
Special account	
National loan readjustment fund	
Revenue	
from general account	¥194,791
from Chosen Government	100,000
Total	294,791
Expenditure	
Readjustment expense	294,791
National loan money	
Received	16,767,552
Transferred to general account	16,767,552
Chosen Government	
Revenue	
Surplus of the previous year	2,204,750
Borrowed	6,000,000
Total	8,204,750
Expenditure	

Transferred to special account of national loan readjustment fund	100,000
Control of rice exportation	8,104,750
Total	8,204,750

Taxes and Duties

The land tax constituted the principal and largest tax of all during the feudal days of the Tokugawa Shogunate. The revenue then came direct from the tax on the territory under direct control of the Shogun, and that of provincial feudal clans was made independent of the Central Government. Centralization of the country's financial system was the chief aim of the Meiji governments, and taxes were imposed by the Central Government to cover the whole country. The land tax was divided into two kinds, that is, payments in cash, and payments in produce such as rice and beans. Land certificates were issued by the Meiji Government in 1872 and in the following year the land tax act was revised and enforced. This brought about a very important and radical change in the payment of the land tax, for it was decreed that tax must be paid in money, payments in kind were abolished. The tax was fixed at 3/1,000 of the legal land value, or the value mentioned in land certificates. In 1875 the urban land tax was fixed at 3/100 of the legal land value. By a tax revision conducted in the same year nine kinds of taxes such as those on saké, soy, ships, cattle trading, silk, hunting, mining, oil pressing and ship anchoring were included in the national taxes and at the same time new taxes on patents, servant employment, carriages, rickshas, palanquins, horse riding, boat excursions, certificate stamps, business corporations, tobacco, weights and measurements and others were introduced. Miscellaneous taxes of the Tokugawa Shogunate numbering 1,553 were abolished. Estimates

of tax revenue were formulated for the first time in 1875 and the amount for the year totalled ¥59,000,000, as follows:

TAX REVENUE

Land tax	¥50,845,827
Customs tax	1,718,732
Mine-lot tax	7,430
Government salary tax	92,625
Hokkaido marine products tax	342,526
Saké tax	2,555,594
Tobacco	206,748
Certificate stamp tax	498,228
Legal suit tax	63,714
Ship tax	128,514
Cart tax	213,192
Hunting tax	46,920
Cattle trading tax	90,833
Weights and measurements tax	2,019
Copyright tax	5,198
Open-port tax	2,774
Lochoo Clan's contribution	48,189
Capitalized pension and honours tax	2,075,118
Raw silk, stamp and other taxes	28,913
Ship anchorage tax	28,020
Total	59,194,031

Revision of Tax System The revision of the tax system of the Central Government was followed by a revision of that of the tax system of provincial governments, thereby drawing a clear line of distinction between the two kinds of taxes. It was announced that the provincial governments might levy a land tax, but this must not exceed 20 per cent. of the land tax of the Central Government. The customs duty of Japan originated in commercial treaties concluded by the Tokugawa Shogunate with Foreign Powers several years previous to the Meiji Restoration. Until 1898, the 30th year of Meiji, when the customs tariff was consolidated the regulations regarding customs duties were incomplete though they provided the second largest amount of income. Revenue from the land tax and customs duty for the first 10 years of Meiji was:

1st period	Land tax	Customs revenue (In ¥1,000)
2nd ..	2,009,013	72,866
3rd ..	3,355,965	502,807
4th ..	8,218,969	648,453
5th ..	11,340,983	1,071,630
6th ..	20,051,917	1,331,560
7th ..	60,604,242	1,685,974
8th ..	59,412,428	1,498,257
1876 (Jan., 1876-June, 1876)	67,717,946	1,038,103
1877 (July, 1876-June, 1876)	50,845,327	1,718,732
1878 (July, 1877-June, 1878)	43,023,425	1,988,667
1878 (July, 1878-June, 1879)	39,450,551	2,358,653

The estimated receipts from taxes during the 1932-33 fiscal year were as follows:

Items	Receipts
Income tax	¥131,142,921
Land tax	58,482,530
Business profits tax	32,857,953
Capital interest tax	14,866,282
Succession tax	28,022,355
Mining tax	3,753,114
Tax on the issue of bank notes	14,159,150
Tax on liquors	176,488,430
Table water tax	3,279,382
Sugar excise	71,952,603
Textiles consumption tax	30,438,493

Items	Receipts
Tax on bourses	11,793,250
Customs duties	128,984,023
Tonnage dues	2,261,298
Total	708,006,874
Stamp duties	66,022,196

A part of the surplus revenue realized by the conclusion of the London Naval Treaty in 1930 was applied to the reduction of the land tax, the business profits tax, the sugar excise and the textiles consumption tax. A detailed explana-

tion of the chief taxes is given below.

1 Income Tax

The Income Tax Law, first instituted in 1887 under Imperial Ordinance, imposed a tax of from 1 to 3 per cent. on persons whose income from either property or business was ¥300 or more per annum. This law was subjected to a thorough revision in 1899 and was partially altered in 1901, 1905, 1913, and 1918. In 1920 it was subjected to a general revision, and was again revised thoroughly in 1926. The fundamental points are given in the following paragraphs:

Payers of the Tax Those coming under the following clauses are under obligation to pay the tax:—

(1) Those who have a domicile or have a temporary residence for one year or over within the territory where the Income Tax Law is in force.

(2) Those who, though not having a domicile or a temporary residence for one year or over within the territory where the Income Tax Law is in force, derive income coming under any of the following items:

(a) When having assets or doing business within the territory where the Law is in force;

(b) When interest on public bonds, debentures, or fixed deposits in banks or deposits of a corresponding nature is received in payment within the territory where the Law is in force;

(c) When receiving from a corporation having a head office or a principal office within the territory where the Law is in force profit, dividend, a share of "excess or surplus income," or bonus incidental to the disposition of the profit or the "excess or surplus income," or

gratuitous payment corresponding to such bonus.

The Law is applicable only to Japan proper and is not in force in Chosen, Taiwan and Karafuto. Even in Japan proper, the Ogasawara Islands and the seven islands of Izu are exempted for the present from the operation of this Law.

Classification of Incomes The Income Tax is assessed on the following classes of incomes:

Class I

A. Ordinary income of a Corporation. The balance remaining in each accounting period after deducting the gross losses from the gross profits for the said period.

B. Excess profits of a Corporation. When the ordinary income of a corporation for any accounting period exceeds 10% of the average net assets at the end of each month in the said period, that is to say, the average amount of paid-up capital and reserves, any excess over 10% is taxed.

C. Net assets of Corporations at liquidation or amalgamation. In the case of dissolution of a corporation, an excess of the value of remaining assets over the paid-up capital or the invested fund at the time of dissolution; in the case of amalgamation of corporations, an excess of the sum of the paid-up amount for shares and the amount of money, acquired by the shareholders or partners of the amalgamated corporations from the amalgamating corporations or a corporation created as the result of the amalgamation, over the paid-up capital or the invested fund of the amalgamated corporations at the time of amalgamation.

D. Undivided profits of a Family Corporation. Undivided profits in each accounting period of a family corporation, i. e., a corporation with half or more of its capital or invest-

ed fund consisting of shares owned by a shareholder or a partner and those who have special relations with the said shareholder or partner such as his relatives or his employees, provided that such undivided amount comes under either of the following clauses (when there is a conflict between them the one that concerns the greater amount is applied); and the Government decides all questions relating to the scope of the application of these provisions.

(1) Amount retained out of the ordinary income of each accounting period in excess of 3/10 of the ordinary income of the said period.

(2) The sum total of the reserves at the end of each accounting period and the amount retained out of the ordinary income of the said period, exceeding one-half of the amount of the paid-up shares of capital or the invested fund; but that part of the reserves at the end of such accounting period which exceeds one-half of the paid-up shares of capital or the invested fund is deducted from the said total.

E. Income of a Corporation without head office or principal business office in the territory where the Income Tax Law is in force. Income derived from assets owned or business done within the territory where this law is operative by a corporation whose head office or principal business office is not situated within such territory.

Class II

A. Interest on public bonds, debentures, fixed bank deposits, or bank deposits of similar nature receivable in places where the Law is in force. This applies also to profit on trust funds employed in loans by a trust company.

B. Distribution of profit or dividends, distribution of surplus money, or bonuses given by way of distributing profits or surplus money or al-

lowances similar in nature to bonuses, as received by those who have neither domicile nor residence for one year or more in places where the Law is operative from corporations maintaining head or principal business offices in places where the Law is operative.

In the foregoing two cases, the amount received shall constitute the assessable income.

Class III

Incomes of individuals not coming under Class II are calculated as follows:

(1) Interest on loans made on a non-business basis and interest on public bonds, debentures and deposits that do not come under Class II—calculated on receipts during the preceding year;

(2) Income from forests—on gross receipts during the preceding year less the necessary disbursements made;

(3) Bonuses or allowances similar in nature to bonuses—receipts during the period between March 1 of the preceding year and the last day of February of that year;

(4) The distribution of interest or profit, or allotments of surplus received from a corporation—receipts during the period between March 1 of the preceding year and the last day of February of that year (in the case of dividends on unregistered shares the actual amount received) less 4/10;

(5) Salaries, allowances, annuities, pensions, retiring pensions and other allowances of a similar nature—actual receipts during the preceding year when such incomes have been received continuously from January 1 of the year, or estimated annual receipts when such incomes have not been received continuously from January 1 of the preceding year;

(6) Incomes other than those

enumerated above—gross receipts of the preceding year less the necessary disbursements made when such incomes have been received from January 1 of the year, or estimated annual receipts when such incomes have been derived from properties, business or professions that have not been practised continuously from January 1 of the preceding year.

When the sum received as repayment from a corporation in consequence of the redemption of shares or in the case of one's retirement from a partnership exceeds the sum actually paid for the said shares or the contribution actually made by the retiring partner, such excess shall be regarded as a dividend of profits from the said corporation.

The following may be deducted as necessary expenses in calculating the assessable incomes of Class III:

Prices paid or expenses incurred in purchasing seeds, silk-worm eggs, manure, feeds for cattle or others, merchandise laid in as stock, raw materials, repair of ground or things, rent, public levy on ground and things or as paid incidental to conducting business, salaries and allowances to employees, and all other necessary disbursements incurred for procuring the incomes. Household and incidental expenses are not to be deducted.

(7) The following revision has been made in this tax:

(a) As regards incomes accruing from trust property, the tax is levied upon the beneficiary considering him as an owner of the trust property.

(b) In case the beneficiary is not specified or not yet in being, the trustee shall be deemed to be the beneficiary and taxed accordingly.

Non-taxable or Free Incomes are non-taxable or free according to the provisions of the Income Tax Law or to provisions of other laws.

Those exempted from taxation by the Income Tax Law are as follows:

Hokkaido, fu and ken (Prefectures), cities, towns, villages, other public corporations specified by an Order, Shinto and Buddhist temples, and associations incorporated in accordance with Article 34¹ of the Civil Code are exempted from Income Tax. The public corporations specified by the Order as mentioned above are as follows:

Unions of fu and ken (Prefectures); unions of cities, towns and villages; unions of towns and villages; wards or property-owning sections of cities, towns or villages; Hokkaido Local Expenditure; school unions of cities, towns and villages; school districts of cities, towns or villages; irrigation associations; federations of irrigation associations; farms readjustment associations; federations of farms readjustment associations; Hokkaido public works associations; staple commodities producers' associations; federations of staple commodities producers' associations; forestry associations; saké brewers' associations; federations of saké brewers' associations; marine products associations; federations of marine products associations; foreign waters marine products associations; federations of foreign waters marine products associations; stock-breeders' associations; federations of stock-breeders' associations; agricultural associations; chambers of commerce and other public corporations of a corresponding nature. Also, those public corporations in Chosen, Taiwan, Kwanto-shu (Kwantung Province) and Karafuto, which are exempted from income tax by laws or orders of the respective regions.

¹ Judicial persons regarding Shinto religion, other religious sects, charity, science, art and others for public good, organized under sanction of the Minister concerned.

Class III incomes coming under any of the following items are exempted from taxation:

(1) Salaries and allowances of officers and privates of the Army and Navy while engaged in war;

(2) Allowances to widows and orphans and pensions to the sick and wounded;

(3) Money received for traveling or school expenses and legal allowances received for support;

(4) Interest on deposits in the postal savings bank, industrial associations and savings banks;

(5) Occasional incomes derived from undertakings not conducted for profit;

(6) Incomes of aliens as derived from trade, business or profession in places where the Income Tax Law is not in force.

Those who manufacture certain staple commodities that are specified by Imperial Orders are exempted, in accordance with provisions of an Order, from the income tax on the income derived from such manufacturing for the first four years of operation of a factory.

Those exempted from taxation by laws or regulations other than the Income Tax Law:

Persons or corporations exempted from the Tax are:

(1) Industrial associations, federations of industrial associations, the Central League of Industrial Associations, and their federations (Art. 6, Industrial Association Law).

(2) Fishers' associations; federations of fishers' associations (Art. 45, Fishery Law).

(3) Persons engaged in the agricultural warehousing business (Art. 14, Agricultural Warehousing Law).

(4) A corporation with head office or principal business office in Chosen (Korea), Taiwan (Formosa) or Kwanto-shu (Kwantung Province) (Art. 12, Law No. XII, 1920).

(5) Central Chest for Industrial Associations in Japan (Art. 8, Central Chest for Industrial Associations Law).

(6) Housing associations (Art. 16, Housing Associations Law).

(7) Exporters' associations (Art. 33, Exporters' Associations Law).

(8) Associations of producers of staple articles of export and federations of associations of producers of staple articles of export (Art. 38, Associations of Producers of Staple Articles of Export Law).

Things exempted from the Tax are:

(1) Interest on National Bonds (Law No. VII, 1909).

(2) Interest on Savings Bonds (Law No. XIX, 1905).

(3) Money or gifts in kind received in accordance with the Military Relief Law (Art. 17, Military Relief Law).

(4) Income derived from the iron foundry business as specified in the Iron Foundry Encouragement Law (details mentioned in the said Law and the rules pertaining to it).

(5) Incomes derived from industries producing certain important goods specified in the Imperial Ordinance; but such exemption is allowed for the first four years only of operation of a factory (Art. 19, Income Tax Law).

(6) Incomes derived from certain industries in colonies where such industries are exempted from the imposition of the income tax (Art. 7, Law No. XII, 1920).

(7) Interest on Reconstruction Savings Certificates (Art. 6, Reconstruction Savings Certificates Law).

Abatement from Incomes

A. Abatement from incomes from service.

Assessable incomes as under Class III are determined after making abatement at the under-mentioned

rates from the earned incomes, i. e. salaries, wages, allowances, annuities, pensions, retirement allowances, bonuses and allowances of similar nature to a bonus ;

(1) When the total income under Class III is less than ¥6,000—2/10 of the income earned by personal service.

(2) When the total income under Class III is less than ¥12,000 provided that the unearned portion exceeds ¥6,000—1/10 of the earned income.

(3) When the total income under Class III is less than ¥12,000 provided that the unearned portion is under ¥6,000—2/10 of that part of the earned income which, if added to the unearned income, amounts to ¥6,000 ; and 1/10 of the other part of the earned income.

B. Special abatement for aged or juvenile members of the family and disabled or invalid dependants.

Those whose total income is below ¥8,000 (after making deductions as provided for in A in the case of the earned incomes) are allowed abatement at the rate of ¥100 per capita upon their application, if, on March 1st of the year, the head or any members of the family are under 18 years or over 60 or disabled or invalid. The amount remaining after this abatement is made is their assessable income.

C. Abatement of life insurance premium.

Premium paid on a life-policy by a person for the benefit of himself, his family or heir may be deducted in accordance with the Order and on his own application within the limit of ¥200 a year.

Minimum Liable to Taxation

A. Class I and II. All income is taxed.

B. Class III. Income under Class III not exceeding ¥1,200 is exempted from taxation, as is also income

when the taxable portion is made less than ¥1,200 as a result of abatements made for the earned income, certain family dependants and life insurance premiums.

Tax Rates

Class I

A. Ordinary income of a Corporation.

A corporation that has its head office or principal business office within the territory where the Income Tax Law is enforced.....5%

B. Excess profits of a Corporation.

Excess profits of a corporation are divided into three classes with a separate rate for each class :

That portion of the income in excess of 10% and under 20% of the capital.....4%

That portion of the income in excess of 20% and under 30% of the capital.....4%

That portion of the income in excess of 30% of the capital....20%

C. Net assets of Corporations at liquidation or amalgamation.

Net assets of corporations at liquidation or amalgamation are divided into two classes with separate rates :

The total of reserves and income exempted by law from the income tax.....5%

Others.....10%

D. Undivided profits of a Family Corporation.

In fixing the rate of the tax, an annual income is calculated on the basis of ordinary income of the accounting period. To 10% of the portion under ¥50,000 of such annual income is added, 15% of the portion from ¥50,000 to ¥100,000, 20% of the portion from ¥100,000 to ¥500,000, 25% of the portion from ¥500,000 to ¥1,000,000, and 30% of the portion in excess of ¥1,000,000 ; and the percentage that the total

bears to the ordinary income is the rate of the tax.

E. Income of a Corporation having no head office or principal business office in the territory where the Income Tax Law is in force....10%

Class II

A Interest on public bonds..4%

Other interest.....5%

B Profits on dividends.....7%

Class III

Income under this class is divided into the following categories and the progressive rates are applied to the respective categories ; but income from forests is assessed separately by multiplying the amount obtained by applying the following rates to one-fifth of such income by five.

Income not exceeding	¥ 1,200	0.8 %
Income exceeding	1,200	2
" "	1,500	3
" "	2,000	4
" "	3,000	5
" "	5,000	6.5
" "	7,000	8
" "	10,000	9.5
" "	15,000	11
" "	20,000	13
" "	30,000	15
" "	50,000	17
" "	70,000	19
" "	100,000	21
" "	200,000	23
" "	500,000	25
" "	1,000,000	27
" "	2,000,000	30
" "	3,000,000	33
" "	4,000,000	36

The tax for the head and each of the other members or inmates of the family living together, if any, is determined by applying the rates

1st period	Between July 1 and 30 of the current year
2nd "	" October 1 " 30 " " "
3rd "	" January 1 " 31 of the following year
4th "	" March 1 " 31 " " "

Protests and Petitions

(1) Inquiries. In case a person liable to taxation has any objection regarding his taxable income as

to the total of their incomes and then working out the amount thus obtained in proportion to their respective incomes.

The above provision applies also to the incomes of two or more than two members of the family living together but not with the head.

Prevention of Double Taxation In order to avoid double taxation in Class I and Class II income tax, there is a provision which allows the deduction of the amount of the Class II income tax paid by a corporation for each accounting period from the amount of the Class I income tax for the same period and this provision is applied in the same way to the net assets of corporations at liquidation or amalgamation.

Time of Payment

Class I

Income tax under this class is collected at the end of every accounting period. The tax on the income at liquidation or amalgamation is collected when the liquidation or amalgamation has been effected.

Class II

The tax is collected by the payer of the money coming under this class at the time of its payment, and he in turn transmits the tax to the Government by the 10th of the ensuing month.

Class III

Income tax under this class is divided into four equal parts which are paid respectively at the following four periods :

notified by the Government, he may within twenty days from the notification apply in writing for an inquiry to the Revenue Superintendent

through the Chief of the Taxation Office, stating the points of objection and attaching documentary evidence.

When the aforesaid application is submitted, the Government gives judgment according to the decision reached by the Committee of Inquiry on Incomes consisting of three tax collectors appointed by the Minister of Finance and those who have been elected by mutual vote from among the members of Incomes Investigation Committees in the prefectures or Hokkaido within the jurisdiction of the Revenue Superintendence Office, one for each prefecture and four for Hokkaido.

(2) Decrease against estimated income. When the actual income of a person liable under paragraphs 5 and 6 of Class III decreases by more than one-half of the estimate, he may apply to the Government for a revision of the amount of his income, but such application should be made before January 31 of the ensuing year. This provision, however, is not applied to decreases brought about by succession, donations or continuation of a business after the amount of income has been determined by the Government.

(3) Petition and suit in the Court of Administrative Litigation. A person who is dissatisfied with the decision of the Committee of Inquiry on Incomes or the revision as defined in the foregoing provision

United States of America	June 8, 1926
Denmark	October 15, 1927
United Kingdom of Great Britain and Northern Ireland	August 10, 1929
Canada	September 21, 1929
France	May 5, 1931
Norway	December 23, 1931
Netherlands	February 5, 1933
Brazil	May 9, 1933

2 Land Tax

The land tax has hitherto been levied on the basis of the assessment

may file a petition or bring a suit in the Court of Administrative Litigation.

Taxation as regards National and Local Loans In the following cases the interest on the bonds, whether domestic or foreign, is exempted from taxation:

(1) When the Japanese national bonds issued abroad are owned by foreigners;

(2) When domestic Japanese national bonds are owned by foreigners;

(3) When the Japanese national bonds issued abroad are imported into Japan.

In the following cases the interest received within the territory where the Law is in force is taxable:

(1) When the Japanese local bonds issued abroad are imported into Japan;

(2) When domestic Japanese local bonds are owned by foreigners.

Exemption on the Profits from Foreign Shipping A foreign person or foreign corporation who has no domicile in this country is exempted from income tax on the profits from shipping of a foreign nationality, provided that the country, to which such shipping belongs, extends similar exemption to the profits of Japanese shipping.

With respect to a reciprocal exemption from income tax on the profits of shipping, agreements were made with the following countries:

United States of America	June 8, 1926
Denmark	October 15, 1927
United Kingdom of Great Britain and Northern Ireland	August 10, 1929
Canada	September 21, 1929
France	May 5, 1931
Norway	December 23, 1931
Netherlands	February 5, 1933
Brazil	May 9, 1933

of 1873. In view, however, of the fact that after that year there was only a partial revision in the assessed value which, with the progress

of economic conditions, became unadapted to actual circumstances and in many cases caused unfairness in the incidence of taxation, fundamental amendments were effected in 1930 in this tax, whereby the rental value was taken as the basis of tax assessment. At the same time, part of the surplus revenue arising out of the conclusion of the London Naval Treaty was devoted to the reduction of this tax.

Basis of Assessment The land tax is imposed on the basis of the rental value of land entered in the cadastre. From 1930 to 1937, it is to be levied according to the rental value assessed during the two years 1926 and 1927, but after that period it will be levied according to a rental value to be amended every ten years. The first amendment will be made in 1938.

Payers of Tax All landowners are liable for this tax. In the case of land under mortgage, however, the tax is collected from the mortgagee; and in the case of land under superficies of more than one hundred years, it is collected from the superfiary.

Rates of Tax Formerly, the land tax was imposed according to the value of land, and the rates were 2.5% on residential land, 4.5% on rice and other fields and 5.5% on other lands. With the amendment of this tax by which the rental value was taken as the basis of tax assessment, however, the tax is levied on all categories of land at the rate of 3.8% with the exception of 4% in 1931.

Tax Reduction and Exemption Reduction is made for a fixed period in the case of developed land (land sold or transferred by the Government under an agreement previously made to the effect that, after the completion of its clearing, it should be sold or transferred in accordance

with Art. XXI, State Property Law, and become taxable land), land under cultivation (land converted from waste, forests, etc., into rice-fields, lots for building purposes, etc.) and land the classification of which was interchanged. Reclaimed land, waste land and land damaged by calamities are exempt from the tax. There is also a regulation providing that petty independent farmers owning rice or other fields within the city, town or village where they are domiciled or within the neighbouring cities, towns or villages, should be exempt from the land tax in cases where the rental value of rice or other fields is under ¥200, including that of the fields owned by other members of their families. The rice or other fields tenanted are, however, not exempted from the land tax.

3 Business Profits Tax

The business tax of 1896 was based upon external valuation of a business and the tax burden was not necessarily borne by tax-payers in proportion to their ability. In order to remedy this inequality, the business tax law was thoroughly revised and the Business Profits Tax Law, enacted for the purpose of imposing a tax on the net profits of a business, was promulgated in March, 1926 and put into effect on and after January 1, 1927. The important points of this law are given below:

(1) Persons liable to the Business Profits Tax.

A A commercial corporation with head office, branch office or any business office in the territory where the Business Profits Tax Law is in force.

B A person who engages in any of the following businesses in the territory where the Business Profits Tax Law is in force:

- (1) Sale of goods,
- (2) Banking,
- (3) Mutual loan business (Mujin),
- (4) Money-lending,
- (5) Renting of goods,
- (6) Manufacturing (including the generating and supplying of gas and electricity, and the repairing of articles),
- (7) Transportation (including transportation agencies),
- (8) Warehousing,
- (9) Contracting,
- (10) Printing,
- (11) Publishing,
- (12) Photography,
- (13) Renting assembly rooms,
- (14) Inn-keeping (including boarding-house keeping, but excluding doss-house keeping),
- (15) Restaurant keeping,
- (16) Commission agency (in transactions outside of what are defined as commercial transactions by the Commercial Law),
- (17) Representation (of merchants in the transaction of regular business),
- (18) Commission agency (in commercial transactions defined by the Commercial Law),
- (19) Commission business.

Basis of Assessment The tax is assessed on net profits, viz., in the case of a corporation, the balance remaining in each accounting period after deducting the total losses from the gross profits for the period and, in the case of an individual, the balance remaining after deducting necessary expenses from the gross profits for the preceding year.

General and Temporary Exemption

(a) No business profits tax is levied on the profits of the following businesses:

- (1) Dealing in postage and revenue stamps issued by the Government;

(2) Manufacture, repairing and sale of scales, weights and measures;

(3) Sale of minerals mined or extracted by the seller himself;

(4) Publishing under the Newspaper Law;

(5) Business transacted in offices outside of the territory where the Business Profits Tax Law is in force;

(6) Theatrical performances and fisheries when conducted by a corporation;

(7) Sale of, or manufacturing processes carried out on products of agriculture, forestry, live-stock breeding or marine industries; but such sale or manufacture in a place specially prepared for the purpose is not exempted.

(b) Net profits derived from industries producing certain important goods specified by the Imperial Ordinance are exempt from the business profits tax under the provisions of the Ordinance during the first four years of operation of a factory.

Minimum Net Profits Assessable The minimum net profits assessable are ¥400 in the case of an individual, but there is no such exemption in the case of a corporation. The rate of the tax follows:

Corporation	3.4%
Individual	
Less than ¥1,000 of net profit	2.2%
Exceeding ¥1,000 of net profit	
Fractions less than ¥1,000	2.2%
Fractions exceeding ¥1,000	2.6%

The tax has hitherto been levied at the rate of 3.6% on corporation and 2.8% on individuals, but a part of the surplus revenue arising out of the London Naval Treaty was, as previously mentioned, used to reduce the rates. For corporations this reduction was effective from the business year ending on and after April 1, 1932, and for individuals from 1931. The rate for individuals was, however, in 1931 only 2.5% for

fractions less than ¥1,000 and 2.8% for those exceeding ¥1,000.

Prevention of Double Taxation In order to avoid the double imposition of supplementary direct national taxes,

(a) in the case of a corporation, the amount of the land tax or the capital interest tax paid by a corporation for each accounting period is deducted from the amount of the business profits tax assessable on the profits of such a corporation for the said period;

(b) in the case of an individual, the amount of the capital interest liable to the capital interest tax is deducted from the net profits in calculating the basis of the business profits tax, while the amount of the land tax that has been paid on the land used for the business is also deducted from the amount of the business profits tax assessed on the net profits of the business.

Time of Payment In the case of a corporation, the tax is to be paid at the end of each accounting period and semi-annually in the case of an individual.

The first payment is to be made between the 1st and the 31st of August of the year and the second between the 1st and the 30th of November.

Exemption of Foreign Shipping Provided their country extends similar exemption to Japanese shipping, foreigners or foreign corporations having no legal domicile in Japan are, after May 11, 1928, not only exempt from the income tax but also from the business profits tax on the earning and profits of their foreign owned shipping. The agreements mentioned above in Section II, of Income Tax, regulate the exemptions from this tax also.

4 Capital Interest Tax

The capital interest tax was put

into force on April 1, 1926, with a view to supplementing, together with the land tax, the business profits tax and the income tax, Japan's primary direct national tax. Thus, one of the defects of our system of taxation, viz., the unfair distribution of the burden of taxation between income from invested capital and that from personal service, has been eliminated. The important points are as follows:

Persons liable to the capital interest tax are the receivers of interest on capital in the territory where the capital interest tax law is in force.

Basis of Assessment

Class A

Interest on public bonds, on debentures issued by ordinary business corporations or the Central Chest for Industrial Associations in Japan, or on bank deposits; or profits from trust funds employed in loans by a trust company.

Class B

Interest on loans made on a non-business basis or on deposits as classified among the incomes under Class III, received during the previous year by a person liable to pay tax on income under Class III; and in this case the income of a former owner is considered to be that of his heir.

Exemption from Taxation No capital interest tax is levied on the following capital interest under Class A:

(1) Interest received by persons exempted from Class II income tax under the provisions of the Income Tax Law, etc.

(2) Interest on Savings Bonds or the Reconstruction Savings Certificates.

The rate of the tax is 2% of the amount of capital interest and the time of payment is:

For the capital interest under Class A:
At the time of payment of such interest.

For the capital interest under Class B:
Semi-annually, viz., the first payment between
the 1st and 31st of August and the second pay-
ment between the 1st and 30th of November.

5 Succession Tax

The Succession Tax Law was promulgated in January, 1905, and put into operation on April 1st of the same year. Since then it has been revised several times, the last revision being undertaken in April, 1926. According to this law, when a succession occurs, irrespective of the question whether the place of its occurrence lies within or without the Empire, or whether the predecessor or the heir is or is not a Japanese subject, the tax is imposed upon the descendible property which lies in a place where the aforesaid law is in force. But the kind of descendible property subject to the succession tax and the method of valuation of the property differ according as the predecessor has or has not a domicile in a place where the said law is in force.

The following are taken as descendible property subject to this tax:

A When the predecessor is domiciled in a place where the said law is in force:

(1) Movable or immovable property in a place where the said law is in force;

(2) Rights existing in respect of immovable property in a place where the said law is in force;

(3) Property-rights other than those specified in the foregoing two items.

B When the predecessor is not domiciled in a place where the said law is in force:

(1) Movable or immovable property in a place where the said law is in force;

(2) Rights existing in respect of

immovable property in a place where the said law is in force.

Exemption In the following cases the property is exempted from the succession tax:

(1) The value of a property which does not amount to ¥5,000 in the case of succession to the headship of a house is not subject to the succession tax;

(2) The value of a property which does not amount to ¥1,000 in the case of succession to property is not subject to the succession tax;

(3) When a succession occurs through death in a battle, or through death caused by wounds or sickness incurred in a battle, of officers and privates of the Army or Navy and others attached thereto, the property of the deceased is not subject to the succession tax;

(4) When a succession occurs again within five years to the property upon which the tax has been imposed, the amount of succession tax corresponding to the amount of tax previously collected is remitted;

(5) When a succession occurs again within seven years to the property upon which the tax has been imposed, half the amount of succession tax corresponding to the amount of tax previously collected is remitted.

The Rate The succession tax is, after the value of assessment has been classified, imposed by applying the proper rate of tax in the proper degree in each case according to the kinds of successors.

The tax-rates vary, in the case of succession to the headship of a family, from 0.5% to 16% and in the case of succession to property, from 1% to 21%, according to the amount of the property and to the kind of successors.

The lowest rate is applied to an estate under ¥5,000 in the case of succession to the headship of a

family and to a legacy under ¥1,000 in the case of succession to a property, while the highest rate is applied to that portion of an estate or legacy exceeding ¥5,000,000.

With respect to successions occurring in accordance with the laws of a foreign country the tax-rates of the succession to property shall correspondingly apply.

When a donation, over ¥1,000 in value, of other properties than real estate within the territory where this law is in force or vested, is made in the following cases, it is considered to be a legacy and the succession tax applies:

(1) On donations to relatives.

(2) On donations made by the head or a member of the main family to the head or a member of a branch family at or after the time of setting up such branch family.

The Revision The following revision has been made in this tax:

(1) When a creator of a trust causes another person to possess the right to get the benefit accruing from the trust, that right shall be deemed to have been given or bequeathed at

1st kind	Dakushu containing not more than 23° of alcohol	36 yen per koku
2nd kind	Seishu and Shirozaké containing not more than 23° of alcohol	40 yen per koku
	Mirin and Shochu containing not more than 30° of alcohol	
3rd kind	Shochu containing more than 30° and not more than 45° of alcohol	1.50 yen per koku for each additional 1° over the rate for the 2nd kind, i.e., 40 yen
4th kind	Seishu, Dakushu and Shirozaké containing more than 23° of alcohol	1.80 yen per koku for each 1° of alcohol
	Mirin containing more than 30° of alcohol	
	Shochu containing more than 45° of alcohol	

By the quantity of alcohol in the above table is meant the percentage of alcohol with a specific gravity of 0.7947, contained in the original fluid at the temperature of 15° C. (59° F.).

The number of koku of saké and the basis of assessment are inspected and assessed when the brewing is finished.

the time of such transfer, and the new possessor shall be taxed in conformity with the provisions of the Succession Tax Law.

(2) When, in the case stipulated in the preceding paragraph, a beneficiary is not specified or does not exist at the time of creation of the trust, a direct descendant of the creator of the trust is considered to be the beneficiary and the trustee to be an administrator.

(3) The right to receive the benefit from a trust shall be appraised by the Government at its discretion.

6 Tax on Liquors

Tax on Saké According to the law now in force, the tax is imposed upon persons brewing saké, which is divided into five classes, namely, Seishu (refined saké), Dakushu (unrefined or muddy saké), Shirozaké (white saké), Mirin (sweet saké) and Shochu (distilled saké).

The tax is levied at the following rates for the year commencing on the 1st of October and ending on the 30th of the following September:

Beer Tax The beer tax, created in 1901, is levied upon brewers of beer at the rate of 25 yen per koku on the quantity brewed.

Tax on Alcohol and Alcoholic Liquors Upon revision of the saké tax in 1901, the tax on alcohol and alcoholic liquors was separated from the saké tax. It is imposed upon alcohol and alcoholic liquors, except

those subject to saké or beer tax, and wine at the rate of 1.80 yen for each per cent. of pure alcohol contained in 1 koku of the original fluid. In no case, however, may the rate of the tax fall below 42 yen per koku.

No tax is levied upon wine or other alcoholic liquors made from fruits of any kind.

7 Sugar Excise

Sugar excise, introduced in 1901, is imposed in respect of sugar, molasses and syrups, which are taken delivery of from manufactories, custom-house compounds, bonded warehouses, customs temporary depots and in other places where the storage of foreign goods is permitted by laws and ordinances, for the purpose of domestic consumption. The rates vary from ¥0.9 to ¥9.5 per picul according to the kinds of articles. As a part of the surplus revenue realized by the conclusion of the London Naval Treaty was applied to the reduction of this tax, the former rates which were from ¥1 to ¥10 were thus reduced. These rates are effective from January 1, 1932.

8 Table Water Tax

The table water tax was established in April, 1926, and is levied on the consumption of all kinds of aerated drinks like "citron" or soda water, except those that contain less carbonic acid gas than 5/10,000 of the gross weight, or those that contain more alcohol than 1% of the gross weight. Manufacturers of aerated water are liable to pay the tax.

The rates of the tax are as follows:

Class I Tama-ramuné (Aerated water sold in bottles with round glass stoppers suitable for permanent use)... ¥7 per 1 koku.

Class II Aerated water sold in bottles other than those mentioned above... ¥10 per 1 koku.

Class III Aerated water sold in receptacles other than bottles... 3 yen per 1 kilogramme of carbonic acid gas used.

The tax is ordinarily collected at the time of dispatch of the goods, the manufacturers furnish declarations as to quantities and the Government uses these as the basis of calculating the amount of tax payable; the tax of the preceding month is due by the end of the next month.

9 Mining Tax

The mining tax is imposed upon persons holding mining rights under the Mining Law of 1905. The rates of the tax are as follows:

I Tax on mining sets:

(a) 30 sen for each 1,000 tsubo per annum in the case of prospecting.

(b) 60 sen for each 1,000 tsubo per annum in the case of mining.

II Tax on mining products:

1 per cent. of the value of products (gold, silver, lead and iron ores are exempted from this tax).

10 Placer Tax

The placer tax is imposed upon persons engaged in recovering gold-dust. The rates of the tax are as follows:

Alluvial... 30 sen per annum per cho of placer area.

Non-alluvial... 30 sen per annum per 1,000 tsubo of placer area.

11 Tax on Bourses

The tax on bourses has hitherto been levied upon bourses according to the amount of transactions carried on in such bourses; but in the revised tax law which came into

force in September, 1914, this tax is subdivided into the bourse business tax and bourse tax.

The bourse business tax is levied upon bourses unless they are organized as corporations, at the rate of 15 per cent. of the total sale commissions received by such bourses.

With the revision in April, 1922 of the Bourse Law, the bourse tax was revised as follows:

(1) In respect of marginal bargains carried on at a bourse the bourse tax is levied at the following rates according to the amount of the transaction:

Class I Local loans and company debentures.

A Bargains to be settled within the limit of 7 days... 0.6/10,000

B Others... 1/10,000

Class II Negotiable paper.

A Bargains to be settled within the limit of 7 days... 1.5/10,000

B Others... 2.5/10,000

Class III Merchandise... 2.5/10,000

(2) Bargains cancelled are not exempt from the tax.

12 Tax on the Issue of Bank Notes

Since 1899, the issue of bank notes against the security reserve within the limits prescribed by law has been subject to a tax of 12.5 per cent. per annum on the average monthly amount of issue after deducting therefrom that portion which has, by special order of the Government, been advanced to the Government itself or to others without interest or at an interest not exceeding one per cent. per annum. A change was introduced into the Convertible Note Bank Act at the 62nd session of the Imperial Diet in 1932, by which the guaranteed re-

serve issue limit was expanded from ¥120,000,000 at once to ¥1,000,000,000 and at the same time the guaranteed reserve issue tax was reduced from 5 per cent. to 2, with the object of making the increased issue of currency and bonds easier.

13 Textiles Consumption Tax

The textiles consumption tax established in 1905 is levied at the rate of 9 per cent. of the value upon persons taking delivery, at the time of such delivery, of textiles from factories, custom-house compounds, bonded warehouses, temporary customs depots and other places where the storage of foreign goods is permitted by laws and ordinances. Formerly the tax was levied at the rate of 10%, but a part of the surplus revenue realized by the conclusion of the London Naval Treaty was applied to reduce the rate to 9%. Cotton fabrics and other fabrics of low grade defined by law are exempt from the tax.

The above amendment has been effective since December 1, 1931.

14 Tonnage Dues

Tonnage dues were introduced in 1899. Vessels entering a Japanese port from a foreign country must pay tonnage dues of 7 sen per registered ton or per ten koku of actual capacity; but by the payment of 21 sen per registered ton or per ten koku, they are for one year exempt from all further tonnage dues at that port.

15 Customs Duties

This subject is dealt with in the Chapter on Foreign Trade to which the reader is referred.

Stamp Receipts

Taxes and fees belonging to this category at present exceed four-score, chief among them are: the

registration tax, stamp duties on legal documents, playing cards tax, shooting license tax, civil suit stamps, examination fees, and charges and dues levied according to the customs law and other regulations connected therewith. Of these, the registration tax is levied, by means of adhesive stamps, on the registration of real estate, ships, the mass of mortgage properties, commerce, lawyers, doctors, veterinary surgeons, mariners, copyrights, industrial patents, mining rights, alluvial mineral rights and fishery rights; and such registrations are charged either with an ad valorem or a fixed duty. The stamp duty is imposed, by means of adhesive or embossed stamps, upon legal documents and books certifying the acquisition, forfeiture and transfer of property, and a graduated or fixed duty applies thereto.

The registration tax was, however, revised by Law No. 63 promulgated on April 24, 1929, and it was decided that the registration of the premises of foreign embassies, legations and consulates in Japan should, upon condition of reciprocal agreements, be exempt from the registration tax.

Receipts from Government Enterprises

1 Tobacco Monopoly

In 1876 the Tobacco Regulations were for the first time promulgated and a tax was levied on tobacco; but in 1898 this tax was abolished and the Leaf-Tobacco Monopoly Law was put into operation. In 1904 with a view to enforcing stricter control by introduction of a complete monopoly system on the one hand and from considerations of financial requirements on the other, the Leaf-Tobacco Monopoly Law was replaced by the Manufactured To-

bacco Monopoly Law, which is the law still in force. According to the provisions of this law, the cultivation of leaf-tobacco is permitted to private individuals who have obtained the permission of the Government therefor; the leaf-tobacco gathered by them is taken over by the Government and payment is made according to quantity and quality; it is manufactured at Government factories and the manufactured article is sold at fixed prices by dealers licensed by the Government. Foreign tobacco cannot be imported except by the Government or persons appointed for the purpose by the Government, while tobacco can be exported only by persons who have been specially permitted to do so by the Government.

The wholesale tobacco business was placed under the direct management of the Government on and after July 1, 1931.

2 Salt Monopoly

The Government, from considerations of financial requirements and of the salt supply, issued the Salt Monopoly Law in January, 1905, which came into operation in June of the same year. According to the provisions of this law, salt can only be manufactured by persons licensed by the Government and all salt produced is taken over by the Government at prices varying with its quality. Formerly, the price at which the Government sold it was the cost price plus a fixed rate of profit and expenses, but as referred to below, no profit is at present added in arriving at the selling price. Salt is sold only by persons licensed by the Government. Foreign and Taiwan salt cannot be imported except by the Government or persons appointed for the purpose by the Government, while for the purpose of exportation, salt is sold by the Govern-

ment at a specially reduced price and can be exported by anybody. Salt intended for use in industry, agriculture, mining and fishery of some kind receives special treatment and is sold at a specially reduced price. A considerable amount of profit was annually obtained from the salt monopoly up to the financial year 1917-18, but, in and after the financial year 1918-19, the idea of realizing profit was done away with from the view-point of social policy. Further, with a view to controlling the overproduction of salt resulting from the improvement in salt manufacture in Japan proper and the colonies and reducing the salt price, the Government promulgated in April, 1929 the Law regarding the Adjustment of Salt-fields. Thus it prohibited some domestic salt producers from manufacturing salt on two occasions during 1929 and 1930.

3 Camphor Monopoly

The Camphor Monopoly Law was first put into force in Formosa only; but the Government issued in June, 1903, and carried into effect in October of the same year, the Crude Camphor and Camphor Oil Monopoly Law to be operative both in Japan proper and Taiwan, which provides that the manufacture of crude camphor and camphor oil shall be confined to those persons who have obtained the permission of the Government therefor, and the article so manufactured shall be taken over by the Government in return for suitable compensation according to quality. Formerly, the domestic consumption of camphor was confined to a small quantity, and a large portion of the Japanese camphor was exported to Europe and America. The rapid progress in the celluloid industry, however, has caused, of late, an increase in

domestic consumption, which has resulted in the absorption of a large quantity of the camphor produced both in Japan proper and Taiwan.

4 Railways

From 1872 when the first railway in Japan (Tokyo-Yokohama) was laid as a Government undertaking, till 1905, the total length of railways, State and local lines combined, reached 7,687 kilometres, showing how steadily the railway net had extended throughout the country. The local lines aggregating 5,224 kilometres were distributed among 38 companies. This state of affairs was fraught with grave inconveniences, for even the ownership of trunk lines was divided between the State and private companies. The service lacked system, the work involved unnecessary expense, while the rolling-stock did not admit of common use. These resulted in a high freight tariff, delay in delivery and so forth. The Russo-Japanese War and the opportunity its termination afforded for expanding the State economic undertakings demanded the unification of the railway service in order to have it carried to a state of greater efficiency. In March, 1906, the Nationalization of Railways Law was enacted and the Government effected in the fiscal years 1906 and 1907 the acquisition of 4,540 kilometres of railways belonging to 17 companies. For the State railways that were thus suddenly expanded, a Special Account was established.

Under the Imperial Railways Special Account Law revised by Law No. 6 of 1909, the receipts and expenditures of the Imperial Railways were set apart, as they are now, as a purely special account and independent of the General Account. The Imperial Railway capital, and funds for materials required for the

Imperial Railways, and all moneys to be invested are made the capital of these railways and a special account is established by applying the annual revenue therefrom to the annual expenditure. The amounts required for the construction and improvement of railways are defrayed out of railway profits; and in the event of a deficit, or in case of consolidating or redeeming public or temporary loans chargeable to this account, the Government is authorized to issue, as a charge on the same account, public loans or make temporary loans from other special accounts or other sources. The public and temporary loans above referred to are the public loans already issued to defray expenditure required for carrying on the railway enterprise, the public loans already issued or to be hereafter issued for the consolidation or redemption of the loans last-mentioned, the public loans issued under the provisions of the Railway Nationalization Law, and the debts chargeable under the same Law to the Government which have not yet been completely repaid, all these loans are chargeable to the special account under consideration; and the amount required in each financial year for their redemption or payment of interest thereon is to be transferred to the Special Account for the National Debt Consolidation Fund. The Railway Special Account is subdivided into the Capital Account, the Revenue Account, and the Stores Account. The Capital Account has for its revenue the moneys transferred from the railway profit, proceeds of public and temporary loans, proceeds of sale of its property, receipts from materials and structures for railway use, and miscellaneous receipts belonging to it, and for its expenditure the cost of the construction and improvement of railways,

redemption of its debts, cost of materials and structures for railway use, and other miscellaneous expenses chargeable to it. The Revenue Account has for its revenue various receipts from the working of railways, charges for the loan of articles forming part of its capital, interest on deposits and miscellaneous receipts belonging to it, and for its expenditure various expenses required for the working of railways, expenses for the upkeep, repair, and replacing of articles forming part of the capital, interest on debts, and miscellaneous expenses chargeable to it. Any balance of the total annual revenue over the total annual expenditure in the Revenue Account forms the profit, while what remains after deducting therefrom the amount to be transferred to the Reserve Account is to be transferred to the Capital Account. The Stores Account has for its capital the capital outlays hitherto expended and those to be expended hereafter and has for its revenue the revenue from the Railway Stores and Workshops and miscellaneous receipts, while expenditure consists of the expenditure on and in the Railway Stores and Workshops and miscellaneous expenses chargeable thereto.

Public Debts

The Japanese Government issued its first public bonds in London in April, 1870, to the amount of £1,000,000 (¥9,763,000) at a price of 98, bearing interest at 9 per cent., and maturing in 1882. In 1873 a 7 per cent. loan of £2,400,000 was issued at a price of 92.5 to mature in 1897. No other foreign loans were paid at maturity. Prior to the issue of the first bonds, frequent borrowings were made by the Government from wealthy merchants in Osaka and Kyoto. Also to redeem borrowings from France the Tokugawa

Shogunate borrowed \$500,000 Mex. from the Oriental Bank, Yokohama, a British institution. The first internal bonds were issued in March, 1873, for the purpose of covering the whole debts inherited from the feudal clans. The amount of issue was ¥10,972,725, followed a little later by another issue of ¥12,422,825. In 1874 capitalized pension bonds were issued to the total amount of ¥16,565,850 and were distributed to those who returned their land to the Government. These bonds were replaced by hereditary pension bonds, which were issued in 1876, to the amount of ¥173,902,900. War debts issues by the Government were in the form of borrowings from the Fifteenth National Bank to the amount of ¥15,000,000 in connection with the Satsuma Rebellion of 1877. At the end of that year the outstanding funded debts of the Government totalled ¥236,000,000, a fairly large amount at that time. In 1878 the Enterprise Bond Act was promulgated and the first bonds of the kind were issued to the amount of ¥12,500,000 with an interest rate of 5 per cent. and issue price of ¥80. Finance Minister Masayoshi Matsukata undertook the readjustment of bonds in 1886 and in October of the same year the Readjustment Bond Act was promulgated. The outstanding funded debts with interest rate of more than 6 per cent. at the beginning of 1886 totalled ¥175,000,000, and this amount was converted into readjustment bonds for redemption in the next 12 years and the interest rate was lowered to 5 per cent. thereby saving the Government about ¥3,000,000 a year. The national debt of ¥260,000,000 before the outbreak of the Sino-Japanese War (1894) increased to ¥350,000,000 in 1895 and ¥500,000,000 in 1899. A rapid increase was experienced through the Russo-Japanese

War and in 1910 the outstanding debts totalled ¥2,600,000,000. This was due to the fact that money used to pay the expenses of the Russo-Japanese War was obtained through bond issues to the amount of ¥1,400,000,000. The taking over in 1906, of 17 of the principal private railways under nationalization was also responsible for a large increase. Bonds worth ¥476,000,000 at 5 per cent. were delivered to the private railway companies in payment for their undertakings being taken over by the government. Bonds during the Russo-Japanese War were frequently issued at home and abroad. In Great Britain and America, Japan issued the 1st 6 per cent. sterling bonds, £10,000,000; the 2nd 6 per cent. sterling bonds, £12,000,000; the first 4.5 per cent. sterling bonds, £30,000,000; and others totalling altogether £82,000,000, or about ¥800,000,000. In connection with Japan's sending of expeditionary forces to Tsingtao and Siberia on the Allies' cause, the Government issued bonds eight times with an aggregate of ¥499,000,000 between 1919 and 1922. Besides, "delivery" bonds of ¥115,000,000 were issued for conferment of war bonus. At the end of the Kiyoura Cabinet foreign loans involving ¥550,000,000 were raised to meet the great earthquake and fire reconstruction work.

After the Russo-Japanese War, the total indebtedness increased slowly until 1910 and then declined slightly in the years immediately before the World War. The extent of the improvement in the government's credit is evidenced by the fact that in 1910 the government floated a 60-year loan of £11,000,000 in London, and another 60-year loan of 450,000,000 francs in Paris, both bearing interest at 4 per cent. and selling at 95 and 95.5 respectively. These loans were floated for the

purpose of retiring domestic loans. From the end of 1913 to the end of 1916, the total debt was decreased by about ¥131,000,000. Then, during the next three years, it increased by more than ¥700,000,000. The large budget deficits of the post-war years are reflected in the virtual doubling of the public debt since 1918. Except 1930-1931 the national debt has been on the increase ever since, amounts outstanding at the end of the fiscal year 1932-1933 reaching ¥7,054,195,552.

The debts of the colonial governments are included as part of the national debt. These debts, like those of Japan proper, have in part been incurred in connection with the development of productive enterprises. We find that the development of the railroads of Taiwan and Karafuto has been financed through the general budget rather than through bond issues.

The debts of the colonies have increased 2.4 per cent. of the total in 1916-17 to 7.8 per cent. in 1929-30. In 1917 the debts of Chosen and Taiwan stood as ¥31,052,000 and ¥26,951,000 respectively. By March, 1933 the debt of Chosen had grown to ¥373,731,176, while the debt of Taiwan had increased to only ¥118,722,040, Karafuto ¥32,133,976, Kwantung Government ¥9,835,739, and South Seas ¥74,846.

Increase in 1933-1934 According to the report of the Finance Ministry, at the end of the fiscal year 1933-1934, or March 31, 1934, the outstanding amount of national debt reached to ¥8,139,038,000, an increase

of ¥1,084,843,000 as compared with the preceding year. Besides, there is ¥543,645,000 of rice securities which increased ¥323,281,000 on the preceding year as a result of the promulgation of the Rice Control Law.

In the fiscal year 1934-1935 loans amounting to approximately ¥1,000,000,000 are to be floated, and at the end of the fiscal year the total amount of national debt will reach nearly ¥10,000,000,000.

The table on national debts outstanding March 31, 1934, follows:

AMOUNTS OF NATIONAL DEBTS OUTSTANDING

(In ¥1,000)

Internal loans:	1,869,145
Five per cent. loans	120,816
Five per cent. loan (Special)	396,628
Five per cent. loan (Mark "Ko")	164,923
Four per cent. loan (1st series)	94,502
Four per cent. loan (2nd series)	8,143
Four per cent. loan	2,330,743
Five per cent. Exchequer bonds	715,000
Four and a half per cent. Exchequer bonds	1,024,457
Four per cent. Exchequer bonds	6,724,440
Total	
External loans:	
4% Sterling loan of 1899 (1st series)	91,337
5% Sterling loan of 1907	222,670
4% Franc loan of 1910	160,996
4% Sterling loan of 1910 (3rd series)	105,428
6 1/2% Gold bonds of 1924	243,206
6% Sterling loan of 1924	223,566
5 1/2% Sterling loan of 1930	122,036
5 1/2% Gold bonds of 1930	142,426
Sterling debenture of the South Manchuria Railway Company	97,630
Total	1,414,558
Grand total	8,139,038
Rice securities	543,645

The particulars of the national debts in 1932-33 are as follows:

GENERAL FEATURES OF THE NATIONAL DEBT IN THE FINANCIAL YEAR 1932-33

Kind of Loan	Rate of Interest	Date of Payment of Interest	Years of Issue
Internal Loans:-			
5% Loan { Mark: "Ka" "Ta" "Re" "So" "Tsu" "Ne" "Na" etc. "Sa" "Ki" "Yu" "Me" "Mi" "Hi" etc. }	5%	{ 1st Mar., 1st Sept. (1st Mar., 1st Sept.) (1st June, 1st Dec.) }	1905-1933

Kind of Loan	Rate of Interest	Date of Payment of Interest	Year of Issue
5% Loan (Mark: "Kō")	6%	June, Dec.	1908, 1909
5% Loan (Special)	"	"	1906
5% Loan ("Onshi")	"	{ (1st Mar., 1st Sept.) (1st June, 1st Dec.) }	1910
4% Loan { 1st Series 2nd Series }	4%	Mar., Sept.	1911, 1913
5% Exchequer Bonds { Mark: "12th" "18th" "19th" etc. }	5%	{ 1st June, 1st Dec. 1st Mar., 1st Sept. }	1910-1912
4% Exchequer Bonds { Mark: "I" "Ro" "Ha" }	4%	{ 1st June, 1st Dec. 1st Mar., 1st Sept. }	1924-1933
Total			1932-1933
External Loans:-			
4% Sterling Loan of 1899 (1st Series)	4%	30th June, 31st Dec.	1899
5% Sterling Loan of 1907	5%	12th Mar., 12th Sept.	1907
4% Franc Loan of 1910 (issued in Paris)	4%	15th May, 15th Nov.	1910
4% Sterling Loan of 1910 (3rd Series)	"	1st June, 1st Dec.	"
6 1/2% Gold Bonds of 1924 (issued in New York)	6 1/2%	1st Feb., 1st Aug.	1924
6% Sterling Loan of 1924	6%	10th Jan., 10th July	"
5 1/2% Gold Bonds of 1930 (issued in New York)	5 1/2%	1st Jan., 1st July	1930
Sterling Debentures of the South Manchuria Railway Company	{ 5% 4 1/2% }	{ 1st May, 1st Nov. 5th Feb., 5th Aug. }	{ 1907, 1908 1911 }
Total			
Grand Total			

Kind of Loan	Year of Redemption	Amount outstanding at the beginning of the year	Amount of Issue during the year	Amount of Redemption during the year	Amount outstanding at the end of the year
Internal Loans:-					
5% Loan { Mark: "Ka" "Ta" "Re" "So" "Tsu" "Ne" "Na" etc. "Sa" "Ki" "Yu" "Me" "Mi" "Hi" etc. }	1937	1,587,321,175	235,741,550	2,278,050	1,820,784,675
5% Loan (Mark: "Kō")	1963	396,710,150	—	7,400	396,702,750
5% (Special)	1935	120,817,500	—	550	20,816,950
5% Loan ("Onshi")	1967	17,406,700	—	—	17,406,700
4% Loan { 1st Series 2nd Series }	1969	260,963,650	—	1,327,650	259,541,000
5% Exchequer Bonds { Mark: "12th" "18th" "19th" etc. }	1953	2,381,954,025	146,002,450	144,454,575	2,333,501,900
4% Exchequer Bonds { Mark: "I" "Ro" "Ha" }	1946	—	715,000,000	—	715,000,000
Total		4,715,078,200	1,096,744,000	148,068,225	5,663,753,975
External Loans:-					
4% Sterling Loan of 1899 (1st Series)	1953	91,337,747	—	—	91,337,747
5% Sterling Loan of 1907	1947	222,672,356	—	—	222,670,989
4% Franc Loan of 1910 (issued in Paris)	1970	168,997,869	—	1,367	161,036,311
4% Sterling Loan of 1910 (3rd Series)	"	105,428,684	—	—	105,428,684
6 1/2% Gold Bonds of 1924 (issued in New York)	1954	266,395,896	—	12,073,111	254,322,285
6% Sterling Loan of 1924	1959	236,127,723	—	3,522,686	232,605,037
5 1/2% Gold Bonds of 1930 (issued in New York)	1965	122,037,500	—	976	122,036,524
Sterling Debentures of the South Manchuria Railway Company	1965	142,426,000	—	—	142,426,000
Total		1,472,579,275	—	58,578,000	58,578,090
Grand Total		6,187,657,475	1,096,744,000	230,205,923	7,054,195,552

Note: Besides the national debt there were Treasury Bills amounting to ¥100,000,000 and Rice Purchase Notes amounting to ¥220,364,553 on March 31, 1933.

AMOUNTS OF THE NATIONAL DEBT RAISED, REDEEMED AND OUTSTANDING

(In yen)

Financial Year	Internal Loans			External Loans		Amount outstanding at the End of the Financial Year
	Amount issued	Amount redeemed	Amount outstanding at the End of the Financial Year	Amount issued	Amount redeemed	
1923-24	438,723,275	332,630,825	2,576,197,900	300,900,000	38,063,025	1,621,393,018
1924-25	474,503,825	227,743,275	2,822,958,450	244,075,000	358,693,288	1,506,774,739
1925-26	600,693,050	437,067,350	*3,519,864,225	—	27,462,595	1,479,812,135
1926-27	537,588,725	346,876,625	3,710,576,325	—	18,122,243	1,461,189,892
1927-28	742,749,325	508,582,175	3,944,478,475	—	7,796,785	1,453,393,107
1928-29	689,146,350	253,649,800	4,379,965,700	—	2,097,749	1,451,295,357
1929-30	558,942,975	426,300,400	4,512,608,275	—	4,446,545	1,446,848,812
1930-31	265,608,800	301,424,775	4,476,792,300	264,463,500	232,287,852	1,479,024,460
1931-32	457,583,700	219,297,800	4,715,078,200	—	6,445,186	1,472,579,274
1932-33	1,096,744,000	148,068,225	5,663,753,975	—	82,137,698	1,890,441,577

Financial Year	Amount issued	Amount redeemed	Grand Total	Amount outstanding at the End of the Financial Year	Increase (+) or Decrease (-) of amount outstanding compared with the preceding Year	Debt per Head
1924-25	718,578,825	586,436,563	4,329,733,180	(+) 132,144,214	51.314	
1925-26	600,693,050	464,529,945	*4,999,176,360	(+) 669,443,180	57.303	
1926-27	537,588,725	364,998,868	5,171,766,216	(+) 172,589,856	58.945	
1927-28	742,479,325	516,373,960	5,397,866,581	(+) 226,100,365	60.739	
1928-29	689,146,350	255,747,549	5,831,261,057	(+) 433,394,475	64.735	
1929-30	558,942,975	430,746,945	5,959,457,087	(+) 128,196,030	65.263	
1930-31	530,072,300	533,712,627	5,955,816,760	(-) 3,640,327	63.661	
1931-32	457,583,700	225,742,936	6,187,657,474	(+) 231,840,714	65.450	
1932-33	1,096,744,000	230,205,923	7,054,195,552	(+) 866,538,077	—	

Note: * Since the year 1925-26, Special Exchequer Notes have been included.

AMOUNT OF INTERNAL AND EXTERNAL LOANS REDEEMED OUT OF THE NATIONAL DEBT CONSOLIDATION FUND

(In yen)

Financial Year	Internal Loans	External Loans	Total
1923-24	44,039,525	48,815	44,088,340
1924-25	38,017,225	7,493,185	45,510,410
1925-26	32,880,125	17,699,594	50,579,719
1926-27	48,461,525	18,122,243	66,583,768
1927-28	80,350,375	7,796,784	88,147,159
1928-29	29,247,885	2,097,749	31,345,634
1929-30	97,399,713	4,446,545	101,846,258
1930-31	151,431,835	5,415,233	156,847,068
1931-32	49,952,097	6,445,185	56,397,282
1932-33	8,956,241	23,559,697	32,515,938

Note: Exclusive of the loans converted.

AMOUNT OF NATIONAL DEBTS CHARGEABLE TO THE VARIOUS ACCOUNTS

(In yen)

At the End of	General Account				Total
	Imperial Rly. Special Acct.	Special Acct. for Iron Foundry	Special Acct. for Gov. of Chosen	Special Acct. for Gov. of South Sea Is.	
1923-24	2,743,431,267	1,171,574,979	—	—	4,197,590,918
1924-25	2,746,679,392	1,258,728,614	—	—	4,329,733,180
1925-26	3,344,394,136	1,311,643,276	—	—	*4,999,176,360
1926-27	3,446,317,792	1,362,301,376	—	—	5,171,766,216
1927-28	3,518,668,630	1,450,267,626	—	—	5,397,866,581
1928-29	3,845,061,419	1,521,673,488	25,604,557	—	5,831,261,057
1929-30	3,869,444,820	1,598,941,980	25,604,557	—	5,959,457,087
1930-31	3,815,531,809	1,637,625,458	25,280,129	—	5,955,816,760
1931-32	3,981,466,829	1,683,838,918	24,954,137	—	6,187,657,474
1932-33	4,760,489,568	1,782,814,366	25,393,841	—	7,054,195,552

At the End of	Special Acct. for Gov. of Taiwan			Special Acct. for Gov. of Karafuto	Special Acct. for Kwantung Gov	Special Acct. for Gov. of South Sea Is.	Total
	Special Acct. for Gov. of Taiwan	Special Acct. for Gov. of Karafuto	Special Acct. for Kwantung Gov				
1923-24	80,580,046	10,495,155	1,176,819	—	—	—	4,197,590,918
1924-25	88,263,910	22,318,660	1,176,819	—	—	—	4,329,733,180
1925-26	91,013,038	22,941,636	1,681,205	—	—	—	*4,999,176,360
1926-27	94,013,038	24,941,636	1,681,205	77,150	—	—	5,171,766,216
1927-28	103,746,734	27,039,688	2,681,205	77,150	—	—	5,397,866,581
1928-29	109,012,811	29,077,921	3,681,205	77,150	—	—	5,831,261,057
1929-30	113,662,664	29,088,448	4,186,363	77,150	—	—	5,959,457,087
1930-31	114,205,384	28,870,723	4,561,750	76,139	—	—	5,955,816,760
1931-32	113,435,902	30,085,325	5,129,856	75,157	—	—	6,187,657,474
1932-33	118,722,040	32,133,976	9,835,739	74,846	—	—	7,054,195,552

Note: Since the year 1925-26 Special Exchequer Notes have been included in the General Account.

OUTSTANDING NATIONAL DEBTS CLASSIFIED ACCORDING TO THE OBJECTS FOR WHICH THEY WERE RAISED (March 31st, 1932)

(In yen)

Reorganization of Public Institutions		Economic Undertakings	
Feudal Pensions capitalized		Railway Construction	
		Harbour, Drainage, Road, Steel-Works, Mining, Telephone, etc.	
5% Loan	4,114,575	5% Loan	284,316,641
4 .. Loan of 1st Series	16,658,785	5 .. Loan (Mark Kō)	396,710,150
4 .. Loan of 2nd Series	27,832,661	5 .. Exchequer Bonds	787,165,145
4 .. Franc Loan	45,204,451	4 .. Loan of 1st Series	162,579,738
4 .. Sterling Loan of 3rd Series	1,203,218	4 .. Loan of 2nd Series	1,974,538
		4 .. Loan of 2nd Series	3,118,304
		4 .. Sterling Loan of 1st Series	12,267,043
		4 .. Franc Loan	6,825,338
		4 .. Sterling Loan of 3rd Series	10,462,408
		Total	211,804,879
Total	95,016,690	Total	1,914,097,095
		Grand Total!	

PUBLIC FINANCE

Financial Adjustment			
Administrative Readjustment and Limitation of Armament	Redemption of Paper Money	Conversion	Tobacco and Salt Monopoly
5% Loan 93,850,008	4% Loan of 1st Series 1,663,108	5% Loan 9,869,423	5% Loan 9,559,200
	4,, Loan of 2nd Series 2,800,568	4,, Loan of 1st Series 9,484,832	4,, Loan of 1st Series 5,577,624
	4,, Franc Loan 6,194,106	5,, Sterling Loan 12,394,447	4,, Loan of 2nd Series 586,961
	4,, Sterling Loan of 3rd Series 165,281	4,, Franc Loan 15,164,418	4,, Sterling Loan of 1st Series 1,885,725
		6½% Gold Bonds 46,169,936	4,, Franc Loan 2,451,964
		6% Sterling Loan 24,227,331	4,, Sterling Loan of 3rd Series 65,427
		5,, Exchequer Bonds 150,516,042	Total 20,126,921
		5½% Sterling Loan 30,986,286	
		5½% Gold Bonds 36,163,088	
Total 93,850,008	Total 10,325,063	Total 352,396,663	
	Grand Total	476,698,659	

Financial Accommodation			
Reconstruction works in districts damaged by the earthquake	Export bill financing, etc.	Liquidation of the liabilities of three banks with respect to the loan to China	Compensation for loss sustained by the Bank of Japan in discounting Earthquake Bills and Remedial Measures
5% Loan 417,847,609	5% Loan 74,412,771	5% Loan 126,823,085	5% Loan 276,828,104
5,, Exchequer Bonds 116,225,092	5% Exchequer Bonds 321,011,575		5,, Exchequer Bonds 66,768,750
6½% Gold Bonds 10,120,002			
6% Sterling Loan 101,649,111			
Total 645,841,514	Total 395,424,346	Total 126,823,085	Total 343,596,854
	Grand Total	865,844,285	

Military Affairs			
Completion of Armaments		Wars	
4% Loan of 1st Series 5,626,459		5% Loan 129,168,819	
4,, Loan of 2nd Series 2,944,535		5,, Loan (Special) 120,817,500	
4,, Sterling Loan of 1st Series 50,358,730		4,, Loan of 1st Series 100,478,401	
4,, Franc Loan 12,860,609		4,, Loan of 2nd Series 26,810,001	
4,, Sterling Loan of 3rd Series 7,717,649		5,, Exchequer Bonds 435,318,906	
		5,, Sterling Loan 210,277,009	
		4,, Franc Loan 39,569,077	
		4,, Sterling Loan of 3rd Series 43,217,266	
		6½% Gold Bonds 210,105,455	
		6% Sterling Loan 110,251,290	
		5½% Sterling Loan 91,051,214	
		5½% Gold Bonds 106,262,912	
		Total 1,623,323,743	
Total	79,507,982		
	Grand Total	1,702,831,725	

PUBLIC DEBTS

Development of New Territory				
Taiwan	Chosen	Karafuto	Kwantung Province	
5% Loan 28,588,284	5% Loan 122,639,256	5% Loan 8,596,139	5% Exchequer Bonds 1,018,758	
4,, Loan of 1st Series 3,339,291	5,, Exchequer Bonds 219,056,181	5,, Exchequer Bonds 19,754,523	5,, Loan 8,536,452	
4,, Loan of 2nd Series 11,677,751	4,, Loan of 1st Series 943,698			
4,, Franc Loan 15,226,328				
4,, Sterling Loan of 3rd Series 406,231				
5,, Exchequer Bonds 52,544,363				
Total 111,782,248	Total 342,639,085	Total 28,350,662	Total 4,555,210	
	Grand Total	487,827,205		

JAPANESE EXTERNAL LOANS AND THEIR BANKERS

Kind of Loan	Place of Issue	Issuing Banks
4% Sterling Loan of 1899 (1st Series)	Great Britain	Yokohama Specie Bank Parr's Bank Hongkong and Shanghai Banking Corporation Chartered Bank
5% Sterling Loan of 1907	Great Britain	Parr's Bank Hongkong and Shanghai Bank Yokohama Specie Bank N. M. Rothschilds & Sons
4% Franc Loan of 1910 (issued in Paris)	France	Rothschild Frères
4% Sterling Loan of 1910 (3rd Series)	Great Britain	Parr's Bank Hongkong and Shanghai Bank Yokohama Specie Bank
6½% Gold Bonds of 1924 (issued in New York)	United States of America	J. P. Morgan & Co. Kuhn, Loeb & Co. National City Company First National Bank of the City of New York
6% Sterling Loan of 1924	Great Britain	J. Henry Schroder & Co. Westminster Bank, Limited Hongkong and Shanghai Banking Corporation Yokohama Specie Bank Baring Brothers & Co., Limited Morgan Grenfell & Co. N. M. Rothschilds & Sons
5½% Sterling Loan of 1930	Great Britain	Westminster Bank, Limited Hongkong & Shanghai Banking Corporation Yokohama Specie Bank Baring Brothers & Co., Limited Morgan Grenfell & Co. N. M. Rothschilds & Sons J. Henry Schroder & Co.
5½% Gold Bonds of 1930 (issued in New York)	United States of America	J. P. Morgan & Co. National City Company Kuhn, Loeb & Co. First National Bank of the City of New York
Sterling Debentures of the South Manchuria Railway Company	Great Britain	Industrial Bank of Japan

Kind of Loan	Banks by which the Payment of Principal and Interest will be made	Rate of Exchange at which the Payment will be made
4% Sterling Loan of 1899 (1st Series)	London: Yokohama Specie Bank	—
5% Sterling Loan of 1907	London: Yokohama Specie Bank New York: Yokohama Specie Bank Paris: Rothschild Frères	New York: The payment is to be made at the current rate of exchange on London. Paris: fr. 25.25 per pound sterling.
4% Franc Loan of 1910 (issued in Paris)	London: Yokohama Specie Bank Paris: Rothschild Frères Tokyo: Bank of Japan	London and Bruxelles: The payment is to be made at the current rate of exchange on Paris. Japan: fr. 258 per ¥100
4% Sterling Loan of 1910 (3rd Series)	London: Yokohama Specie Bank Paris: Rothschild Frères Switzerland: Swiss Bankverein Tokyo: Bank of Japan	Each payment is to be made at the current rate of exchange on London.
6½% Gold Bonds of 1924 (issued in New York)	New York: Yokohama Specie Bank London: Yokohama Specie Bank	New York: The payment is to be made in the gold coin of U.S.A. of the present standard of weight and fineness, or, at the option of the holder, in sterling money, at the fixed rate of exchange of \$4.8665 to the pound sterling.
6% Sterling Loan of 1924	London: Yokohama Specie Bank Tokyo: Bank of Japan	The payment is to be made at the current rate of exchange on London ruling on date of presentation.
5½% Sterling Loan of 1930	London: Yokohama Specie Bank New York: Yokohama Specie Bank Switzerland: Swiss Bankverein	New York: \$4.8665 per pound sterling
5½% Gold Bonds of 1930 (issued in New York)	New York: Yokohama Specie Bank London: Yokohama Specie Bank	London: \$4.8665 per pound sterling
Sterling Debentures of the South Manchuria Railway Company	London: Yokohama Specie Bank Switzerland: Swiss Bankverein	—

Provincial Finance

A uniform financial system was adopted in Japan in July, 1871, when prefectural governments were established to take over the power formerly wielded by the clans, which were then to be abolished. Taxes on people formed the largest source of revenue. The total revenue for prefectural taxes in 1873 was only ¥14,800,000, of which taxes on people totalled ¥14,200,000. Public expenses, school expenses and land tax revision expenses were the prin-

cipal items of expenditure. In July, 1878, regulations were issued by the Central Government, to the effect that a distinction should be made between the expenses of prefectures and other bodies, such as cities, towns and villages, and the budget of each prefecture for the next fiscal year was to be formulated before February and submitted to prefectural assemblies and then to both the Home and Finance Ministries. With the introduction of regulations concerning cities, towns and villages in 1887, the local self-government

system was consolidated and a great change in provincial finance was brought about. The self-government system for prefectural administrations was enforced in 1891, and the expenses of these bodies have considerably expanded as years have gone by. In 1914, when the World War broke out, their revenue totalled ¥374,000,000 and expenditure ¥327,000,000. Enterprises such as road and bridge building, harbour construction, public works and others, were undertaken, and disbursements increased proportionately. Expenditure in 1924 totalled ¥1,300,000,000, and the Kato (Tomosaburo) Cabinet tried to bring about retrenchment in provincial finance, but no success was achieved.

Local Expenditures

Local expenditures as a whole have been on the decline since 1927, which

was the peak, as a result of the retrenchment policy necessitated by the depression. The total expenditures for 1933-34 amounted to ¥1,473,000,000, or ¥23,000,000 less than that of the previous year. The notable point, however, is that, while expenditures of the cities show a decrease of ¥38,700,000, that of the prefectures, towns and villages increased by ¥1,100,000 and ¥14,500,000 respectively, which indicates that, while there is room for retrenchment in municipal expenditures, there is none in that of the rural districts. Estimate of revenue from taxes is ¥552,200,000 or ¥17,900,000 less than the preceding year, the rate of tax-collection being 0.774 against the record of the year 1928, which was 0.958. The deficient local finance is barely keeping its balance by the floatation of public loans and grants from the Central Government.

ANNUAL REVENUE AND EXPENDITURE OF MUNICIPAL CORPORATIONS

(Compiled by the Department of Home Affairs)

(In yen)

Financial Year	Rates	Prefectures (Dō, Fu & Ken)		Expenditure	Rates	Cities	
		Receipts from other sources	Total			Receipts from other sources	Total
1923-24	242,752,747	246,865,822	489,618,569	407,184,723	88,471,979	470,531,622	559,003,601
1924-25	246,445,717	240,344,435	486,790,152	414,660,681	102,288,000	519,892,037	622,175,046
1925-26	252,436,802	234,269,876	486,705,678	400,657,602	112,180,018	600,461,871	712,641,889
1926-27	263,156,885	259,817,856	522,974,241	449,299,623	111,430,604	706,472,845	817,903,449
1927-28	248,820,435	296,849,724	545,659,159	402,214,055	109,031,256	984,380,468	1,093,411,724
1928-29	262,907,747	303,067,833	565,975,530	401,261,230	115,079,602	854,669,932	969,749,594
1929-30	264,801,968	281,123,097	545,025,005	489,480,861	122,789,419	702,604,925	825,894,244
1930-31	246,946,000	293,259,812	540,196,812	478,238,248	118,842,669	777,745,926	896,588,595
1931-32	239,708,235	189,758,087	429,461,372	429,457,387	119,422,067	599,965,320	629,287,387
1932-33	225,486,706	205,928,188	439,514,894	439,514,894	113,591,840	477,077,769	590,669,599

Financial Year	Cities Expenditure	Rates	Towns and Villages		Expenditure	Grand Total	
			Receipts from other sources	Total		Revenue	Expenditure
1923-24	429,549,291	269,348,050	223,184,885	492,432,936	426,019,768	1,541,055,106	1,253,753,722
1924-25	452,153,660	269,110,098	235,514,483	504,524,581	489,285,634	1,513,589,779	1,306,100,505
1925-26	547,623,581	269,295,401	244,147,556	513,442,957	451,914,794	1,712,790,524	1,409,196,067
1926-27	644,418,221	279,233,090	291,891,716	571,127,806	500,279,574	1,912,002,496	1,593,997,417
1927-28	936,314,972	267,255,027	341,491,603	608,746,539	540,777,580	2,247,827,513	1,969,306,607
1928-29	841,725,457	278,728,831	342,463,671	621,192,502	560,821,930	2,156,917,876	1,893,808,617
1929-30	695,547,423	277,877,112	307,330,994	585,208,106	529,609,528	1,956,527,515	1,714,646,814

Financial Year	Cities Expenditure	Rates	Towns and Villages Revenue		Expenditure	Grand Total	
			Receipts from other sources	Total		Revenue	Expenditure
1930-31	776,350,757	236,618,665	319,862,726	556,476,301	498,147,570	1,993,261,798	1,752,736,678
1931-32	629,284,539	210,840,068	226,980,353	437,829,421	437,654,332	1,496,678,180	1,496,396,378
1932-33	590,575,632	213,170,006	239,097,190	452,267,205	451,982,787	1,473,451,608	1,473,073,362

Note: Since 1931-32 the figures represent the budget estimates.

BUDGETS OF MUNICIPAL CORPORATIONS

for 1933-1934 and 1934-1935

1933-1934 1934-1935
(In ¥1,000)

Revenue	1933-1934	1934-1935
Rates	230,734	228,762
Other sources	273,061	263,300
Total	494,695	492,161
Expenditure		
Ordinary	235,983	247,575
Extraordinary	255,712	244,586
Total	494,695	492,161

Outstanding Debts
funded debts of provincial self-governing bodies which at the end of 1897 amounted to ¥89,266,115, stood

at ¥2,535,085,907 at the end of the 1931-32 fiscal year. Borrowings are mostly for public works, education, hygiene, industrial development, public utility and other enterprises. The list of these outstanding debts on March 31, each year, in ¥1,000, follows:

	Prefectural governments	Cities	Towns and Villages	Others and total
1913	37,321	247,621	13,018	300,300
1916	54,471	260,065	11,540	326,076
1921	110,664	356,247	39,008	505,919
1926	282,474	839,746	115,099	1,237,319
1929	482,412	1,461,953	235,780	2,179,145
1931	534,348	1,540,896	256,305	2,331,549
1932	577,301	1,596,862	313,123	2,487,286

FOREIGN LOANS OF CITIES

Cities	Names of Loans	Outstanding amount (March, 1932) (In ¥1,000)	Years of issue	Years of redemption
Tokyo	Loans for consolidation of old debts, city improvement	6,542	1906	1916-1936
"	Loans for electric enterprise	64,609	1912	1916-1932
"	Reconstruction Work Loan	97,213	1926-27	1927-1961
Osaka	Harbour Works Loan	2,676	1899-1903	1905-1961
"	Loan for Electric Railways and Waterworks	18,152	1909	1919-1938
Yokohama	Waterworks Loan (2nd Series)	6,121	1909	1924-1933
"	6% Reconstruction Works Loan (dollar)	37,030	1926	1927-1960
Nagoya	Waterworks Loan	3,419	1909	1917-1943
Total		235,765,785		

Deposits Bureau of the Ministry of Finance

To the Deposits Bureau of the Ministry of Finance is chiefly assigned the duty of working the postal savings deposits. Prior to 1925 the Minister of Finance exercised full control over the invest-

ments of the Deposits Bureau, but in that year a committee was formed, under law, to advise on the investments to be made. The law limits the investments of the funds of the Bureau to the following:

(1) Acceptance, underwriting or purchase of Government bonds or prefectural bonds.

(2) Loans to general or special accounts.

(3) Acceptance, underwriting or purchase of debentures or industrial debentures of companies established under special laws.

(4) Loans to banks established under special laws and which are not permitted to issue debentures.

(5) Acceptance or purchase of bonds issued by foreign Governments.

(6) Overseas deposits through the Bank of Japan.

There are "frozen" loans made by the Deposits Bureau to domestic and foreign enterprises, such as those to the Kokusai Kisen Kaisha, Japan Paper Business Company, Nichi-Ro Industrial Development Company, the relief funds for the Bank of Chosen and Bank of Taiwan, loans to the Communications Bank of China, Hanyehping Iron and Coal Company, Yuhang Kungsu and Nanjen Railway in Kiangsu Province, China. The reparation of these loans is almost hopeless. In 1925, a great reform was made in the system of the Deposits Bureau by Mr. Yuko Hamaguchi.

Accounts of the Bureau Assets and liabilities of the Deposits Bureau at the end of 1932-33 fiscal year (March 31, 1933) totalled ¥3,731,317,772 each, showing an increase of ¥151,346,995 over the same period of the year before. Of the total amount postal savings deposits totalled ¥2,686,805,915. The funds are invested as follows:

BALANCE SHEET OF THE DEPOSITS BUREAU March 31, 1933

(In ¥1,000)

Liabilities	Amount
Deposits:	
Postal savings and postal transfer system	2,768,417

Proceeds of Reconstruction Savings Certificates	77,796
Surplus fund of certain Special Accounts of the Government	290,059
Others	71,508
Reserves	279,224
Miscellaneous receipts	243,741
Checks payable	569
Total	3,731,317

Assets	Amount
Government bonds	1,137,080
Loans to general and special accounts	393,244
Prefectural bonds	781,860
Health Insurance association debentures	—
Japan Hypothec Bank debentures	418,366
Japan Industrial Bank debentures	50,532
Hokkaido Colonization Bank debentures	71,569
Prefectural Hypothec Bank debentures	110,651
Oriental Development Bank debentures	55,907
Chosen Industrial Bank debentures	85,214
Co-operative Society debentures	59,503
South Manchuria Railway debentures	11,503
Earthquake Reconstruction debentures	3,718
Loans to provincial public bodies	9,007
Loans to special banks and companies	190,226
Chinese Government debentures	11,066
4% Internal Chinese bonds	19,266
British Exchequer bonds	2,532
Overseas deposits	2,186
Domestic deposits	11,000
Cash	170,554
Expenditures	185,724
Total	3,731,317

The same at the end of the fiscal year 1933-1934 (March 31, 1934) showed an increase of ¥159,000,000 in postal savings and postal transfer system, ¥235,000,000 in surplus fund of Special Account and others as compared with the previous year.

In assets a remarkable increase was seen in Government bonds, local bonds and other debentures, while loans generally decreased. The decrease is largely due to the increased floatation of national loans and tells of the inertia of low-interest-loans which has been a social measure of the government.

BALANCE SHEET OF THE DEPOSITS
BUREAU March 31, 1934

(In Y1,000)

Liabilities	
Deposits:	
Postal savings and postal transfer system	2,932,106
Proceeds of Reconstruction Savings Certificates	76,998
Surplus fund of Special Accounts	511,302
Reserves	348,641
Miscellaneous receipts	204,629
Total	4,078,677
Assets	
Government bonds	1,566,497
4% Internal Chinese bonds	17,584
British Exchequer bonds	5,859
Chinese Government debentures	11,066
Prefectural bonds	870,086
Japan Hypothec Bank debentures	396,059
Japan Industrial Bank debentures	49,771
Other debentures	443,041
Loans to public bodies, banks and companies	437,667
Domestic deposits	154,702
Overseas deposits	1,369
Expenditures	120,470
Total	4,078,677

State Property

State property is defined under Article 1 of the State Property Law, promulgated by Law No. 43 in April, 1921 as follows:

"The State property under this Law includes the State-owned real estate and movable estate and rights provided in the Imperial Ordinance." The value of State property is shown below:

	General Accounts	Special Accounts	Total
	(In yen)		
1923	4,133,507,866	1,735,544,602	5,869,052,468
1924	4,189,798,211	1,942,271,168	6,132,069,379
1925	4,221,005,228	2,122,681,903	6,343,687,131
1926	4,269,586,429	2,301,230,572	6,570,817,001
1927	4,723,822,213	2,527,426,509	7,251,248,722
1928	4,798,480,264	2,704,931,432	7,503,411,696
1929	4,914,642,478	2,922,347,476	7,836,989,954
1930	5,016,980,596	3,094,406,830	8,111,387,426
1931	5,083,477,781	3,228,063,095	8,311,540,876
1932	4,720,478,566	3,280,022,777	8,000,501,343

The value of State property under the jurisdiction of the colonial

Governments on March 31, 1932, was as follows:

Government-General of Korea	¥591,691,422
Government-General of Formosa	282,622,392
Government of Karafuto (Saghalien)	47,718,313
Government of Kwantung	160,145,581
Government of South Sea Mandated Islands	15,544,139
Total	1,097,622,037

Estate and Rights The State-owned movable estate and rights are as follows:

(a) Ships, floats, floating piers and floating docks.

(b) Appendages of real estate or movable estate given in (a).

(c) Machines and important equipment in Government factories such as iron works, shipbuilding yards, arsenals, the mint, tobacco mills, and railways.

(d) Surface rights, servitudes, mining rights, alluvial mineral rights and other rights similar to these rights.

(e) Rights relating to stocks and investments.

The scope of the term "factory" under (c) above is to be determined by the respective Ministers after consultation with the Minister of Finance.

State-owned movable estate and rights, such as, cash, deposits, loans, common fixtures and books, for instance, not mentioned in the above provisions are therefore State property in substance, but do not come under the provisions of this Law.

Four Classifications Article 2 of the State Property Law divides State property into four classes, namely: public property, official property, property used for forestry management and miscellaneous property. Public property is that directly used or to be used for public service by the State; official property is that used or to be used, by the State, for Shinto shrines, or for State services and enterprises or for residences of

officials and other personnel; property used for forestry management is that used or to be used, by the State, for the management of forests; while miscellaneous property is that not belonging to these three categories.

The Legal Limitation The Legal limitation of the content of the "State Property Account" and its categories:

Article 26 of the State Property Law requires the Government to make a yearly statement of the increase or decrease in the State property, and, every fifth year, to issue a comprehensive report covering the entire property for the period; and both these statements are to undergo examination by the Auditing Board and then are to be presented to the Imperial Diet.

The following are, however, excluded from the statements:

(a) Movable estate and rights owned by the State but not subject to the provisions of the Imperial Ordinance, that is, State property in reality if not in law (Art. 1, State Property Law; Art. 1, Imperial Ordinance concerning the State Property Law).

(b) State property belonging to the Governments of Chosen, Taiwan, Karafuto, Kwantung, and South Sea Mandated Islands in which the State Property Law has not yet been put into effect.

(c) Public property (Art. 28, State Property Law).

(d) The value of lands used for religious purposes by Buddhist temples, the public land of public corporations, and of sites of Shinto shrines (Art. 2 and 5, Ordinance No. 14, Department of Finance).

The figures given above are based on these official statements of State property, and accordingly, the total value of the property owned by the Imperial Japanese Government in-

cluding State property mentioned in (a)-(d) above will be much higher than the figures given herein. Paragraph (b) above excludes property in the colonies, but for the purpose of reference this has been added as an appendix to the table of State property. Recognizing that it is expedient to apply the State Property Law to these colonies, the Government is now making preparations therefor, and when this law is put into effect, the property in these regions will be included in the statements. Further, as there prevails an opinion that the value and volume of property mentioned in (c) and (d) should be given in the statements, they will be included therein in the near future.

Administration of State Property The administrative service over State property includes both direct management and general administration, the former under the direction of the respective Departments, the latter under the Minister of Finance. Each Minister administers the State property of his Department; but the Minister of Finance also undertakes, as the competent Minister, the general management of all the property and, thus, unifies the direct management by keeping the different Ministers in touch with one another so as to secure the full use of the property.

The Increasing Tendency The tendency of State property to increase is indicated in the table of statistics given above, and is due to the purchase, expropriation and contribution of property, construction of buildings and ships, and the acquisition of rights (acquisition of real estate without owner, acquisition of stocks and of rights due to investment, establishment of surface rights, etc.). Moreover, the revaluation of property made every fifth year causes an increase or de-

crease in the total value of State property.

Funds from the Adjustment of State Property With the exception of receipts coming under other special accounts and those from the disposition of state forests and plains or of uncultivated places in the Hokkaido, the receipts from the adjustment and disposition of State property and other miscellaneous receipts constitute the funds from the adjustment of State property and the revenue and expenditure are segregated in a Special Account.

These funds are transferred to the General Account and then, in addition to being used for building and repair and other expenditure necessary for the adjustment of State property, are, in case of necessity, used for purposes other than those mentioned above in accordance with the Budget Estimates (Articles 1-4, Special Account Law for Funds from the Adjustment of State Property by Law No. 6, 1922; Exceptions in the Special Account Law for Funds from the Adjustment of State Property by Law No. 15, 1927).

The following are the statistics of revenue and expenditure in the funds from the adjustment of State property for the financial years 1924-25 to 1933-34:

Year	Revenue Yen	Expenditure Yen
1924-25	3,037,990	3,012,659
1925-26	3,271,904	2,202,806
1926-27	8,802,504	2,566,297
1927-28	12,904,110	15,228,282
1928-29	11,373,386	15,913,470
1929-30	9,349,573	9,102,751
1930-31	6,439,664	6,237,805
1931-32	4,870,211	5,963,898
1932-33	7,700,317	5,906,325
1933-34	6,865,283	6,864,549

Japan's National Wealth

Japan's national wealth for 1930,

the most recent date for this kind of investigation, was estimated at ¥110,188,000,000, according to the Cabinet Statistics Bureau. This included the following:

	(Estimates in thousand yen)
Land	41,091,345
Mines	6,499,651
Ports, harbour and canals	343,143
Bridges	483,000
Trees	6,706,815
Live-stock and poultry	346,356
Buildings	22,843,300
Industrial machines and apparatus	1,809,381
Railways and tramways (street cars)	3,598,138
Vehicles and aeroplanes	660,294
Shipping	2,060,236
Electric and gas supply equipment	1,905,044
Telegraph and telephone equipment	196,102
Waterworks equipment	352,773
Property in store:	18,847,310
Household property	12,473,201
Manufactures	5,457,466
Coins and gold and silver bullion	916,643
Miscellaneous	2,250,515
Balance of Japan's foreign credit and debt	191,532
Total	110,188,004

The total is classified into Government property 12 per cent., public property 4 per cent. and private property 84 per cent. Land, buildings, trees and mines combined make a total of 81 per cent. in all. Manufactured goods, railways and tramways, shipping, electric and gas equipment and industrial machines and tools combined make a total of 13 per cent. The remainder is 6 per cent. The national wealth for 1930 per household was ¥8,672 and per one man was ¥1,710. The change of national wealth, investigated by Mr. Hideomi Takahashi, a statistical authority in Japan, follows:

Time of	Year	National wealth (in million yen)
Arrival of "Black Ships"	1851	5,085
Sakuradamon Murder Incident	1860	5,769
Meiji Restoration	1868	6,818
Abolition of feudal clans and establishment of prefectural government	1873	7,817
Satsuma Rebellion	1877	8,571
Promulgation of Imperial Constitution	1889	13,043
Sino-Japanese War	1894	16,667
Russo-Japanese War	1904	22,742
First Year of Taisho Era	1912	37,524
1921	1921	93,026
June, 1924	1924	101,978
March, 1925	1925	105,742

The national income since 1887 in Japan has been as follows, according to the Cabinet Statistics Bureau:

Year	National income (in ¥ 1,000)	Index number
1887	233,522	100.00
1890	235,529	100.85
1900	846,030	315.06
1910	2,050,841	878.35
1915	2,342,040	1,003.05
1920	7,653,784	3,406.43
1922	13,891,022	5,785.07
1923	13,255,057	5,676.32
1924	12,882,761	5,517.39
1925	13,382,328	5,731.32

CHAPTER IX

BANKING AND THE MONEY MARKET

When the Meiji Government announced that all taxes had to be paid in cash instead of rice, (see Chapter VIII, Taxes) which had been the sole substitute for money in tax payment during the Tokugawa régime, there arose a great demand and consequent shortage of money all over the country. The superseding of feudal clans by prefectural governments had necessitated the issue of bonds by the Meiji Government in order to pension off the daimyô and samurai. Furthermore, the Government had to readjust the inconvertible paper notes so recklessly issued toward the latter stage of the Tokugawa Administration. Such was the position when Shigenobu Okuma (the late Marquis), Minister of Justice, in conjunction with Kaoru Inouyé (later Marquis), Vice-Minister of Finance, instructed Hirobumi Ito (the late Prince), who was then visiting New York on his way home from an inspecting tour of England and Germany, to draw up a plan for a financial system for Japan. Ito met New York bankers and listened to their opinions on the adoption of a modern banking system in Japan. The United States at that time had a national banking system, and it was such a national bank system that was recommended to and finally adopted by Japan. The text of the scheme was brought home by Ito and the first difficulty that arose was in connection with the translation of the word "Bank" into Japanese. A new word had to be coined, and though "Ryogayé-ya", money exchange shop, and "Kinko" office to handle gold were

suggested, "Ginko", an office to handle silver, was the final selection on account of the country's decision to adopt the silver standard of currency.

National Banks

The Japanese National Bank Act was promulgated in November of the 5th year of Meiji (1872) and this formed the cornerstone of the banking business in Japan. The banks established in accordance with this Act were the First National Bank, Tokyo; the Second National Bank, Yokohama; the Fourth National Bank, Niigata; and the Fifth National Bank, Kagoshima. The First National Bank, founded by Eiichi Shibusawa (the late Viscount), was invested in jointly by the Mitsui-Gumi and Ono-Gumi to the amount of ¥2,000,000 out of the total capitalization of ¥3,000,000. The remaining amount of ¥1,000,000 was offered for public subscription. Due to the lack of knowledge of the people regarding the nature of public subscriptions to shares there is little wonder that only ¥448,000 was subscribed. The bank was opened on August 1, 1873. H. E. Shand, a clerk of the Oriental Bank, a British institution in Yokohama, was engaged by the bank to teach Japanese clerks banking business. With the revision of the National Bank Act in 1876, the number of banks in Japan greatly increased. There were 153 banks with a total capitalization of ¥37,000,000 and with authority to issue notes at the end of 1879. The National Bank Act provided for conversion of the national bank notes

into specie. An amendment was made in 1883 in the Act, by which the privilege of issuing notes was taken away from the national banks and granted exclusively to the newly-created central banking institution, the Bank of Japan, and suitable measures were taken for redemption of the national bank notes. Meanwhile, private banks and bank-like business companies, which did not come within the purview of the National Bank Act had increased in number, until their total number reached 954 in 1884, and there were no general provisions to control such banks and companies. To bring them under one efficient control, the Ordinary Bank Act and Savings Bank Act were promulgated in 1890 and put into force three years later. Side by side with these private banks, the national banks acted from the first as financial institutions of general trade. When the terms of their respective charters expired, most of them continued business as ordinary banks, and by February, 1899, national banks ceased to exist, so that there was no longer any difference between the economic functions and legal nature of the former national banks and other ordinary banks, all of which are controlled by general banking law. Ordinary banks are placed under control of the Minister of Finance, whose licence is required for the establishment of a new bank or the amalgamation of existing banks; he is also empowered to order at any time investigation into the business condition and property of a bank. Every bank must every half-year prepare and present to the Minister of Finance a balance-sheet and other business reports, the former to be published in newspapers or by some other means. Provisions are also made in the Act with regard to business hours and holidays.

Bank Act of 1927

Though a few amendments had been made from time to time since its enactment, the greater part of the Bank Act of 1890 became obsolete and inadequate on account of a rapid progress in the financial and economic conditions of the country. A new Act, therefore, was promulgated on March 29, 1927, in place of the old legislation, and was put into effect on and after January 1, 1928. The features of the new Act follow in summary:

(1) Banks as defined in the Banking Act are in principle institutions which carry on the operations of giving as well as receiving credits.

(2) Participation in banking business is confined to joint stock companies having at least the minimum capital¹ prescribed by the Act.

(3) The use of the word "Bank" (Ginko) in the trade name is made compulsory for every bank, and the use of the word is prohibited to businesses not being banks.

(4) Banks are strictly prohibited from engaging in business activities other than those prescribed in the Act.

(5) A bank shall, until the full amount of its capitalization is reached, set aside each time that a dividend is paid on profits 10 per cent. of such profits as a reserve fund.

(6) A strict audit system is established.

(7) Managers or managing-directors while actively engaged as such are not permitted to participate in the management of other companies without sanction of the Minister of Finance.

¹ The minimum paid-up capital for a bank in Tokyo and Osaka must be not less than ¥2,000,000; for towns of more than 10,000 population not less than ¥1,000,000; and for smaller communities not less than ¥500,000.

(8) The Court of Justice shall exercise closer supervision over the liquidation of banks.

(9) The Minister of Finance is empowered to make necessary provisions respecting banks with head offices outside the area, desirous of doing banking business within the area in which the Act is in force.

(10) The power of the Minister of Finance respecting the cancellation of business licences and the giving of various sanctions to banks is greatly increased and the penalties for illegal acts by banks shall be made heavier.

Savings Banks

A Savings Bank Law enacted in 1921 superseded the Savings Bank Act of 1890 and was put into force from June 1, 1922. Certain amendments were made in 1931. The Tokyo Chozo Ginko, or Tokyo Savings Bank, is the only prototype of this kind of bank in Japan. Ten years before the enactment of the law of 1890 concerning savings banks in Japan this bank came into being. As the late Viscount Eiichi Shibusawa was a great benefactor of the present banking system of Japan, so also was the late Rokuro Hara, the founder of the Tokyo Chozo. This bank was founded in 1880 with a small capital of ¥20,000.

Essential points of the Savings Bank Law enacted in 1921 follow:

Savings banks are institutions carrying on the following business:

- (1) The receiving of deposits at compound interest;
- (2) The receiving of sums of less than ¥10 as deposits at one time;
- (3) The receiving of deposits periodically or several times during a certain period and the fixing beforehand of the time of repayment; or
- (4) The receiving of money periodically or several times during a

certain period under promise to pay a certain amount of money at a certain date. In addition, savings banks are authorized to take up subsidiary business, such as:

- (a) The receiving of fixed deposits;
- (b) The receiving of valuable articles for custody;
- (c) The collection of debts;
- (d) The receipt and payment of money as treasurers of public corporations or industrial associations;
- (e) The receiving of deposits on demand from public corporations or industrial associations;
- (f) The sale on the instalment plan of national bonds, prefectural bonds and debentures of corporations created under special laws; and
- (g) The transacting of business in connection with the issue of national bonds and other bonds and debentures referred to above or the payment of their principal and interest.

While no savings bank can carry on business other than that mentioned above, no ordinary bank can carry on the proper business of savings banks. Savings banks shall not carry on transactions requiring the cashing of cheques against the deposits of (1) and (2) mentioned above under the heading of proper business. A savings bank must be a joint-stock company with a minimum capital of ¥500,000 and must obtain a licence from the Minister of Finance. Savings banks are not permitted to invest their funds in ways other than the following:

- (1) To subscribe for, take up, or purchase national and provincial bonds and debentures or stocks approved by the Minister of Finance;
- (2) To make loans on pledge of national bonds and other securities referred to above;
- (3) To make loans on mortgage of real estate;

(4) To make loans to a depositor up to the amount of his deposits;

(5) To make loans to the amount of his deposits to a person who deposits money periodically or several times during a certain period under promise to pay a certain sum of money at a certain date;

(6) To make loans up to the amount already paid in to a person who receives the securities under a contract made with respect to the sale of securities on the instalment plan;

(7) To make loans redeemable within a period of one year to prefectures, cities, towns and villages;

(8) To make loans redeemable by instalments within a period of two years;

(9) To deposit money with banks or the Deposits Bureau of the Ministry of Finance or the post office;

(10) To deposit money or securities with trust companies in accordance with the Ordinance issued by the Ministry of Finance; and

(11) To purchase bills accepted by banks or trust companies.

Further restrictions on their business are as follows:

(1) Savings banks shall not own or take as security for loans or deposits more than one-fifth of the total stock of a company.

(2) Loans to a person shall not exceed one-tenth of the total amount of the paid-up capital and reserve fund of the bank.

(3) The total amount of loans on mortgage of real estate or the total amount of loans redeemable within a period of one year to prefectures, cities, towns and villages shall not exceed the total amount of the paid-

up capital and reserve fund of the bank.

(4) The total amount of loans redeemable by instalments within a period of two years shall not exceed one-fifth of the paid-up capital and reserve fund. In this case, loans to a person shall be less than ¥1,000 and reliable guarantees of more than two persons are required.

(5) The total amount of deposits with any bank and of bills purchased with the acceptance of such bank shall not exceed one-tenth of the amount of the deposits received and one-fourth of the paid-up capital and reserve fund of the said bank.

(6) A regulation given under (5) above is applicable correspondingly to property deposited with trust companies and the total amount of bills purchasable as accepted by the trust companies. Savings banks are obliged to deposit an amount of Government bonds with the Public Deposits Bureau of the Ministry of Justice as guarantee for repayment of the deposits, such bonds to be not less than one-third of the deposits. Savings banks may, however, replace these bonds with the deposits in the Deposits Bureau of the Ministry of Finance. When a savings bank is unable to meet its liabilities with its assets, the directors are jointly under unlimited liability as regards the deposits received before their registration of resignation, and this liability continues for two years after such registration. The above statements refer to ordinary and savings banks, but there exist in addition special banks which are controlled under special laws.

BANKS

At the end of each year

(In ¥1,000)

Year	Number	Authorized Capital	Deposits	Advances	Net Profit	Dividend	Rate of Dividend
1923	1,868	2,911,362	10,117,878	10,834,041	388,295	172,724	10.0%
1924	1,793	2,913,035	10,489,064	11,112,892	387,221	172,701	10.5
1925	1,698	2,896,082	11,089,804	11,710,718	376,978	166,949	9.8
1926	1,572	2,887,539	11,544,858	12,103,944	378,529	170,060	8.9
1927	1,422	2,872,635	11,557,791	11,593,366	347,988	142,053	10.4
1928	1,157	2,691,148	11,841,255	11,076,440	341,020	135,866	7.7
1929	1,001	2,682,732	12,208,003	11,008,455	338,881	136,256	7.6
1930	892	2,536,949	11,731,161	10,973,133	292,302	123,634	7.3
1931	791	2,458,027	11,156,940	10,995,733	266,618	109,779	6.6
1932	645	2,416,397	11,402,489	10,718,675	286,269	107,535	6.6

Note: Exclusive of the number of banks in Chosen and Taiwan.

ORDINARY BANKS

At the end of each year

(In ¥1,000)

Year	Number of Banks	Authorized Capital	Deposits	Advances	Net Profit	Dividend	Rate of Dividend
1923	1,698	2,412,690	7,726,822	7,988,253	315,375	132,906	9.9%
1924	1,626	2,405,684	8,039,920	8,224,392	313,630	131,674	9.9
1925	1,534	2,386,761	8,662,676	8,781,791	302,195	126,950	9.2
1926	1,417	2,361,198	9,120,472	9,188,341	298,148	127,950	9.5
1927	1,280	2,344,990	8,969,985	8,124,813	268,281	104,654	8.3
1928	1,028	2,169,603	9,252,891	7,497,428	231,580	96,871	7.1
1929	878	2,158,687	9,237,697	7,356,710	216,792	94,895	6.9
1930	779	2,021,404	8,687,085	6,969,140	180,781	83,377	6.5
1931	680	1,939,482	8,215,128	6,696,228	163,207	71,769	5.7
1932	535	1,898,352	8,254,736	6,545,701	169,426	67,781	5.6

SAVINGS BANKS

At the end of each year

(In ¥1,000)

Year	Number of Banks	Authorized Capital	Savings Deposits	Deposits Ordinary Deposits	Total	Advances	Net Profit	Dividend	Rate of Dividend
1923	138	82,771	592,665	98,748	691,413		13,199	3,388	13.2%
1924	135	89,451	685,295	104,618	789,913		12,318	3,746	14.0
1925	132	89,921	777,548	122,275	900,823		13,839	3,671	13.1
1926	123	96,941	957,919	103,698	1,061,617		15,543	5,141	10.1
1927	112	96,245	1,010,105	85,176	1,095,281		16,393	4,537	10.6
1928	99	88,145	1,153,656	89,373	1,243,029				
1929	94	89,645	1,310,787	103,382	1,414,169				
1930	89	87,895	1,481,268	50,369	1,531,637				
1931	87	90,895	1,601,723	26,130	1,627,853				
1932	86	90,395	1,667,464	11,678	1,679,142				

Year	Loans	Advances		Net Profit	Dividend	Rate of Dividend
		Bills accepted	Total			
1928	839,751	7,365	347,116	16,375	4,644	11.5
1929	395,583	8,472	404,055	15,417	4,099	10.0
1930	470,725	4,276	475,001	16,002	6,157	15.0
1931	463,703	776	464,479	13,147	4,025	9.4
1932	401,887	1,254	403,141	13,775	4,071	9.4

DEPOSITS AND LOANS OF THE BANKS THROUGHOUT THE COUNTRY ON DECEMBER 31, 1933.

(In ¥1,000)

Items	Special Banks	Ordinary Banks	Total (Savings Banks included)
Deposits			
Public money (State deposits in the Bank of Japan)	273,586	—	273,586
Current deposits	(254,380)	—	(254,380)
Special Current deposits	185,902	1,128,202	1,314,104
Deposits at notice	146,161	1,773,056	1,919,217
Fixed deposits	42,883	548,963	591,846
Other deposits	584,397	4,065,120	5,559,128
Ordinary and special	98,183	310,817	409,000
Fixed deposits	—	—	—
Fixed reserves	—	432	1,167,728
Total	1,331,112	723	650,558
Loans			
Loans on bills	173,468	3,618,232	3,791,700
Loans on bonds	2,381,538	930,630	3,662,227
Call-loans outstanding	45,290	768,060	813,850
Discounts	1,111,994	715,154	1,827,148
Call-loans	59,924	311,994	371,918
Total	3,772,314	6,344,070	10,466,343
Negotiable papers in possession			
National loans	962,930	1,567,770	3,302,842
Public loans	34,400	282,544	379,496
Foreign bills	113,096	35,775	148,871
Debentures	105,081	1,071,977	1,481,586
Stocks	37,719	346,727	475,138
Total	1,253,226	3,304,793	5,877,933
Deposits on the day	128,851	355,896	702,254
Cash in hand on the day	283,083	599,300	900,360

Note: Banks in Korea, Kwantung and South Seas are not included. Loans of Savings Banks are included in "Loans on bonds."

The Bank of Japan
(Nippon Ginko)

The Bank of Japan, the central bank of the Empire, was founded in 1882 as a joint-stock company. Its authorized capital, which was at first ¥10,000,000, was increased three times and now stands at ¥60,000,000, of which ¥45,000,000 is paid up. The Bank is authorized to issue bank notes against gold and silver coins and bullion and further to issue such

notes on security of Government bonds and Treasury bills, and other bonds and commercial bills of a reliable nature. In June, 1932, amendments were made in the Convertible Bank Note Regulations, whereby the maximum amount of the issue against securities was increased up to ¥1,000,000,000 as from July 1 of the same year. The Bank is also authorized to issue notes against such securities beyond the maximum mentioned above. In case the issue in excess of this limit is to continue beyond 15

days, however, the approval of the Minister of Finance is required, and such issues to be made as from the 16th day are subject to a tax of at least 3 per cent. per annum. The payment of the tax formerly imposed on the issue of bank notes against securities was also replaced by a system of payments to the Government by the Bank of Japan, which was created by Law No. 10 of June 18, 1932. Under this system adopted during and after the second half of 1932, the Bank of Japan is required to pay to the Government for each half year one-half of the remainder of the net profits after deducting such amounts as (1) the amount equivalent to 6 per cent. per annum on the paid-up capital, and (2) the amount equivalent to the minimum to be set apart as reserve fund pursuant to Article 10 of the Bank of Japan Act. When the remainder of the net profits after the deduction of the amounts mentioned in (1) and (2) above and of the amount to be paid to the Government exceeds the amounts equivalent to 4 per cent. per annum on the paid-up capital, the Bank is further required to pay three-fourths of such excess amount to the Government. The payments to the Government under this system are to be effected not later than the last day of August in respect of the first half year and not later than the last day of February of the ensuing year in respect of the second half year, and these payments are counted as losses in computing incomes under the Income Tax Law and net profits under the Business Profits Tax Law. The Advisory Council of the Bank of Japan was also created by Law No. 11 of June 18, 1932 which was put into effect as from July 1 of the same year. Its principal function is to act in consultation with the Governor of the Bank of Japan on the important

operations of the Bank. It consists of the Governor of the Bank of Japan as president and not more than five members who are appointed by the Minister of Finance from among persons engaged in finance or industry, or men of learning and experience. Their term of office is three years. The business carried on by the Bank is principally as follows:

(1) To discount or purchase Government bills, bills of exchange and commercial bills;

(2) To buy or sell gold and silver bullion;

(3) To make loans on security of gold and silver coins and bullion;

(4) To collect bills for banks, companies and merchants, who are its regular customers;

(5) To receive deposits and to accept for custody articles of value, such as gold, silver and other precious metals and documents; and

(6) To make advances on current accounts, or grant loans for fixed periods on security of Government bonds, Treasury bills and other bonds and shares guaranteed by the Government.

The Bank is, in addition, entrusted with the management of Treasury receipts and disbursements. The amount of convertible notes issued by the Government by the end of the 14th year of Meiji (1881) was ¥118,000,000 and that issued by the national banks totalled ¥34,000,000, making an aggregate of ¥152,000,000. The specie reserve was less than one-tenth of this sum, being only ¥12,000,000. The standard unit of currency was a one yen gold coin nearly equivalent in value to the American one-dollar coin. When, however, the Government gave permission for the circulation in the country of silver coins, one-yen gold coins gradually became extinct, as a result of which the silver coin was

made the actual standard currency, the gold standard existing in name only. Furthermore, an increase in the amount of notes issued by the Government and national banks to meet the ever-increasing national expenditure caused a large difference in the value between silver and paper money and gave rise to a rapid advance in prices and considerable excess of imports over exports, and the country's economic circles were in a very critical condition and, consequently, the establishment of a central bank was eagerly advocated. In these circumstances, the then Minister of Finance Masayoshi Matsukata (later Prince) devised a plan for founding the Bank of Japan after the model of the central banking system in Belgium. The objects in view were to facilitate monetary circulation, enlarge the financial resources of banks and companies, lower money rates and entrust to the central bank business looked after by the Ministry of Finance. The Bank of Japan regulations were published and Shigetoshi Yoshiwara, Vice-Minister of Finance, was appointed first Governor of the Bank in October, 1882. When the gold standard was adopted in 1897, the bank assisted the Government in carrying it into effect, and, during the Sino-Japanese, Russo-Japanese and World Wars, it exerted

its efforts in raising war funds, floating national loans both at home and abroad, checking the outflow of specie and adjusting monetary circulation. Besides, whenever a panic has visited Japan, it has saved many banks from difficulties and has led the way in stabilizing the financial situation. On the occasion of the great earthquake and fire of 1923, it took emergency measures and rendered its utmost endeavours. That the loans made by the Bank went up as high as ¥853,000,000 at the end of 1923 was solely due to the fact that a considerable amount of money was advanced by it for relieving the effects of the calamity on the money market. Among the Governors of the Bank have been the late Baron Shinzen Matsuoka, the late Koichiro Kawada, the late Viscount Yataro Mishima, the late Baron Yanosuke Iwasaki, Mr. Korekiyo Takahashi, former Minister of Finance, Baron Tatsuo Yamamoto, former Home Minister, the late Junnosuke Inoué twice Minister of Finance, Otchiko Ichiki, once Minister of Finance. The present Governor, Hisakira Hijikata is serving his second term of office. The term of governorship is five years, the holder being appointed by the Government. Important figures for the Bank at the end of each year, are:

THE BANK OF JAPAN

(In ¥1,000)

Year	Authorized Capital	Deposits	Advances	Net Profit	Dividend	Rate of Dividend
1923	60,000	914,851	895,302	12,514	4,500	12.0%
1924	60,000	828,806	769,946	10,904	4,500	12.0
1925	60,000	657,011	719,839	10,348	4,500	12.0
1926	60,000	570,922	609,127	10,358	4,500	12.0
1927	60,000	651,636	915,068	10,357	3,750	10.0
1928	60,000	470,442	870,817	10,366	3,750	10.0
1929	60,000	532,756	701,688	19,815	3,750	10.0
1930	60,000	456,763	779,138	19,865	3,750	10.0
1931	60,000	374,038	989,403	19,761	3,999	10.0
1932	60,000	385,143	819,179	33,256	5,850	13.0

Yokohama Specie Bank (Yokohama Shokin Ginko)

The Yokohama Specie Bank was founded in 1880 with an authorized capital of ¥3,000,000 with the object of affording financial facilities for foreign trade. Subsequently, its capital was increased several times and now stands at ¥100,000,000, all paid up by June, 1920. This bank heralded the semi-Government banks in Japan, being established two years before the founding of the Bank of Japan. The money market of Japan as regards foreign trade was almost monopolized by foreign banks such as the Oriental Bank, the Hongkong and Shanghai Banking Corporation and the Chartered Bank of India, Australia and China, all having branches in Yokohama. Transactions in silver coins were handled almost exclusively by these foreign banks. A movement for restoring the national right and prestige was then gaining momentum among conservatives in Japan because of a rapid importation of Western material civilization in this country. This movement, coupled with a silver absorption policy, spread throughout the country and this culminated in an announcement by the Government of a plan for the establishment of a bank for the exclusive handling of specie in Japan. Michita Nakamura, an influential business man at that time, supported by Yukiichi Fukuzawa, founder of Keio University, successfully persuaded the then Finance Minister Okuma to establish the Yokohama Specie Bank. It was planned that the bank should be capitalized at ¥3,000,000 silver, of which ¥1,000,000 was to be subscribed by the Government and the remaining ¥2,000,000 offered for public subscription. The shares were over-subscribed to the amount of

¥500,000. The business carried on by the bank consists of:

- (1) Dealing in foreign exchange;
- (2) Dealing in domestic exchange;
- (3) Making loans;
- (4) Receiving deposits of money and the custody of valuable articles;
- (5) Discounting and collection of bills of exchange, promissory notes, and other securities; and
- (6) Exchange of coins.

The bank also may buy or sell public bonds, gold and silver bullion, and foreign coins, if so required by the condition of its business. It may also be entrusted with matters relating to foreign loans and with the management of public money for international account. The bank has its head office in Yokohama and 36 branches and 8 sub-branches throughout the world. Its president is Mr. Kenji Kodama. During the Russo-Japanese War the bank undertook the work connected with the floating of foreign loans for the Government. The bank also played an important part in Japan's economic activities in China after the Russo-Japanese War. Japan joined the Four-Power Consortium consisting of Great Britain, Germany, France and the United States in 1912. In 1913 the Yokohama Specie Bank, representing Japanese syndicate banks, concluded a 5 per cent. loan agreement for China as member of the Six-Power Consortium (Japan and Russia added). During the World War the Japanese syndicate banks lent money to Russia, Great Britain and France and underwrote bonds of these Governments. At America's initiative a new consortium was organized by Japan, Great Britain, America and France in 1919 and the Yokohama Specie Bank represented Japan in the consortium.

THE YOKOHAMA SPECIE BANK

At the end of each year

(In ¥1,000)

Year	Authorized Capital	Deposits	Advances	Net Profit	Dividend	Rate of Dividend
1923	100,000	482,124	365,068	17,605	12,000	12.0%
1924	100,000	521,117	321,677	18,298	12,000	12.0
1925	100,000	555,404	312,902	18,388	12,000	12.0
1926	100,000	489,607	298,942	18,336	12,000	12.0
1927	100,000	508,096	334,835	18,081	10,000	10.0
1928	100,000	492,761	291,162	33,628	10,000	10.0
1929	100,000	646,600	344,700	36,153	13,000	13.0
1930	100,000	654,146	367,627	26,290	10,000	10.0
1931	100,000	547,761	363,185	22,815	10,000	10.0
1932	100,000	644,054	391,925	23,887	10,000	10.0

The Hypothec Bank of Japan (Nippon Kwangyo Ginko)

The Hypothec Bank of Japan was created in 1897 for the purpose of making long-term loans at a low interest rate on mortgage of immovable property. Its authorized capital which was ¥40,000,000 till 1920 has been increased very often following mergers with 22 agricultural and industrial banks, so it now stands at ¥108,750,000, of which ¥84,626,063 is paid up. The business of this bank is mainly as follows:

- (1) To make on mortgage of immovable property loans redeemable by annual instalments within a period not exceeding 50 years, or at a fixed time within a period not exceeding five years, provided in the latter case the total amount of such loans does not exceed twice the total amount of the paid-up capital and reserve fund. In the case, however, of loans for the fishery industry, they may be made on mortgage of fishery rights. Railway and tramway foundations shall be regarded as immovable property. The amount of loans made on security of residential land or buildings, other than sites or buildings belonging to factory foundations and factories, which are in localities where the City Organization Law is in force or on

city land to be designated by an Imperial Ordinance or the amount of loans made on pledge of claims secured by these residential land and buildings (including real estate mortgage certificates), and the amount of loans made under the City Planning Law to land re-arrangement associations or federations of such associations shall not exceed one-half of the total amount of the paid-up capital and mortgage debentures issued;

- (2) To make loans without security to prefectures, cities, towns, villages and other public corporations organized by law;

- (3) To make loans without security, redeemable at a fixed time or by annual instalments in the case of the adjustment of arable land under the law for such adjustments;

- (4) To make loans without security, redeemable at a fixed time or by annual instalments to industrial, staple export manufacturers, fishery, forestry, stock-breeding or building associations, or federations of such associations;

- (5) To make without security loans redeemable at a fixed time within a period not exceeding five years or by mutual instalments within a period not exceeding 10 years to a party of at least 10 persons, combined with joint liability, who

are engaged in agriculture, industry or fishery in any prefecture where no Agricultural and Industrial Bank exists;

(6) To make without any security loans redeemable at a fixed time or by annual instalments to land re-arrangement associations or federations of such associations in case they apply to borrow for the re-arrangement of land to be undertaken under the City Planning Law or in case they, combined with joint liability, apply to borrow for the same purpose;

(7) With money obtained by the issue of hypothec debentures with premium, to make loans on security of cultivated fields, salt-pans, forests, pastures, fish-farms or fishery rights or on pledge of claims secured by these items (including real estate mortgage certificates);

(8) To take up debentures issued by the Agricultural and Industrial Banks, Hokkaido Colonization Bank, Central Bank for Co-operative Societies and Chosen Industrial Bank;

(9) To make loans redeemable by annual instalments on security of the claim on loans redeemable by annual instalments that are issued by these agricultural and industrial banks and of the mortgage in security for such loans;

(10) To make on pledge of claims secured by real estate (including real estate mortgage certificates) loans redeemable at a fixed time within a period not exceeding five years, and to buy and sell real estate mortgage certificates;

(11) To take deposits and take custody of gold and silver bullion and negotiable paper, provided that the total amount of deposits other than the fixed deposits and deposits of prefectures or cities shall not exceed the total amount of the paid-up capital.

Finally, the bank may employ the deposits and the money lying idle in the course of its business in the following manner only:

(a) To purchase with a sum equal to not less than one-fourth of the deposits national bonds or negotiable paper approved by the Minister of Finance or to deposit it in the Deposits Bureau of the Ministry of Finance or in banks approved by the Minister of Finance;

(b) To discount bills or make short-term loans on security of the above-mentioned negotiable paper or agricultural or marine products or industrial manufactures;

(c) To discount bills or grant overdrafts to industrial associations, staple exports manufacturers' associations, fishery associations or federations of such associations;

(d) To make short-term loans to public corporations;

(e) To make short-term loans without security to a party of at least ten persons, combined under joint liability, who are engaged in agriculture, industry or fishery in any prefecture, where no Agricultural and Industrial Bank exists; and

(f) To use fixed deposits as funds for making on security of real estate or fishery rights or on pledge of claims secured by real estate (including real estate mortgage certificates) loans redeemable at a fixed time within a period not exceeding five years.

The Hypothec Bank is authorized, when at least one-fourth of its nominal capital has been paid up, to issue mortgage debentures to an amount not exceeding 15 times its paid-up capital, provided the amount of such debentures shall not exceed the total amount of outstanding loans redeemable by annual instalments or at a fixed time, and the debentures of the Agricultural and Industrial Banks, Hokkaido Colon-

ization Bank, Central Bank for Co-operative Societies and Chosen Industrial Bank in hand. These mortgage debentures must be redeemed by means of drawings taking place at least twice a year in amounts proportionate to the amount to be redeemed in the same year of the loans redeemable by annual instal-

ments and the debentures of the above-mentioned banks in hand. In case any loans redeemable by annual instalments are repaid before they are due, the bank may with the amount so paid purchase and redeem its mortgage debentures. The present president of the bank is Dr. Eiichi Baba.

THE HYPOTHEC BANK OF JAPAN

At the end of each year

(In ¥1,000)

Year	Authorized Capital	Deposits	Advances	Net Profit	Dividend	Rate of Dividend	Mortgage Debentures
1923	94,000	59,684	633,306	10,105	6,586	10.0%	543,847
1924	94,000	54,195	709,047	10,984	6,988	10.0	623,975
1925	94,000	59,832	765,692	11,209	6,988	10.0	654,499
1926	94,000	59,089	781,271	11,359	6,988	10.0	683,435
1927	99,000	82,423	816,102	11,819	6,988	10.0	693,451
1928	99,000	89,143	879,808	18,000	7,488	10.0	732,009
1929	100,000	92,314	935,896	19,028	7,588	10.0	752,105
1930	108,750	130,961	1,086,958	20,146	8,100	10.0	853,692
1931	108,750	123,393	1,109,187	20,721	8,463	10.0	896,715
1932	108,750	149,516	1,167,763	20,327	8,463	10.0	915,683

Agricultural and Industrial Banks (Noko Ginko)

The Agricultural and Industrial Banks are prefectural financial institutions for accommodating provincials with long-term loans at a low rate of interest on security of immovable property and, being established in every prefecture, are most useful through their connection with their central institution, the Hypothec Bank of Japan. But with a view to affording further financial facilities to local districts, the law concerning the amalgamation of the Hypothec Bank and the Agricultural and Industrial Banks was enacted in 1921. By virtue of this law the former was allowed to take over the business of the latter on condition that it established its branches in places where head offices and branches of the latter were in existence. The Agricultural and Industrial Banks are joint-stock com-

panies, each having a capital of not less than ¥200,000. Each of these banks has as a general rule for its exclusive business district a prefecture. The business of the Agricultural and Industrial Banks is principally the same as that of the Hypothec Bank of Japan. These banks may become agents for the Hypothec Bank or other Agricultural and Industrial Banks. When acting as agents for loans made by the Hypothec Bank, Agricultural and Industrial Banks may guarantee to the bank the solvency of the debtors. They may take charge of the receipt and disbursement of the funds of prefectures or cities. These banks are authorized, when at least one-fourth of the nominal capital has been paid up, to issue agricultural and industrial debentures to an amount not exceeding fifteen times the paid-up capital. Such debentures, however, must not exceed the amount remaining after the deduc-

tion of the amount of pledges given for money borrowed from the Hypothec Bank from the total amount of outstanding loans redeemable by an-

nual instalments and at a fixed time. There were 19 of these banks in existence throughout the country at the end of 1932.

AGRICULTURAL AND INDUSTRIAL BANKS

At the end of each year

Year	Number of Banks	Authorized Capital	Deposits	Advances	Net Profit	Dividend	Rate of Dividend	Debentures
1923	27	91,000	133,351	394,339	10,758	7,094	9.7%	286,072
1924	27	93,900	140,194	430,600	12,144	7,544	9.5	277,777
1925	27	95,400	144,714	488,356	13,208	7,590	9.3	326,648
1926	27	105,400	149,778	530,113	14,747	8,231	9.2	377,454
1927	25	102,400	149,425	617,488	18,701	7,990	9.2	442,994
1928	25	104,400	178,920	686,933	21,043	8,488	9.5	458,900
1929	19	104,400	165,599	705,997	21,531	8,799	9.4	509,409
1930	19	88,000	145,654	651,752	19,337	8,125	9.4	490,797
1931	19	88,000	145,090	600,908	17,326	7,523	9.4	483,504
1932	19	88,000	154,383	695,170	16,773	7,432	9.2	506,199

The Industrial Bank of Japan (Nippon Kogyo Ginko)

The Industrial Bank of Japan was founded in April, 1902. Its authorized capital is ¥50,000,000 fully paid up. Its business is as follows:

- (1) To make loans on pledges of national and prefectural bonds and company debentures and shares;
- (2) To subscribe for or underwrite national and prefectural bonds and company debentures;
- (3) To receive deposits of money and accept articles of value for custody;
- (4) To engage in trust business for mortgage debentures;
- (5) To discount bills;
- (6) To engage in the business of bills of exchange and documentary drafts;
- (7) To make loans on security of foundations created as subscribed by law;
- (8) To make on mortgage of ships or ships under construction loans which shall be redeemable by annual instalments within a period not exceeding 15 years, or at a fixed time within a period not exceeding five years;

(9) To make loans on security of shipbuilding materials or equipment;

(10) To subscribe for or take up shares which have been approved by the Minister of State concerned;

(11) To subscribe for national or provincial bonds and company debentures, or to act as agent for receiving these instalments payable by general subscribers or paying principal and interest and dividends;

(12) To make call loans for a fixed term on security of sites and buildings belonging to factories or of residential land or buildings lying in localities where the City Organization Law is in force or in city land to be designated by Imperial Ordinance, provided, however, that the total amount of such loans shall not exceed two-thirds of the amount of paid-up capital; and

(13) To purchase national or provincial loans or company debentures and shares or gold and silver bullion with available money which the bank may employ for the purpose.

The bank is authorized to issue debentures to an amount not exceeding ten times its paid-up capital.

provided, however, that the amount of such debentures shall not exceed the total amount of outstanding loans, discounted bills, and national or provincial bonds, company debentures, shares and gold and silver bullion in hand. Only in the event of funds being required for enterprises for public benefit undertaken in a foreign country, the bank may, with approval of the Minister of Finance, issue debentures irrespectively of the above-mentioned restriction. The bank played an important part in overseas investment. The first of this kind was that in public utilities and loans to private enterprises in Korea in 1906. The bank also became active in investments in China, not only making direct investments, but also indirectly through the Toa Industrial Development Company, Chunichi Industrial

Development Company and Chukwa Exchange Bank. One of the most notable investments of the bank was its "political" loans to China in 1918. Loans also were made to Japan's industrial developments in the South Seas. The bank underwrote loans for the Russian and French Governments and also subscribed for shares of the Franco-Japanese Bank and Chukwa Exchange Bank, Peiping, in connection with the establishment of these institutions. The bank features in engaging in trust business in mortgage debentures. Through financial accommodation of the Deposits Bureau of the Ministry of Finance, the bank lent, for industrial rehabilitation, the first-aid loans to districts devastated by the Kanto earthquake and fire. Mr. Toyotaro Yuki is president.

THE INDUSTRIAL BANK OF JAPAN

At the end of each year

(In ¥1,000)

Year	Authorized Capital	Deposits	Advances	Capital Fund in Trust	Net Profit	Dividend	Rate of Dividend	Debentures
1923	50,000	69,369	307,869	68,000	6,568	5,000	10.0%	1308,428
1924	50,000	71,594	302,746	123,450	6,293	5,000	10.0	322,227
1925	50,000	64,411	383,816	182,598	5,413	4,000	3.0	286,269
1926	50,000	44,025	482,303	192,008	7,273	4,000	8.0	271,375
1927	50,000	45,891	308,700	174,372	6,195	3,000	6.0	248,498
1928	50,000	49,977	325,085	167,014	6,709	3,000	6.0	273,003
1929	50,000	44,988	380,590	163,492	6,755	3,000	6.0	278,575
1930	50,000	46,253	455,306	165,011	6,401	3,000	6.0	333,303
1931	50,000	52,378	486,068	176,992	6,547	3,000	6.0	343,330
1932	50,000	56,047	476,190	199,982	6,688	3,000	6.0	404,041

The Hokkaido Colonial Bank (Hokkaido Takushoku Ginko)

The Hokkaido Colonial Bank was established with the object of supplying capital for enterprises for colonizing and developing Hokkaido and Karafuto (the Japanese half of Saghalien), and especially for the purpose of facilitating the supply of capital by making loans on security of agricultural products and com-

pany shares and debentures as well as making long-term loans at low interest rate on immovable property. The bank had at first a capital of ¥3,000,000, but on April 23, 1922, it was increased to ¥20,000,000, of which ¥12,500,000 has been paid up. The business scope is very much similar to that of the Hypothec Bank of Japan and the Agricultural and Industrial Banks. The bank is authorized to issue debentures of not

less than ten yen face value to an amount not exceeding 15 times its paid-up capital. Such debentures, however, must not exceed the total amount outstanding of the loans which are redeemable by annual instalments or at a fixed date, and when debentures of not more than

twenty yen face value are to be issued by the bank, such issue may also be effected by sale. These debentures must be redeemed by means of drawings at least twice a year in amounts proportionate to the amount of the said loans to be redeemed in the same year.

THE HOKKAIDO COLONIAL BANK

At the end of each year

(In ¥1,000)

Year	Authorized Capital	Deposits	Advances	Net Profit	Dividend	Rate of dividend	Debentures
1923	20,000	39,963	147,810	2,171	1,250	10.0%	102,749
1924	20,000	43,245	162,251	2,050	1,250	10.0	107,642
1925	20,000	45,933	167,330	2,373	1,250	10.0	106,474
1926	20,000	49,348	171,572	2,759	1,250	10.0	98,649
1927	20,000	55,054	180,499	3,182	1,125	9.0	115,943
1928	20,000	66,106	178,071	3,318	1,125	9.0	103,238
1929	20,000	73,571	178,779	3,360	1,125	9.0	96,938
1930	20,000	75,056	188,282	3,391	1,125	9.0	102,753
1931	20,000	69,759	187,341	2,932	1,000	8.0	102,716
1932	20,000	79,468	215,705	2,687	938	7.5	124,252

The Bank of Taiwan (Taiwan Ginko)

The Bank of Taiwan was founded in September, 1899, four years after Japan's occupation of Formosa, as the result of the Sino-Japanese War. It was capitalized at ¥5,000,000, when it opened. The bank was brought into being largely through efforts of the then Minister of Finance Masayoshi Matsukata, and was given the privilege of issuing notes for circulation in the island. In 1910 its capital was increased to ¥10,000,000, which was doubly increased in 1918. The bank served as the most influential financing organ not only for the island's principal industries such as rice, sugar, camphor, tea, coal and gold, but contributed a great deal toward Japanese industrial development in South Seas countries and business

activities in South China. Its reckless business expansion during the World War resulted in a tie-up of a large amount of loans, when the financial panic of 1920 took place. After 1922 the business sphere was narrowed. The great earthquake and fire of 1923 caused the collection of loans difficult. The bank wrote off ¥28,600,000 of its bad assets for the first half of 1925 and partially made good the loss by means of its reserves. In addition, it carried out a reduction of capital by ¥15,000,000. This was not enough. A bill providing for financial aid to the bank was adopted by the Diet and, consequently, the bank was accorded financial accommodation by the Bank of Japan. In November of the same year it further cut its capital by ¥30,000,000. Readjustment has been progressing since then. Mr. Shigeru Shimada is its president.

THE BANK OF TAIWAN

At the end of each year

(In ¥1,000)

Year	Authorized Capital	Paid-up Capital	Reserve Fund	Deposits	Loans	Advances Bills Discounted	Total
1923	60,000	52,500	12,980	201,905	79,118	392,808	471,926
1924	60,000	52,500	13,780	224,984	106,608	610,105	716,714
1925	45,000	39,375	1,526	134,380	100,827	570,034	670,859
1926	45,000	39,375	1,766	92,806	181,944	484,543	666,487
1927	15,000	13,125	—	75,375	222,333	318,399	540,732
1928	15,000	13,125	—	76,090	147,751	138,160	285,911
1929	15,000	13,125	—	71,678	148,677	133,538	282,215
1930	15,000	13,125	414	73,661	144,668	128,575	273,243
1931	15,000	13,125	1,214	78,920	131,390	130,252	261,642
1932	15,000	13,125	1,744	95,070	128,160	117,378	245,538

Profit and Loss Account

Year	Earnings	Expenses	Net Profit	Dividend	Rate of Dividend
1923	86,868	81,891	4,977	3,678	7.0%
1924	98,865	94,148	4,717	3,678	7.0
1925	110,639	109,982	1,136	986	5.0
1926	76,829	74,429	2,400	1,971	5.0
1927	75,882	76,689	—	—	—
1928	54,827	57,203	—	—	—
1929	47,478	47,948	—	—	—
1930	39,934	39,075	859	—	—
1931	47,145	46,287	858	—	—
1932	45,765	44,700	1,065	395	6.0

The Bank of Chosen (Chosen Ginko)

The Bank of Chosen was established in March, 1911, by virtue of the Bank of Chosen Act issued by the Government following Korea's annexation to Japan in April, 1910. The bank took over the assets and liabilities of the Bank of Korea, which was founded in October, 1909, following the transfer of the assets and liabilities of the Dai-Ichi (First) Bank. The bank is authorized to issue bank notes. In 1917 the bank's notes were given sole right of legal tender in the Kwantung Leased Territory and along the South Manchuria Railway, and the limit of its guaranteed note issue was increased to ¥50,000,000. The bank greatly increased its activities during the World War and expanded its busi-

ness sphere to Japan proper, where it commenced foreign exchange business. The financial reaction following the World War caused it to narrow its business activities. It wrote off frozen assets to the amount of ¥36,000,000 for the first half of 1925 and halved its capital to ¥40,000,000. The bank borrowed a large amount of money from the Bank of Japan after 1920 on 10 years' repayment. Through revision of the Bank of Chosen Act in 1924 the right of control of the bank was transferred from the Governor-General of Korea to the Minister of Finance. The bank was unable to collect call loans in connection with the 1927 financial panic, but the extent of harm received was not so severe as that of the Bank of Taiwan.

THE BANK OF CHOSEN

At the end of each year

(In ¥1,000)

Year	Authorized Capital	Paid-up Capital	Reserve Fund	Deposits	Loans	Advances Bills Discounted	Total
1923	80,000	50,000	11,040	163,149	295,233	115,886	410,619
1924	80,000	50,000	11,420	204,624	325,756	88,838	414,596
1925	40,000	25,000	873	132,736	285,975	70,609	356,674
1926	40,000	25,000	821	135,871	294,553	75,233	369,776
1927	40,000	25,000	1,001	197,713	261,041	54,874	315,915
1928	40,000	25,000	1,201	149,919	279,905	39,503	319,408
1929	40,000	25,000	2,101	151,150	290,462	24,260	314,723
1930	40,000	25,000	2,901	98,785	248,758	17,796	266,554
1931	40,400	25,000	3,701	111,462	273,073	23,726	297,400
1932	40,000	25,000	4,501	193,932	303,785	33,833	337,468

Year	Earnings	Profit and Loss Account		Dividend	Rate of Dividend
		Expenses	Net Profit		
1923	57,228	53,851	3,377	3,410	7.0%
1924	53,753	50,458	3,294	2,820	6.0
1925	75,768	75,058	706	587	2.5
1926	30,000	28,462	1,537	1,175	3.0
1927	25,328	23,946	1,382	940	4.0
1928	28,128	26,543	1,585	940	4.0
1929	26,186	24,321	1,865	940	4.0
1930	23,492	21,654	1,838	940	4.0
1931	24,366	22,531	1,835	940	4.0
1932	38,709	36,860	1,849	940	4.0

Financial Panic of 1927

The financial panic that overtook Japan for about a month from the middle of March, 1927, was an unprecedented affair in Japan's financial circles. This incident brought about a revolutionary change in the Japanese financial system and a great banking readjustment followed it during the next year. The financial panic may be divided into three stages. The first period extended from the closing of the Tokyo Watanabé Bank and its sister institution, the Akaji Savings Bank on March 15 to March 23, when the so-called earthquake and fire readjustment bills were adopted by the Diet. The second period was marked by the progress of financial uncertainty spreading over all Japan and lasted from the time of the adoption of the bills to the middle of April. The third period was

featured by the opposition raised by the Privy Council against an urgent Imperial Ordinance for the relief of the Bank of Taiwan, when it was submitted to the Council, and the subsequent development of the situation was one of uncertainty in which the financial condition went from bad to worse until, on April 22, a moratorium was enforced throughout the country, to last for 3 weeks.

The Reaction of 1920 The financial panic had sundry causes before it really came to a head. When the financial reaction of 1920 overtook Japan, the country stood in need of carrying out thoroughgoing readjustments. Comparing prices of commodities in 1914 with those in 1920, the average index number was 338 on the basis of 100 taken in 1914. Soon after the financial panic the index number fell back to 280 and this declining trend lasted until the subsequent low point of 180 was

reached just before the 1927 panic. This heavy drop of prices dealt a severe blow to economic circles. By the drop in the value of mortgages, banks were given no little blow. Refunding of loans advanced became difficult and this caused many banks to incur losses. Following the 1920 reaction no readjustment was carried out.

The Quake-fire The Kwanto earthquake and fire of 1923 aggrandized the losses of banks. Bankers realized that thoroughgoing readjustment was unavoidable, but they lacked enough courage to carry out the reduction of capital or take other drastic steps, fearing loss of public credit. The shiftlessness of the bankers as the economic condition grew worse, aggravated the situation. When the relief bills, that is, the Earthquake and Fire Bill, Readjustment Bill and the Earthquake and Fire Loss Indemnification Bond Bill, were submitted to the 52nd session of the Imperial Diet on January 26, 1927, they provoked a great discussion in the Diet. In debating these bills, interpellations and answers exchanged on the Diet floor went too far, exposing in some cases the weak status of many banks, but on the whole this Diet debate allayed the uneasiness of depositors regarding the credit of the banks. Through a slip of the tongue on the part of Mr. Naoharu Kataoka, the then Minister of Finance, irregularities of the Tokyo Watanabé Bank were exposed to the Diet on March 14. The bank had made a large amount of loans to various business enterprises in which directors of the bank were interested, and the refunding of loans had become difficult. On March 15, the bank had to close its doors and it was similarly followed by its subsidiary institution, the Akaji Savings Bank. This provoked an incident leading to the out-

burst of the great financial panic that ensued. Damaging rumours ran fast and runs on banks increased. On April 19, the Nakai Bank, Tokyo, suspended its business, and on April 22, four second-class ordinary banks in Tokyo and Yokohama, such as the Soda, Eighty-fourth, Nakazawa and Murai banks, closed their doors and announced business readjustments. The total amount of deposits of these six banks reached about ¥200,000,000. Because of the fact that depositors were mostly medium-sized business shops of Tokyo, the extent of damage was fairly wide. Inter-bank transactions were carried on only with great caution and call loan deals were nearly suspended. Instead, many banks asked for loans from the Bank of Japan. As the result of negotiations between representatives of large ordinary banks and the Bank of Japan, the latter finally decided to make emergency loan advances to relieve the situation. A joint statement of the Minister of Finance, Vice-Minister of Finance, and Governor of the Bank of Japan was issued on April 22, declaring that financial stabilization would soon be attained. The two post-earthquake and fire readjustment bills were meanwhile adopted by the House of Peers.

The Bank of Taiwan The panic by that time was mostly confined to banks in Tokyo and Yokohama, because of the fact that it was directly caused by earthquake bills. Effects on the stock market were not very severe, except for shares connected with the closed banks. However, the miserable plight in which one of the special banks, the Bank of Taiwan, found itself in April, intensified the financial uneasiness. The disposal of earthquake bills held by the Bank of Taiwan was made an object of

scathing criticism by the public. In accordance with a decision of the House of Peers that a Bank of Taiwan Investigation Commission should be organized, the Wakatsuki Cabinet appointed the members. The first thing done by the commission was to instruct the bank to suspend dealings with Suzuki Shoten, Kobé, on which responsibility mostly rested for the bank's present awkward predicament. New loan making to this great trading concern in Kobé was entirely suspended by the bank. This gave a great shock to Japanese economic circles, because this concern carried on business in a wide sphere, having more than 60 large and small business houses under its control. To the Bank of Taiwan alone the Suzuki's owed the enormous amount of ¥350,000,000. It was greatly feared by the public that the prohibition of new loans to the Suzukis might mean the eventual failure of the Bank of Taiwan. All banks making call loans to the bank began withdrawing loans and this was followed by an active run of depositors on the bank. No matter how strenuously the Government explained that the bank was quite safe it was not heeded by depositors. Business became more difficult daily and the situation forced the bank to ask the Government and Bank of Japan for relief. During the intervening period runs on banks in a mild form spread all over the country. The financial uncertainty grew steadily intense and this resulted in a sudden outburst of great confusion on the stock exchanges. When the Sixty-fifth Bank of Kobé, in which Suzuki Shoten was heavily interested, announced business suspension on April 8, the stock markets of Tokyo, Osaka and other cities were literally thrown into a chaotic condition.

The Cabinet Resigns. The aggra-

vation of Sino-Soviet diplomatic relations and a clash of Japanese and Chinese soldiers in Shanghai brought further uneasiness to a turbulent market. The Government was very much concerned that the Bank of Taiwan situation had increased to such serious proportions and debated on relief measures. In consequence, an emergency loan advance by the Bank of Japan and the consequent issue of an urgent Imperial Ordinance for indemnification against loss for the Bank of Japan were approved at an extraordinary Cabinet meeting of April 13. The urgent Imperial Ordinance was submitted to the Privy Council on April 15. The bill provided for the Bank of Japan indemnification against loss to the amount of ¥200,000,000 against its unsecured loans to the Bank of Taiwan. A vigorous opposition was raised by the Privy Council against the urgent Ordinance on the reason that the action of submitting such an important bill within less than two weeks after the closing of the Diet was indiscrete and irresponsible. At a plenary session of the Council on April 17 the bill was shelved. The Wakatsuki Cabinet had to resign as the result. The situation threw financial circles into utter chaos. The Bank of Japan and other large banks could render no more relief to the bank. Eventually the bank closed the doors of its head office and all branches on April 18. On the same day the Omi Bank, one of the influential banks of Osaka, announced the closing of its doors. Financial confusion reached its height. Runs on banks spread throughout the country. One of the Big Five ordinary banks of Tokyo, the Jugo (Fifteenth) Bank, closed its doors on April 21. Foreseeing further spread of panic all banks in Tokyo voluntarily closed their doors for two days, on Apr.

22 and 23, to prepare against the runs.

A Moratorium Proclaimed By this time the Tanaka Cabinet had replaced the Wakatsuki Cabinet. A three weeks' Moratorium was proclaimed by the new Cabinet and the urgent Imperial Ordinance was adopted by the Cabinet on April 22. During the time that the moratorium was in force maximum payments were limited to ¥500 per day. An extraordinary Diet session opened for five days commencing May 3 to decide on relief measures. The Bank of Japan Special Loan Bill and Taiwan Financing Organ Relief Bill were submitted to it by the Government. This pacified the turbulent popular mind and the great financial panic came to a halt on April 22 with the enactment of the moratorium.

At that time the total deposits held by ordinary banks were estimated at ¥9,000,000,000, but it was unknown how much of the deposits were withdrawn by the public. Banks closed in connection with the panic were 30, of which 10 were in Tokyo, 8 in Osaka and 17 in other districts. The total deposits in these closed banks were ¥770,000,000 at the end of 1926. Loans of the Bank of Japan, which were about ¥200,000,000 about the middle of March, increased to more than ¥2,000,000,000 on April 20. The highest amount of note issue of the Bank of Japan during the panic was recorded at ¥2,600,000,000. The yen-dollar exchange rate fell back to \$46½ during the crisis. The two relief bills were passed by the Diet on May 8. The bills provided for loss indemnification to the amount of ¥500,000,000 for the Bank of Japan in its financial relief in Japan proper and ¥200,000,000 for the same bank in its relief measures to financial organizations in Formosa. The Bank

of Taiwan resumed business on May 9. In both cases the Bank of Japan had to grant loans and the Government guaranteed its loss against these to the maximum amount of ¥700,000,000. The special loans made by the Bank of Japan before the maturity of the one year term of the guarantee, that is, May 8, 1928, amounted to ¥879,000,000, of which ¥687,000,000 was lent to banks in Japan proper and ¥191,000,000 to banks in Formosa. Altogether 90 banks received special loans from the Bank.

Trust Business

It was about 1906 that companies bearing the title of trust companies were first established in Japan, and, since that time the number of these institutions has steadily increased. This has been especially due to the unusual economic activity resulting from the World War and promotion of various new enterprises. The Government laid the projected Trust Law and Trust Business Law before the 45th session of the Imperial Diet and secured its approval. These two laws were effective on and after January 1, 1923. The gist of the Trust Business Law is as follows:

(1) Trust business can be carried on only by a joint-stock company whose capital is one million yen or more and which has obtained a licence from the Minister of Finance.

(2) Though the proper function of trust companies is not definitely laid down in law, it is clear that they are expected to act as trustees for the benefit of other parties, i. e., they must, with the intention of faithful managers, administer or dispose of the right of property established or transferred by the beneficiary for the benefit of the beneficiary or a third party. The properties that a trust company can

accept in trust are limited to money, negotiable paper, monetary claims, movables, land and things thereon, and superficies and leases of lands.

(3) The method of administering the trust property is specified in the Imperial Ordinance issued according to the provisions of the Trust Law.

(4) Business which trust companies can carry on as incidental to their main business are limited to the following:

- (a) Reception of deposits for safe custody;
 (b) Giving guarantees for debts;
 (c) Acting as an intermediary in the sale of immovable properties;
 (d) Acting as an intermediary in the loans of either money or immovable properties;
 (e) Floatation of bonds, debentures or stocks, and receipts of payment from the subscribers;
 (f) Payment of principal and interest or dividends of bonds, debentures or stocks;
 (g) Execution of a will concerning property;

(h) Auditing;

(i) Acting as agents for the following matters: Acquisition or disposition of properties; Acquisition and liquidation of properties; Collection of claims; Performance of obligations.

Of the above, the guaranteeing of debts is subject to necessary limitation to be specified by ordinance.

(5) Trust companies are forbidden to engage in any business other than those mentioned above, excepting business connected with secured debentures.

(6) Trust companies must in conformity with the provisions of ordinance, deposit national loan bonds of not less than one-tenth of their capital as security, and beneficiaries

are entitled to preferential rights as regards the national loan bonds thus deposited by trust companies. The rate of legal reserve fund has also been increased, while a certain limit is to be observed by the companies in using their own funds for the purpose of investment. These, together with other provisions for control, are intended to protect the interest of beneficiaries, at the same time preventing the companies from possible mismanagement.

(7) As stated in (5) the companies carrying on general trust business can also engage in similar business connected with secured debentures. Consequently, a revision was effected in this respect in the Secured Debenture Trust Law. Ordinary banks were formerly disqualified from carrying on a general trust business, but this privilege was allowed to the Bank of Taiwan, Industrial Bank of Japan and Hokkaido Colonization Bank. It being deemed necessary to confine the operation of these special banks in the particular line to business connected with secured debentures only, necessary revisions have been made in the laws relating to these banks. Trust companies established under the provisions of the above-mentioned trust laws numbered 37 and had an aggregate nominal capital of ¥288,500,000 at the end of December, 1931. Before the enactment of the law there were about 500 "trust" companies, most of which were eliminated with the enactment. About 37 trust companies are carrying on business, and several of them, such as the Mitsui, Mitsubishi, Yasuda and Sumitomo trust companies, are run by Japan's wealthy families. Details concerning the trust companies in this country are:

TRUST BUSINESS

At the End of Nov. :-	Number of Offices	Number of Branch Offices	Au- thorized Capital	Paid-up Capital	Reserve Funds	Net Profit	Dividend
1927	30	11	¥312,800,000	¥88,425,000	¥10,584,076	¥10,623,572	¥2,287,525
1928	37	12	333,500,000	92,400,000	15,114,111	14,840,973	2,336,439
1929	37	14	333,500,000	92,700,000	19,738,615	14,598,544	2,385,860
1930	37	14	293,500,000	82,700,000	19,654,873	14,700,688	3,295,581
1931	37	14	288,500,000	81,450,000	23,202,866	14,856,542	3,387,781
1932	37	14	288,500,000	81,450,000	25,849,983	15,464,612	3,428,578

ASSETS

(In ¥1,000)

Year	Companies' Own Account							Losses	Cash in Hand	Branches Accounts	Total
	Un- paid Capital	Ad- vances	De- posits	Securi- ties	Pre- mises	Guar- antees	Miscel- laneous Assets				
1927 { 1st half	192,578	34,218	10,145	40,794	8,249	11,259	3,578	252	1,646	1,836	308,002
{ 2nd half	224,375	42,100	8,213	48,448	9,491	11,697	5,136	321	1,630	2,090	357,502
1928 { 1st half	241,450	38,074	14,112	59,244	9,313	11,482	1,632	17	1,398	1,941	378,663
{ 2nd half	241,100	41,535	11,188	62,506	10,602	11,695	1,342	16	1,804	2,165	383,949
1929 { 1st half	240,800	38,761	9,055	64,893	10,415	9,819	5,711	322	1,257	2,131	383,164
{ 2nd half	240,800	40,707	8,017	64,582	11,842	8,476	4,902	302	1,295	1,967	382,901
1930 { 1st half	240,800	27,721	6,701	63,679	12,737	8,053	4,235	13,572	1,152	3,151	381,801
{ 2nd half	210,800	29,307	8,164	61,917	13,008	10,262	3,572	434	1,373	3,815	342,742
1931 { 1st half	207,050	37,103	7,216	63,710	13,136	10,182	503	783	1,401	6,644	337,678
{ 2nd half	207,050	30,660	8,519	69,584	13,190	7,767	1,780	745	1,416	5,706	337,417
1932 { 1st half	207,050	33,370	7,597	69,345	13,515	7,955	3,267	821	1,646	4,721	339,207
{ 2nd half	207,050	33,658	8,902	69,315	13,757	8,403	3,294	867	1,547	5,490	342,303

Trust Account

Year	Securi- ties	Ad- vances	De- posits	Movable and Real Estate	Miscel- laneous Assets	Cash in Hand	Branches Ac- counts	Total
1927 { 1st half	140,628	529,644	24,188	23,019	39,787	813	19,332	777,363
{ 2nd half	223,454	614,175	24,985	25,754	36,506	1,236	42,556	968,666
1928 { 1st half	329,569	689,900	40,948	25,174	3,049	1,887	68,927	1,159,454
{ 2nd half	415,898	778,066	39,675	26,070	6,087	2,157	100,053	1,368,005
1929 { 1st half	442,237	831,140	34,690	27,909	34,891	2,126	131,057	1,504,050
{ 2nd half	447,710	890,989	30,929	28,978	55,287	2,478	136,424	1,572,790
1930 { 1st half	478,170	890,603	34,839	28,775	8,113	2,431	146,517	1,589,538
{ 2nd half	469,232	886,431	43,192	30,307	5,640	3,355	148,492	1,577,549
1931 { 1st half	461,551	879,091	42,654	31,656	26,372	3,259	159,942	1,604,525
{ 2nd half	478,479	877,754	50,986	32,469	30,394	4,740	167,490	1,642,312
1932 { 1st half	491,431	870,852	42,014	34,750	8,536	4,125	165,147	1,616,855
{ 2nd half	486,303	876,981	60,278	36,226	7,946	3,997	167,582	1,628,413

LIABILITIES

Year	Companies' Own Account				Net Profit	Branches Accounts	Total
	Authorized Capital	Reserve Funds	Guaran- tees	Miscel- laneous Liabilities			
1927 { 1st half	270,800	8,702	14,359	7,482	4,797	1,860	308,002
{ 2nd half	312,800	10,584	15,697	10,494	5,884	2,043	357,502
1928 { 1st half	333,500	12,156	11,482	12,260	7,325	1,940	378,663
{ 2nd half	333,500	15,114	11,695	13,030	7,545	2,165	383,949
1929 { 1st half	333,500	17,797	9,819	12,456	7,460	2,131	383,164
{ 2nd half	333,500	19,739	8,479	12,022	7,197	1,967	382,901
1930 { 1st half	333,500	21,059	8,053	8,602	7,436	3,151	381,801
{ 2nd half	293,500	19,655	10,262	8,238	7,272	3,815	342,742
1931 { 1st half	288,500	21,193	10,182	6,359	7,044	3,500	337,678
{ 2nd half	288,500	23,203	7,767	7,145	6,930	3,872	337,417
1932 { 1st half	288,500	24,309	7,965	6,318	7,804	4,721	339,207
{ 2nd half	288,500	25,850	8,403	5,879	8,190	5,491	342,303

Year	Money in Trust	Trust Account								Total
		Trust Fund other than Money in Trust	Securities in Trust	Claims in Trust	Real Estate in Trust	Super-ficies in Trust	Lease of Land in Trust	Branches Accounts		
1927	1st half	532,707	12,861	134,332	47,813	21,334	12	114	23,190	777,353
	2nd half	681,732	16,309	156,605	47,701	23,525	12	114	42,600	968,656
1928	1st half	538,256	16,588	170,466	32,675	23,330	12	57	69,071	1,159,454
	2nd half	1,003,784	16,024	197,482	26,095	24,411	12	57	100,141	1,368,006
1929	1st half	1,114,807	14,940	190,968	25,281	26,315	12	57	131,670	1,504,050
	2nd half	1,168,840	14,861	197,364	28,223	27,076	2	—	136,424	1,572,700
1930	1st half	1,168,494	8,409	211,241	28,284	26,591	2	—	146,517	1,580,538
	2nd half	1,178,749	7,051	198,870	16,589	27,896	2	—	148,492	1,577,649
1931	1st half	1,190,800	9,128	190,608	16,042	29,003	2	—	150,942	1,604,525
	2nd half	1,231,851	7,816	189,800	16,087	29,268	2	—	167,400	1,642,312
1932	1st half	1,208,930	11,949	188,016	13,304	29,508	2	—	165,146	1,616,853
	2nd half	1,226,005	9,858	183,009	11,734	30,143	2	—	167,602	1,628,411

Mutual Loan Companies (Mujin Kaisha)

In addition to the banking institutions, there are at present mutual loan companies (Mujin Kaisha), which are credit establishments peculiar to Japan and are based on mutual credit among the middle and lower classes of people. Mutual credit societies have existed in Japan since olden times. The Mutual Loan Society Law was promulgated in June, 1915, whereby the mutual loan societies acquired a legal standing. In order, however, to enable these societies to perform the function of a financial institution for lower classes and to extend their business operations, fundamental amendments were made in the law in 1931. According to the provisions of the Mutual Loan Company Law, put into effect on and after July 1, 1931, the business of the companies is to make the subscribers pay money in instal-

ments during a fixed period and then to distribute it, in lots, among the subscribers, by drawings, bid-dings or some similar means, the number of such lots and the sum of money to be thus distributed being previously fixed. Each company must have a nominal capital of more than ¥30,000 and a paid-up capital of more than ¥15,000. No company is allowed to carry on this kind of business without permission of the Minister of Finance. Those so engaged are prohibited from carrying on any other business at the same time and are under obligation to present business reports to the Government. Restrictions also are put on the use of business funds. At the end of 1931 there were 267 Mujin companies with an aggregate of ¥36,400,500 in authorized capital and ¥17,791,000 in paid-up capital. Details bearing upon the status of these companies are found in the following table:

Year	ASSETS				Total, including others
	Unpaid capital	Money yet to be paid in instalments (In ¥1,000)	Loans		
1922	5,792	11,991	8,866	34,286	
1923	6,761	14,635	13,468	44,810	
1924	10,638	20,847	14,389	62,012	
1925	12,772	28,485	19,351	78,237	
1926	14,835	34,668	21,899	89,590	
1927	17,083	38,437	22,275	97,473	
1928	18,719	42,634	25,226	111,342	
1929	18,214	47,745	31,789	129,279	
1930	18,580	56,512	36,769	149,162	
1931	18,702	60,912	42,284	163,406	

Year	Authorized capital	LIABILITIES		
		Reserves (In ¥1,000)	Net profit	Total, including others
1922	10,237	1,025	621	34,286
1923	12,255	1,427	758	44,810
1924	18,743	2,014	1,092	62,012
1925	22,388	2,748	1,481	78,237
1926	26,042	5,028	1,708	89,600
1927	29,382	4,814	1,959	97,473
1928	33,239	5,820	1,887	111,312
1929	34,872	6,718	2,154	129,279
1930	36,121	7,868	2,193	149,162
1931	36,400	8,827	1,998	163,406

Co-operative Credit Societies

Credit Associations acquired a legal standing under a new system as defined by the so-called Co-operative Association Law, promulgated in March, 1900. The business of these associations is to lend money to their members in order to better their economic conditions and to employ their savings. By virtue of the revision of the law in July, 1917, the business of the Credit Associations has been expanded and they may use the savings of the families of their members, public corporations or legal persons who do not

aim at profit. Especially, the Credit Associations in cities or city areas designated by the competent Minister of State may, besides the business above described, discount bills for their members and handle savings of persons who are not their members but reside inside the same boundary. Therefore, they may be called the People's Banks in city areas, and are placed under the control of the Minister of Finance and Minister of Agriculture and Forestry. The actual number of these associations was 263 at the end of December, 1932.

Year	Associations	Money paid (In ¥1,000)	Loans made	Savings
1931	263	41,736	165,350	154,185
1932	263	33,294	139,252	128,881

Central Bank for Co-operative Associations

(Sangyo Kumiai Chuo Kinko)

As an institution for regulating the movement of funds of the Federations of Co-operative Associations and of individual Co-operative Associations and for bringing them into close touch with the central money market, the Central Bank for Co-operative Associations was estab-

lished by law on April 5, 1923. Its capital at present amounts to ¥30,700,000, of which ¥15,000,000 is invested by the Government and the remainder, ¥15,700,000, by the Co-operative Associations throughout the country. The Associations that participated in the investment amounted to more than 80 per cent. of the total number existing. The principal business of the Central Bank for Co-operative Associations is as follows:

(1) To make without security loans redeemable at a fixed time within a period of not more than five years to Federations of Co-operative Associations or Co-operative Associations;

(2) To make loans without security redeemable by annual instalments within a period not exceeding thirty years to the Federations of Co-operative Associations or Co-operative Associations, provided that the total amount of such loans does not exceed one-half of the paid-up capital and debentures issued;

(3) To discount bills for, or allow overdrafts to, Federations of Co-operative Associations or Co-operative Associations;

(4) To undertake exchange business for Federations of Co-operative

Associations or Co-operative Associations;

(5) To receive money as deposits from Federations of Co-operative Associations, public corporations, or legal persons not engaged in business aiming at profit;

(6) To take securities for safe custody for Federations of Co-operative Associations or Co-operative Associations; and

(7) To buy and sell on a consignment basis securities for Federations of Co-operative Associations or Co-operative Associations.

The Central Bank is authorized to issue debentures and is subject to control both of the Minister of Agriculture and Forestry and Minister of Finance. The assets and liabilities of these associations follow:

ASSETS

Year	Unpaid investment	Loans made	Deposits in banks (In ¥1,000)	Securities	Total, including others
1925	11,071	2,629	8,238	5,332	33,992
1928	6,259	51,227	17,405	14,643	91,655
1929	4,459	47,535	31,587	14,018	100,283
1930	2,614	78,774	23,149	13,183	120,880
1931	1,153	93,298	16,908	11,823	127,891

LIABILITIES

Year	Investment by Government	Investment by others (In ¥1,000)	Co-operative debentures	Fixed deposits	Total, including others
1925	15,000	15,700	600	625	33,992
1928	15,000	15,700	18,370	34,012	91,655
1929	15,000	15,700	24,210	36,291	100,283
1930	15,000	15,700	41,240	35,661	120,880
1931	15,000	15,700	41,419	32,447	127,891

The Big Five

In the commercial banking world, of non-governmental banks there are five which stand out from all the

	Mitsui	Mitsubishi	Dai-Ichi	Sumitomo	Yasuda
Nominal capital	100,000	100,000	57,500	70,000	150,000
Paid-up capital	60,000	62,500	57,500	50,000	92,750
Reserve	53,800	38,000	63,100	28,500	62,800

others in importance, these are the Mitsui, Mitsubishi, Dai-Ichi, Sumitomo and Yasuda. A table of comparative statistics at the end of 1933 follows. Figures are in ¥1,000.

CLEARING HOUSES

	Mitsui	Mitsubishi	Dai-Ichi	Sumitomo	Yasuda
Deposits	715,289	661,869	787,434	798,157	740,858
Loans and discounts	452,036	339,174	453,033	498,952	568,751
Foreign bills purchased	53,893	12,164	6,550	19,065	3,046
Profit for half year	12,926	9,279	6,377	7,775	8,383
Total B/S	926,776	825,087	945,317	947,869	998,580

FOREIGN BANKS WITH BRANCHES IN JAPAN

Name	Nationality	Number of Branches in Japan	Places of Branches in Japan
Hongkong & Shanghai Banking Corporation	Great Britain	3	Kobé, Yokohama, Tokyo
Chartered Bank of India, Australia & China	"	2	Yokohama, Kobé
National City Bank of New York	U. S. A.	4	Kobé, Yokohama, Tokyo, Osaka
Banque Franco-Japonaise	France	2	Tokyo, Kobé
Nederlandsche Handel-Maatschappij	Holland	1	Kobé
Nederlandsch-Indische Handelsbank	"	2	Kobé, Tokyo
Bank of China	China	1	Osaka

Clearing Houses

The establishment of the first clearing house in Japan took place in Osaka in 1879, preceding by eight years that in Tokyo, where one was established in 1887. Cash transactions marked the commercial society of this country early in the Meiji era and no transactions in bills or cheques were then conducted. Viscount Shibusawa and other business leaders encouraged paper transactions among business men at large and the time soon came when it was necessary for Tokyo to establish a clearing house, one being eventually brought into existence by the Bankers' Association in 1887. The first president of the institution was

the late Viscount Shibusawa and the present holder of that office is Mr. Manzo Kushida, Chairman of the board of directors of the Mitsubishi Bank. There are now 34 clearing houses in Japan. According to the investigation of the Tokyo clearing-house total of bills cleared at the clearing-houses throughout the country in 1933 reached 36,785,658 bills and ¥66,771,199,000, which are pretty near to the records of 1928 and 1929. As compared with the preceding year the number of bills increased by 2,645,000 (7.7%), while the amount gained was ¥14,073,000,000 (26.7%). The amount of clearings in Tokyo and Osaka and All-Japan were as follows:

BILLS CLEARED AT THE CLEARING-HOUSES THROUGHOUT THE COUNTRY

Year	Tokyo		Osaka		Total (Others included)	
	Number of Bills	Amount	Number of Bills	Amount	Number of Bills	Amount
1923	10,532	¥80,715,120	8,611	¥23,993,188	28,791	¥68,058,429
1924	11,463	80,739,301	9,298	26,830,403	31,499	73,956,977
1925	13,041	87,320,356	9,619	27,577,761	34,274	83,338,305
1926	14,307	89,460,447	10,279	28,386,749	37,622	88,792,553
1927	12,517	27,327,475	9,303	20,130,091	34,387	62,556,120

Year	Tokyo		Osaka		(Others included)	
	Number of Bills	Amount	Number of Bills	Amount	Number of Bills	Amount
1928	18,117	31,126,228	10,000	21,684,365	36,944	68,592,003
1929	18,525	25,070,553	10,390	22,374,043	38,338	63,348,632
1930	12,721	21,366,617	9,725	17,889,655	36,146	51,378,234
1931	12,408	21,533,184	9,280	14,432,147	34,631	46,022,042
1932	12,646	25,562,718	9,471	15,624,537	34,387	52,751,946
1933	—	—	—	—	36,785	66,771,199

Postal Savings Deposits

The postal savings deposits system of Japan was adopted from the Post Office Savings Act of Great Britain. It was established by an Imperial Ordinance of August, 1874, and was enforced in May of the following year at 22 post offices in the country. The history of this service in Japan is one of the oldest in the world, older than that of Germany or France and 36 years older than that of America. At first the annual interest rate was 3 per cent., the same as at present, which has been enforced since October 1, 1932. The maximum amount one could deposit was at first ¥500. In the first year of enforcement the amount totalled ¥15,224 for 1,843 depositors. In 1882 the Mail Act was passed and the deposit business became jointly controlled by the Minister of Finance and Minister of Agriculture and Commerce. The service was looked after by 4,000 post offices in the country. In 1890 the Postal Savings Deposit Act was issued. In 1920 the Exchange Deposit Bureau was established and was later replaced by the Deposit Bureau in the Ministry of Communications. (See Chapter VIII.)

The number of depositors and amount of savings since 1924 have been as follows:

Year	Total	
	Number	Amount
1924	28,718,437	¥1,101,654,740
1925	30,336,806	1,131,250,271
1926	31,549,989	1,166,998,703

Year	Total	
	Number of Bills	Amount
1927	32,410,752	1,253,639,935
1928	34,425,812	1,636,256,042
1929	36,485,875	1,863,708,742
1930	37,968,850	2,201,245,532
1931	38,257,981	2,497,154,253
1932	39,066,040	2,815,468,019
1933	39,845,216	2,686,805,915

Currency System

Coinage The present coinage system is based on the Coinage Law, issued in 1897, which established the gold monometallic system. Its principal points are summarized as follows:

(1) The coinage unit is 2 fun (0.75 grammes) of pure gold, that is, one-half of the former gold unit, and is to be denominated one yen.

(2) The standard gold coins are of three denominations, namely, five yen, ten yen and twenty yen; the former gold coins pass for double their nominal value.

(3) The subsidiary silver coins are of two denominations, namely, twenty sen and fifty sen; the former five-sen, ten-sen, twenty-sen and fifty-sen silver pieces are allowed to circulate.

(4) The other subsidiary coins are the nickel five-sen and ten-sen pieces and the bronze one-sen and five-rin pieces; the former five-sen nickel as well as two-sen, one-sen, five-rin and one-rin copper pieces are allowed to circulate.

(5) The fineness and weights of the coins prescribed in the Coinage Law are as follows:

(a) Fineness		(b) Weights	
Gold coins	pure gold 900	Copper 100	
Silver coins	pure silver 720	Copper 280	
Nickel coins	pure nickel 1000		
Bronze coins	copper 950	Tin 40 zinc 10	

Denominations	Weights Grammes
20-yen pieces	16.6666
10-yen pieces	8.3333
5-yen pieces	4.1666

Denominations	Weights Grammes
50-sen silver	4.95
20-sen silver	1.98
10-sen nickel	4.00
5-sen nickel	2.50
1-sen bronze	3.75
5-rin bronze	2.10

Paper Notes of Small Denominations In order to make good the deficiency of subsidiary silver coins caused by the war, paper notes of small denominations, namely, fifty-sen, twenty-sen and ten-sen, were issued as a substitute in accordance with the Imperial Ordinance No. 202 promulgated on October 29, 1917. The issue of these petty notes went on increasing in volume till at the end of February, 1922, it reached 218 million yen, the largest on record. After that time the volume gradually dwindled in consequence of the minting of new subsidiary coins to displace the notes, the latter coming down, by the end of December, 1932, to ¥11,380,000, consisting of ¥5,649,000 50-sen notes, ¥1,123,000 20-sen notes and ¥4,608,000 10-sen notes.

Convertible Bank Notes In May, 1884, there was promulgated the Convertible Bank-notes Law providing for the issue by the Bank of Japan of bank-notes which were to be converted into silver, but on the adoption of the gold standard in 1897, these notes became convertible into gold. Certain amendments were, however, made in the law in

June, 1932, and put into effect on and after July 1. The principal points may be summarized as follows:

The Bank of Japan is required to hold as a conversion reserve against the issue of notes gold and silver coins and bullion to the same amount as that of the notes issued; and the total value of silver coins and bullion must not exceed one-fourth of the entire conversion reserve. The Bank of Japan may, in addition to the notes specified in the preceding paragraph, issue bank-notes to the amount of ¥1,000,000,000 against Government bonds, Treasury notes and other reliable securities or commercial bills. The Bank may also be allowed to issue notes against such securities beyond the maximum mentioned above. In case the issue in excess of this limit lasts more than 15 days, however, the approval of the Minister of Finance is required, and such issues outstanding after a period of 15 days are subject to a tax of at least 3 per cent. per annum of the amount so issued. The bank-notes are of 7 denominations, namely, one yen, 5 yen, 10 yen, 20 yen, 50 yen, 100 yen and 200 yen.

Currency System of Formosa and Korea As regards the currency system of Formosa, up to October, 1908, recognition was given to the circulation at the market price in gold of the silver yen, similar to that in circulation in Japan proper until the revision of the Coinage Law in 1897; but the exchange of silver was brought to a conclusion at the end of April, 1909, and in the same month of 1911, the Coinage Law of the Empire was brought into operation in the island, so that the system in Formosa is now absolutely identical with that in force in Japan proper. The Bank of Taiwan issued, at first, bank-notes convertible into silver yen, but these notes were,

upon the reform of the currency system, withdrawn from circulation by April, 1909. In June, 1904, the bank was allowed to issue bank-notes convertible into gold coins, holding as conversion reserve gold and silver coins and bullion to the same amount as that of notes issued. It may further issue notes to the amount of ¥20,000,000 on security of reliable securities. Should it be necessary to issue notes over and above the amounts just mentioned, the permission of the Government must be obtained and an issue-tax of not less than five per cent. must be paid in respect of the excess issue.

The currency system of Korea had fallen into such a state of disorder and confusion that the credit of legal tenders was entirely gone, and consequently commodity prices perpetually fluctuated. In 1905, at the time of the protectorate régime of Japan, a radical reform of the system was started, the coinage regulations were revised and new coins equal in quality and weight to those of Japan were minted. At the same time, the use of the old nickel coins

was prohibited on and after December 31, 1909. After the annexation (1910), with the object of unifying the coinage of Korea with that of the Empire, the minting of coins under the Coinage Regulation was suspended and the circulation of Japanese coins was encouraged; the old Korean coins in circulation steadily diminished. The Imperial Coinage Law was put in force in April, 1918 in Korea and the use of the old Korean coins as legal tender was permitted till the end of 1909 only, the Government undertaking to exchange them during the five subsequent years. The use of "Yo-sen" (bronze pieces), however, was left free for the time being in consideration of economic conditions in Korea. Bank-notes issued by the Bank of Chosen are convertible notes. Besides issuing, under the Charter of the Bank of Chosen, on the security of gold specie, gold and silver bullion and the Bank of Japan's convertible notes, the bank is authorized to issue notes up to the limit of ¥50,000,000 on the security of exchequer bills and other reliable bills or trade bills.

AMOUNT OF BANK-NOTES ISSUED BY THE BANK OF JAPAN

Year	Notes issued				Balance
	Balance brought over from the preceding year	Amount newly issued	Total	Amount withdrawn	
1923	¥1,558,402,247	¥4,887,455,366	¥6,445,857,613	¥4,742,261,101	¥1,703,596,512
1924	1,703,596,512	4,697,491,945	6,401,088,457	4,788,773,231	1,662,315,226
1925	1,662,315,226	5,016,400,463	6,578,715,689	5,046,931,730	1,631,783,959
1926	1,631,783,959	5,298,396,428	6,930,180,387	5,360,472,219	1,569,708,168
1927	1,569,708,168	7,406,086,253	8,975,794,421	7,293,403,979	1,682,390,441
1928	1,682,390,441	5,829,830,203	7,511,770,644	5,772,674,342	1,739,096,302
1929	1,739,096,302	5,684,181,253	7,423,277,555	5,781,425,719	1,641,851,836
1930	1,641,851,836	5,459,394,965	7,101,246,801	5,664,951,294	1,436,295,507
1931	1,436,295,507	4,835,679,182	6,271,974,689	4,941,893,373	1,330,575,316
1932	1,330,575,316	5,021,876,744	6,352,452,060	4,926,293,103	1,426,153,957

BANK-NOTES AND COINS

AMOUNT OF BANK-NOTES ISSUED BY THE BANK OF JAPAN

Year	Specie Reserve Gold Coin and Bullion	Public Loan Bonds	Security Reserve		Total Reserve	Amount of Reserve for Every 100 yen of Notes issued	
			Other Securities	Total		Specie	Security
1923	¥1,057,471,070	¥148,482,993	¥497,641,540	¥646,124,542	¥1,703,596,512	¥62.07	¥37.93
1924	1,059,024,000	145,740,000	457,551,226	603,291,226	1,662,315,226	63.71	36.29
1925	1,056,998,745	70,320,000	504,465,214	574,785,214	1,631,783,959	64.78	35.22
1926	1,058,131,915	156,480,000	355,096,253	511,576,253	1,567,708,168	67.41	32.59
1927	1,062,737,375	138,431,952	481,221,114	619,653,066	1,682,390,441	63.17	36.83
1928	1,061,636,385	97,920,000	579,539,917	677,459,917	1,739,096,302	61.05	38.95
1929	1,072,273,100	161,804,691	407,774,045	569,578,736	1,641,851,836	65.31	34.69
1930	825,998,295	136,862,565	473,434,647	610,297,212	1,436,295,507	57.51	42.49
1931	469,549,450	180,831,861	680,194,006	861,025,866	1,330,575,316	35.29	64.71
1932	425,068,190	539,854,243	461,236,524	1,001,090,767	1,426,153,957	29.81	70.19

COINS TURNED OUT BY THE MINT

Year	20-yen Pieces	Gold Coins		Total	50-sen Pieces	Silver Coins		Total
		10-yen Pieces	5-yen Pieces			20-sen Pieces	10-sen Pieces	
1923	¥ —	¥ —	¥ —	¥ —	¥92,800,741	¥ —	¥ —	¥92,800,741
1924	11,520	—	—	11,520	39,260,000	—	—	39,260,000
1925	—	—	—	—	23,904,000	—	—	23,904,000
1926	—	—	—	—	16,286,000	—	—	16,286,000
1927	1,238,860	—	280,000	1,518,860	—	—	—	—
1928	—	—	—	—	19,296,000	—	—	19,296,000
1929	—	—	—	—	6,284,000	—	—	6,284,000
1930	216,600,660	—	4,000,910	220,601,570	220,000	—	—	220,000
1931	152,063,700	—	362,000	152,425,700	1,000,000	—	—	1,000,000
1932	29,836,580	—	—	29,836,580	1,800,000	—	—	1,800,000

Nickel Coins

Year	10-sen Pieces	5-sen Pieces	Total	Bronze	Grand Total
1924	1,685,000	—	1,685,000	1,044,400	42,000,920
1925	5,447,500	—	5,447,500	18,100	29,369,600
1926	5,867,500	—	5,867,500	—	22,153,500
1927	3,605,000	—	3,605,000	265,000	5,388,860
1928	4,145,000	—	4,145,000	—	23,441,000
1929	1,000,000	—	1,000,000	30,000	7,314,000
1930	—	—	—	50,000	220,871,570
1931	—	—	—	250,000	153,675,790
1932	1,800,000	400,000	2,200,000	340,000	34,176,580

COINS TURNED OUT AND MELTED DOWN BY THE MINT

Year	Turned out (In Yen)		Melted down (In Yen)		Balance
	Turned out in the year	Sum total since 1871	Melted down in the year	Sum total since 1878	
1923	115,482,680.000	1,578,141,328.140	31,492,244.000	123,000,069.910	1,455,141,258.230
1924	42,000,920.000	1,620,142,248.140	13,062,000.000	136,062,069.910	1,484,080,178.230
1925	29,369,600.000	1,649,511,848.140	13,190,000.000	149,252,069.910	1,500,259,778.230
1926	22,153,500.000	1,671,665,348.140	11,464,303.210	160,716,463.120	1,510,948,885.020
1927	5,388,338.000	1,677,054,208.140	2,590,391.950	163,306,855.070	1,513,747,353.070
1928	23,441,000.000	1,700,495,208.140	9,826,806.000	173,133,651.070	1,527,361,547.070
1929	7,314,000.000	1,707,809,208.140	2,454,750.000	175,588,411.070	1,532,220,797.070
1930	220,871,570.000	1,928,680,778.140	3,034,250.000	178,622,661.070	1,750,058,117.070
1931	153,675,790.000	2,082,356,568.140	7,748,876.000	186,371,537.070	1,895,985,031.070
1932	34,176,580.000	2,116,533,148.140	5,878,027.840	192,249,564.910	1,924,283,583.230

CIRCULATION OF PAPER NOTES AND BANK NOTES

End of	Petty Government notes	Bank of Japan notes (In ¥1,000)	Bank of Chosen notes	Bank of Taiwan notes	Total
1902	—	232,094	—	3,977	236,071
1912	—	443,837	25,550	20,414	489,802
1917	19,825	796,594	67,364	33,512	917,297
1926	14,493	1,541,645	110,936	48,640	1,715,715
1927	13,189	1,640,663	124,527	53,602	1,831,981
1928	12,487	1,665,897	132,444	55,713	1,866,541
1929	12,085	1,591,400	118,702	49,341	1,771,428
1929	11,680	1,413,891	90,615	39,904	1,556,090
1930	11,480	1,312,055	100,910	44,414	1,468,859
1931	11,380	1,373,619	124,623	52,620	1,562,241

The Gold Embargo, Its Removal and its Replacement*

Japan went off gold on September 12, 1917, alive to the prevailing situation, in which almost all the important countries departed from gold. It was shortly after the departure of the United States from the gold standard, in September of the same year that it entered the World War, that Japan went off gold. Japan's gold embargo was enforced with the issue of Regulation No. 28 of the Ministry of Finance.

Removal Temporary Japan was off gold for 12 years. When, however, the Hamaguchi Cabinet came into being in July, 1929, the Cabinet included, as one of the important planks of its platform, the removal of the gold embargo, and on November 21 announced the lifting as from January 11, 1930. This removal, however, proved to be only temporary, for in less than two years, with the coming into power of the Inukai Cabinet, the embargo on the export of gold was reimposed, on December 13, 1931. When the gold embargo was removed in January, 1930, the Bank of Japan held a specie reserve of more than ¥1,000,000,000, which dwindled to as low as the ¥400,000,000 mark at the end of 1931,

* For fuller information see the Japan Year Book, 1933.

shortly after the replacement of the gold embargo, and at present the unfortunate position is that Japan has no specie reserve abroad, making it impossible for Japan to remove the gold embargo in the future at anywhere near parity.

The Money Market

The reduction of discount rates by the Bank of Japan three times, the lowering of interest rate of postal savings deposits and the consequent cut of bank deposit interest rates featured the money market of Japan for 1932. The first reduction of discount rates by the Bank was on March 11. The Inukai Cabinet believed the high interest rate policy ran counter to its financial policy since it had replaced the gold embargo. Stimulated by the reduction of discount rates by the Bank of England and New York Federal Reserve Bank on February 17 and 25 respectively, the Bank of Japan cut the commercial bill discount rate by 2 rin to 6 rin per diem per ¥100 (.73%). The discount rate on bills secured by national bonds was similarly cut to 1.7 sen. The second reduction was effected on June 18. The Bank realized that the previous cut was not being effective in bringing about a low money rate and this caused it to reduce rates once more. This time the rates were cut by 2 rin each

The commercial bill discount rate was lowered to 1.4 sen and the discount rate on bills secured by national bonds to 1.5 sen. The third cut was on August 17 when another 2 rin cut was introduced, thereby lowering the commercial bill discount rate to 1.2 sen per diem per ¥100. The rate on bills secured by national bonds was reduced to 1.3 sen. The reduction of postal savings interest rate was announced by the Government on August 16, to be enforced on and after October 1 of the same year. This was also done in pursuance of the low money rate policy of the Government. Thus the interest rate of 4.2 per cent. was substantially reduced to 3 per cent. per annum. The bank deposit rates were also lowered, effective from August 26.

On the other hand, funds required in connection with the Manchurian incident and relief measures were gradually distributed on the market. All these factors operated to accentuate a tendency toward lower money rates and monetary relaxation, which enlivened commodity and security markets. After the announcement of the interest rate reduction in postal savings, the transfer of postal savings deposits to banks continued, leading to an increase in bank deposits, but the slack demand for funds caused banking accommodations to decline. Under the circumstances, money rates tended downward, and the rate for overnight call money ranged from a maximum of 4.02% to a minimum of 3.10% in September and from 3.65% to 2.92% in October. Conversion operations of debentures were also benefited by the downward movement of money rates, so that the issue market showed gradual activity.

Exchange rates followed a down-

ward course from the close of the preceding year. The yen-dollar rate which was maintained at the level of \$34 at the beginning of 1932 sank to \$20 in November, and threatened to move below \$20. Under the influence of such a sharp decline in exchange rates and easy money, improvements were made in industrial conditions. The security market, supported by the monetary condition, manifested a marked activity, and Government bonds recorded in November the highest price of recent years. Decision reached in respect of the terms of issue of the 4.5% Exchequer bonds subsequently induced the prices of Government bonds to decline slightly, nevertheless, they were expected, in spite of the decision for a future increase in the issue, to be maintained at comparatively high levels. In December share prices recorded the highest level since May, 1929, and the volume of trading also attained heavy proportions. The amount of bill clearings increased considerably due to the growth in dealings in commodities and securities and the increased issue of bonds and debentures. With the approach of the year-end the issue of bank notes also showed a gradual increase. Thus, the monetary position was further relaxed in December, and the rate for overnight call money slipped down to 2.01% on the 10th of the same month. In spite of the movement of funds required for the year-end settlement, there was not so appreciable a rise in money rates, the rate for overnight call money ranging from a maximum of 4.02% to a minimum of 2.01%. The year 1932 thus passed off quietly with financial conditions manifesting greater activity.

The revised rates in the latter half of 1933 are as follows:

	"A" class banks	"B" class banks
Fixed deposits	Less than 3.7% p.a.	Less than 4.2% p.a.
Current deposits	Less than 2 rin per diem	Less than 3 rin per diem
Special current deposits	Less than 6 rin per diem	Less than 8 rin per diem
Deposits at notice	Less than 7 rin per diem	Less than 8 rin per diem

INTEREST RATES AT THE BANK OF JAPAN

Date of change	Commercial bills discount	Discount of bills with Government bonds as collaterals	Discount of bills with other collaterals	Overdrafts
Nov. 19, 1919	8.03%	8.03%	8.76%	9.13%
Apr. 19, 1925	7.30	7.30	8.03	8.40
Oct. 4, 1926	6.57	6.57	7.30	7.67
Mar. 9, 1927	5.84	6.21	6.57	7.30
Oct. 10, 1927	5.48	5.84	6.21	6.94
Oct. 7, 1930	5.11	5.48	5.84	6.57
Oct. 6, 1931	5.84	6.21	6.57	7.30
Nov. 5, 1931	6.57	6.94	7.30	8.03
Mar. 12, 1932	5.84	6.21	6.57	7.30
June 8, 1932	5.11	5.48	5.84	6.57
Aug. 18, 1932	4.38	4.75	5.11	5.48
July 3, 1933	3.65	4.02	4.38	5.11

Note: To convert rin per ¥ 100 per diem into a percentage multiply by .365, and for sen per ¥ 100 per diem multiply by 3.65.

INTEREST RATES AT THE YOKOHAMA SPECIE BANK

(Compiled by Yokohama Specie Bank)

Year	Overdrafts			Discount of bills			Fixed deposits		
	High	Low	Average	High	Low	Average	High	Low	Average
	(In per cent.)								
1923	9.1	8.4	8.4	9.8	7.3	9.1	5.8	5.8	5.8
1924	9.1	7.7	8.8	9.8	7.3	9.1	6.0	6.0	6.0
1925	8.9	7.3	8.5	9.6	7.3	9.1	6.0	6.0	6.0
1926	8.8	7.3	8.3	9.3	7.1	9.0	6.0	6.0	6.0
1927	8.1	7.2	8.1	8.6	6.6	8.5	5.5	5.5	5.5
1928	7.7	6.6	7.7	8.1	5.6	7.5	5.0	5.0	5.0
1929	7.7	5.8	7.3	7.7	6.6	6.7	5.0	4.5	4.5
1930	7.3	6.6	6.9	6.9	6.2	6.6	4.5	4.5	4.5
1931	7.3	6.2	6.9	7.7	4.0	6.7	4.7	4.2	4.3
1932	7.3	6.2	6.9	6.6	5.1	6.2	4.7	4.2	4.5

INTEREST RATES THROUGHOUT JAPAN

Year	Loans	Overdrafts	Discount of bills			Fixed deposits	Current deposits	Savings deposits
			(In per cent.)					
1922	11.0	10.9	10.8	6.7	3.5	5.0		
1923	11.1	11.1	10.9	6.8	3.5	4.9		
1924	11.1	11.4	10.8	6.8	3.5	4.9		
1925	10.2	11.0	10.6	6.8	3.4	4.9		
1926	10.7	10.8	10.2	6.8	3.4	4.9		
1927	10.4	10.2	9.9	6.8	2.9	5.0		
1928	9.9	8.9	9.1	5.8	2.5	4.5		
1929	9.6	9.3	8.5	5.3	2.0	4.5		
1930	9.7	9.3	8.8	5.3	2.0	4.5		
1931	9.4	9.4	8.9	5.2	1.9	4.4		
1932	9.3	9.2	8.7	5.1	1.8	4.3		

RATES OF FOREIGN EXCHANGE

Year	London (per 1 yen) s. d.			Paris (per 1 yen) Francs			Hamburg (per 1 yen) Marks		
	High-est	Low-est	Ave- rage	High- est	Low- est	Ave- rage	Highest	Lowest	Average
1923	2.03.1	2.00.6	2.01.6	9.12	6.52	7.96	3,010,000.00	2,705.00	211,607.63
1924	2.03.1	1.07.6	1.10.8	12.12	5.67	7.76	—	—	—
1925	1.09.6	1.07.3	1.08.3	12.07	6.97	8.58	1.82	1.59	1.71
1926	2.00.2	1.09.6	1.11.2	23.15	11.17	14.68	2.05	1.81	1.71
1927	2.00.3	1.10.4	1.11.4	12.55	11.50	12.04	2.06	1.91	1.99
1928	1.11.2	1.10.6	1.11.0	12.15	11.35	11.76	2.00	1.86	1.94
1929	2.00.1	1.09.7	1.10.8	12.40	11.05	11.67	2.03	1.82	1.92
1930	2.00.4	2.00.2	2.00.4	12.60	12.45	12.56	2.06	2.04	2.06
1931	3.00.3	2.00.4	2.02.5	12.60	12.10	12.52	2.20	2.00	2.06
1932	2.01.5	1.02.8	1.07.1	9.39	5.02	7.06	1.55	0.82	1.25

Bombay (per 100 yen)

Year	Rupees			San Francisco and New York (per 100 Yen) \$		
	Highest	Lowest	Average	Highest	Lowest	Average
1923	162.25	145.75	155.83	49.12	47.63	48.94
1924	155.75	107.25	130.27	48.38	38.63	42.10
1925	119.00	107.00	112.76	43.63	38.63	40.93
1926	136.50	117.50	129.33	48.88	43.63	47.00
1927	135.50	124.75	130.44	49.12	45.75	47.55
1928	131.50	122.50	127.09	48.07	44.85	46.57
1929	134.25	121.25	127.62	49.12	43.87	46.19
1930	138.00	134.00	136.57	49.50	49.13	49.49
1931	198.75	136.00	147.71	49.50	49.50	49.50
1932	140.00	80.25	105.09	37.00	20.00	28.09

Hong Kong (per 100 dollars)

Year	Yen			Shanghai (per 100 yen) Taels		
	Highest	Lowest	Average	Highest	Lowest	Average
1923	117.00	106.00	110.41	60.50	62.00	66.39
1924	148.00	110.50	130.16	64.00	46.50	53.38
1925	152.00	130.50	140.76	57.25	49.00	53.06
1926	136.00	92.50	115.41	87.00	56.25	68.33
1927	110.75	99.00	105.47	81.50	70.50	75.00
1928	114.50	104.50	109.13	75.00	65.50	71.18
1929	111.75	86.00	104.19	93.50	70.00	77.62
1930	85.00	55.50	69.05	142.00	93.50	117.75
1931	60.25	45.50	50.60	176.00	126.00	155.51
1932	116.00	68.00	99.19	110.00	66.00	85.53

Note:

This table shows the rates of exchange at which the bills on demand were bought during the years mentioned above.

The figures up to 1931 represent the quotations of the Yokohama Specie Bank and those for 1932 represent the market rates of telegraphic transfers of the Bank of Japan.

Capital Flight Prevention Law

The outflow of capital from the country that started at the time when the money market remained extremely easy after the return to the gold standard in January, 1930 began to assume heavy proportions

from July, 1931, according as speculation in exchange and investment in securities in foreign currencies, both made in anticipation of the depreciation of the yen, became more active. In particular, side by side with the general advocacy of the re-imposition of the gold embargo that had

prevailed in the country since Great Britain went off the gold standard in September, 1931, purchases of foreign currencies went on, resulting in considerable shipments of gold abroad. Facing this aggravation of the situation, the Government was obliged to impose again an embargo on the export of gold in December, 1931. The re-imposition of the gold embargo thus effected caused the external value of the yen to deviate, as a natural result, from gold value and to depreciate sharply. With the commencement of 1932, however, the downward movement of the yen exchange somewhat slowed down, and speculation in exchange declined to a remarkable extent. But a sharp decline in the prices of Japanese bonds in foreign markets resulting from loss of confidence led to active investments in profitable securities in foreign currencies, thus causing the outflow of capital to be much heavier. In view of these developments, the Government, in order to control the movements of capital in and out of the country and to maintain the external value of the yen, submitted to the Diet in the 62nd session a bill for the prevention of the flight of capital. The Capital Flight Prevention Law that had thus passed the Diet and the Ordinances of the Department of Finance issued in accordance with the Law were put into operation as from July 1, 1932, and have been effective until the Foreign Exchange Control Law came into operation in May, 1933. This Law, the principal object of which was to prevent the flight of capital, was analogous to foreign exchange control laws now in force in other countries, but was entirely different in its object and the extent of control. It vested the Government with authority to prohibit or restrict transactions or acts likely to create the flight of capital. The scope of

transactions or acts coming under this Law and the manner of control were, however, provided for in detail in the Ordinances of the Department of Finance issued in accordance with the Law. The contents of the Ordinances may be summarized as follows:

1. Scope of transactions or acts.

Unless permission of the Minister of Finance has been obtained, the following transactions or acts are not permitted:

(a) Remittances to foreign countries or the purchase of foreign currencies or foreign exchange to be made with the object of transferring capital to foreign countries, with the exception of remittances to Kwantung Province or to the South Manchuria Railway's leased districts to be made for investment in these territories.

(b) The purchase of foreign currency securities (public bonds, company debentures and shares, expressed in foreign currencies), with the exception of the purchase of foreign currency securities which were in existence on July 1, 1932 (the date of the coming into operation of the Capital Flight Prevention Law) and of foreign currency securities imported after such date under licence from the Minister of Finance and the purchase by foreigners of foreign currency securities with the funds which they hold abroad.

(c) The import of foreign currency securities, with the exception of the import, for the purpose of obtaining payment, of securities of which the place of payment is in Japan, within three months prior to the date of maturity or after such date.

(d) Conclusion, for whose account soever, of a contract of deposits or loans expressed in foreign currencies.

(e) The issue of company debentures

expressed in foreign currencies.

2. Report and examination of transactions or acts.

Persons engaged in foreign exchange business, dealers in securities, and other persons are under obligation to present the following reports to the Government in respect of matters relating to transactions or acts prescribed by the Ordinances. The Government may, in case of necessity, make examinations of their books and other documents.

(a) Persons engaged in foreign exchange business are required to present, within the following month, a detailed statement of sales and purchases of foreign exchange, forward exchange contracts, remittances to foreign countries, collections of money from abroad, and letters of credit issued.

(b) Dealers in securities are required to present, within the following month, a detailed statement for each month of sales and purchases of foreign currency securities or of their brokerage business.

(c) Persons holding on July 1, 1932 foreign currencies, foreign exchange, deposits or loans expressed in foreign currencies, or foreign currency securities and those holding company debentures and deposits and loans from others, expressed in foreign currencies, are required to report, not later than July 31, 1932, the amount of their holdings and other details.

(d) Persons who acquire or liquidate, on and after July 1, 1932, claims expressed in foreign currencies as mentioned in (c) above or those who incur or are freed of obligations expressed in foreign currencies are required to report the amounts thereof and other details within the following month.

3. Order respecting the compulsory

disposal of assets expressed in foreign currencies.

The Government is authorized to require persons in possession of foreign currencies, foreign exchange, or securities or other claims expressed in foreign currencies to sell them to the Bank of Japan or to others to be designated by the Government.

4. Penal provisions.

As in the case of legislation in different countries of the world, the principle of severe punishment has been adopted in applying penal provisions to acts of violation specified in the Ordinances. Thus, persons contravening the prohibitions or restrictions of transactions or acts as prescribed in the Ordinances are liable to punishment by penal servitude or imprisonment for a term not exceeding 3 years or to a fine not exceeding 10 thousand yen (or not exceeding three times the value involved in the transaction in question in case three times the value of said transactions exceeds 10 thousand yen), and persons not presenting reports or refusing the examination of books and other documents are liable to imprisonment for not more than 6 months or a fine of not more than 5 thousand yen.

5. Impress of stamp on foreign currency securities.

Foreign currency securities which were in existence in this country on July 1, 1932 and which have been reported within a period as specified by the Ordinances and those imported subsequently under licence from the Minister of Finance may be presented by the owner or other party at interest to the Bank of Japan, and impressed with stamp. This system has been created for the purpose of certifying that such securities as referred to above would, after being impressed with stamp, be the objects of sale and purchase in the country.

CHAPTER X

HOME TRADE AND COMMERCE

Development of Business Houses

Origin of Tokyo Chamber of Commerce The Yedo (Tokyo) City Assembly was the predecessor of the present Tokyo Chamber of Commerce and Industry, and dates back 133 years. It was Lord Etchu-no-Kami Matsudaira, the then Vice-Premier (Roju) of the Shogunate Government, who advanced a plan to organize a public business body to accommodate merchants with funds and to carry out relief enterprises is now known as the Tokyo Chamber of Commerce and Industry. The late Viscount Eiichi Shibusawa was the first President of the Chamber and served in that capacity for 30 years, until his resignation in 1902.

International Chamber of Commerce Japan first attended the plenary conference of the International Chamber in 1923 in London, when Mr. Raita Fujiyama, then president of the Tokyo Chamber and All-Japan Chamber was the representative. The present chairman of the Japanese Committee of the International Chamber of Commerce is Mr. Manzo Kushida, chairman of the board of directors of the Mitsubishi Bank, and Baron Seinosuké Goh holds the dual position of president of the Tokyo Chamber of Commerce and Industry, and of the Japan Economic Federation.

Business Companies The Mitsui-Gumi, Ono-Gumi, Shimada-Gumi and several other business concerns were founded early in the Meiji Era, but the system and management of these concerns were primitive and the companies were quite different from

business companies in the modern sense of the term. The Meiji Government encouraged the development of the country's foreign trade and this resulted in an accumulation of capital and growth of modern businesses in large cities and ports. So-called trading companies and exchange companies were established under Government encouragement and financial help in such cities and towns as Tokyo, Saikyo (Kyoto), Osaka, Yokohama, Kobé, Niigata, Tsuruga and Otsu. These institutions were the precursors of the joint-stock companies of later years though for a time, with the abolition of the Trade and Commerce Commissioner in July, 1871, they ceased to exist. During the period of their non-existence the Government tried to disseminate a knowledge of commerce and industry by distributing books written by the late Mr. Genichiro Fukuchi and the late Viscount Shibusawa. As a result of the establishment of national banks following the revision of the National Bank Act in 1876 and also stimulated by the situation following the Satsuma Rebellion of 1877, joint-stock companies of various natures were established. The Tokyo Marine Insurance Company, Tokyo Horse Tramcar Company, Japan Railway Company, Osaka Spinning Company, Yokohama Specie Bank and other concerns were created one after the other. At the end of 1882 the number of trading concerns in the country was 968, but at the end of 1886 it had decreased to 315, due to a business depression. After the establishment of the convertible note sys-

tem in 1896 business concerns began to increase once more and a great many concerns such as shipbuilding, machine manufacturing, weaving, mining, electricity, gas, paper milling, oil refining etc., were founded. With the promulgation of the Commercial Code in 1889 business concerns acquired a legal standing and in 1892 a revision was made in the laws concerning companies, bills and bankruptcy. A thoroughgoing revision was introduced into the Code in 1899. Regulations concerning debenture flotations were issued at the same time.

Business was greatly stimulated by the Sino-Japanese War, Russo-Japanese War and World War, and wide expansions took place at these times. Before the World War, the fostering of new business was a feature of this country but business expansion and enlargement by merger characterized the situation during the World War. Large concerns absorbed small concerns until joint-stock companies with capitalization of ¥5,000,000 each accounted for 65 per cent of the total number of these companies after the War. The increase in size and concentration of capital gave rise to the monopolistic tendency of a limited number of large business concerns wielding great power. For example, in electric power circles the so-called "Big Five" electric power concerns, namely, the Tokyo Electric Light Company, Toho Electric Power Company, Daido Electric Power Company, Nippon Electric Power Company, and Ujigawa Electric Company absorbed many small companies and now control 66 per cent. of Japan's total power of 2,240,000 kilowatts generated by 62 concerns. In the spinning business, the two largest companies, that is, the Kanegafuchi Spinning Company and Toyo Spinning Company control 14

and 13 affiliated concerns respectively. This monopolistic trend has become more pronounced since the 1927 panic in banking circles. The Big Five ordinary banks, namely, the Dai-ichi, Mitsui, Mitsubishi, Sumitomo and Yasuda Banks handle nearly 40 per cent. of the total deposits. In life insurance circles also, the five largest concerns, namely, the Nippon Life, Chiyoda Life, Meiji Life, First Mutual Life and Teikoku life have more than 45 per cent. of the total life insurance contracts in Japan. This tendency has naturally solidified the foundations of big business houses such as the Mitsui, Mitsubishi, Sumitomo and Yasuda. For instance, the Mitsui interests now control 120 subsidiary and affiliated concerns, with a total capitalization of about ¥1,600,000,000, or 15 per cent. of all capital invested in business.

Formation of Cartels The formation of cartels by various kinds of industries is a feature of recent years. Free competition in business usually contributes to industrial development, but, in case supply is excessive, sundry troubles appear, and in order to counteract such troubles, cartels have been organized in various industries. The first curtailment of production in Japanese industry was carried out for eight days and nights per month for three months, commencing June 15, 1890, by the Japan Spinners' Association (founded in 1882). Such a practice was observed by many other industries after the Russo-Japanese War and the World War. Leading cartels in Japan are, the Coal Mining Association, Electro-Copper Joint Sales Office, Steel Manufacturers' Society, Pig Iron Joint Association, Steel Traders' Association, Super-Phosphatic Fertilizer Traders' Association, Japan Paper Mill Association, Joint Foreign-Style Paper

	1929	1930	1931	1932
Internal Bonds				
Shipping & Shipbuilding	¥193,600,000	¥192,650,000	¥182,850,000	¥119,350,000
Mining & Metallurgy	50,275,500	48,855,000	47,855,000	47,125,000
Electric & Gas Works	852,171,500	936,527,000	966,687,500	952,429,500
Spinning & Weaving	150,010,000	151,136,750	136,495,350	134,745,350
Manufacturing	373,614,570	366,875,589	380,891,150	382,817,100
Commercial, etc.	183,710,826	194,107,240	199,937,860	211,367,578
Total	2,331,097,756	2,508,020,739	2,569,995,370	2,582,699,388
Total Internal Bonds	4,280,588,853	4,575,605,676	4,711,593,052	4,858,726,476
External Bonds				
Bank Bonds				
Debentures of the Industrial Bank of Japan	10,129,307	10,129,307	10,129,307	10,107,631
Debentures of the Hokkaido Colonial Bank	2,120,100	2,020,100	1,920,100	1,820,100
Total	12,249,407	12,149,407	12,049,407	11,927,731
Corporations Bonds				
Railway & Tramway	39,052,000	39,052,000	39,052,000	39,052,000
Electric & Gas Works	340,819,952	333,196,867	384,808,491	349,234,823
Commercial, etc.	73,802,249	71,468,765	70,001,376	67,557,065
Total	453,174,201	443,717,632	493,861,867	455,843,888
Total External Bonds	465,423,608	455,867,039	505,911,274	467,771,621
Grand Total	4,746,012,461	5,031,472,715	5,217,504,326	5,326,498,097

IMPORTS OF FOREIGN CAPITAL INTO JAPAN

Year	National bonds issued abroad	Domestic bonds sent abroad	Provincial bonds issued abroad (In ¥1,000)	Debentures issued abroad	Investment of foreigners in Japanese banks and companies	Others and Total
1912	1,427,683	72,121	117,252	147,539	29,521	1,854,118
1913	1,524,607	74,596	177,147	166,884	26,448	1,969,684
1914	1,524,602	81,331	177,023	166,789	29,170	1,978,918
1915	1,493,155	71,831	176,894	166,539	28,102	1,936,523
1916	1,834,853	56,173	175,106	166,188	26,697	1,809,019
1917	1,348,587	40,999	172,533	166,048	26,275	1,754,443
1918	1,311,137	31,627	168,525	165,525	27,352	1,704,168
1919	1,311,137	63,185	147,317	165,284	35,046	1,721,971
1920	1,428,293	34,308	140,290	140,290	30,507	1,680,939
1921	1,362,370	18,483	136,969	136,969	25,416	1,576,596
1922	1,358,973	6,669	134,219	134,219	24,831	1,550,093
1923	1,320,614	7,016	130,214	130,214	21,993	1,612,780
1924	1,514,265	25,954	127,403	127,403	21,993	1,883,077
1925	1,500,215	8,712	124,627	124,627	21,993	1,987,105
1926	1,477,868	9,687	220,223	220,223	92,133	2,147,546
1927	1,460,232	14,768	257,640	257,640	97,992	2,146,132
1928	1,453,092	31,367	254,163	254,163	113,828	2,322,857
1929	1,446,894	31,779	245,666	245,666	113,828	2,303,791
1930	1,567,325	84,178	245,173	245,173	113,828	2,466,372
1931	1,477,334	59,181	240,697	240,697	113,828	2,397,004

EXTERNAL LOANS OF THE PRIVATE COMPANIES
(At the end of 1932)

Companies	Year of Issue	Rate of Interest %	Issue Price	Amount of Issue Yen
OUTSTANDING ISSUE				
Industrial Bank of Japan	Dec., 1908	5.0	97.0	¥ 2,000,000
Hokkaido Colonial Bank	June, 1910	5.0	91½	(19,526,000)
Oriental Development Co., Ltd.	Mar., 1923	6.0	92.0	\$ 19,900,000
				(39,919,400)

Companies	Year of Issue	Rate of Interest %	Issue Price	Amount of Issue Yen
OUTSTANDING ISSUE				
Do	Nov., 1928	5.5	90.0	\$ 19,900,000
				(39,919,400)
South Manchuria Railway Co., Ltd.	July, 1923	5.0	88.0	£ 4,000,000
				(39,052,000)
Nippon Electric Power Co., Ltd.	Jan., 1928	6.5	94.0	\$ 9,000,000
				(18,054,000)
Do	Feb., 1931	6.0	—	£ 1,500,000
				(14,644,500)
Daido Electric Power Co., Ltd.	Aug., 1924	7.0	91.5	\$ 15,000,000
				(30,090,000)
Do	July, 1925	6.5	86.0	\$ 13,500,000
				(27,081,000)
Tokyo Electric Light Co., Ltd.	June, 1928	6.0	90.5	\$ 70,000,000
				(140,420,000)
Do	June, 1928	6.0	90.0	£ 4,500,000
				(43,933,500)
Do (Shinyetsu Electric Power Co., Ltd.)	Dec., 1927	6.5	93½	\$ 7,650,000
				(15,345,900)
Ujigawa Electric Power Co., Ltd.	Mar., 1925	7.0	91.0	\$ 14,000,000
				(28,084,000)
Toho Electric Power Co., Ltd.	Mar., 1925	7.0	90.5	\$ 15,000,000
				(30,090,000)
Do	July, 1925	5.0	97.0	£ 300,000
				(2,928,900)
Taiwan Electric Power Co., Ltd.	July, 1931	5.5	93½	\$ 22,800,000
				(45,736,800)
Total	—	—	—	(539,825,400)
REDEEMED				
Kansai Railway Co., Ltd.	Dec., 1905	4.5	97.5	£ 1,000,000
				(9,763,000)
Hokkaido Colliery Steamship Co., Ltd.	Jan., 1906	5.0	98.5	£ 1,000,000
				(9,763,000)
South Manchuria Railway Co., Ltd.	July, 1907	5.0	97.0	£ 4,000,000
				(39,052,000)
Do	June, 1908	5.0	98.0	£ 2,000,000
				(19,526,000)
Do	Dec., 1908	5.0	97.5	£ 2,000,000
				(19,526,000)
Do	Jan., 1908	4.5	98.0	£ 6,000,000
				(58,578,000)
Matsui Mousseline Spinning Co., Ltd.	Apr., 1909	6.5	100.0	Fr. 50,000,000
				(19,350,000)
Oriental Development Co., Ltd.	Mar., 1913	5.0	96½	\$ 22,000,000
				(44,182,000)
Industrial Bank of Japan	Aug., 1924	6.0	99.0	\$ 24,000,000
				(48,144,000)
Tokyo Electric Power Co., Ltd.	Aug., 1925	6.0	89½	\$ 24,000,000
				(48,144,000)
Do	Mar., 1925	6.0	94.0	£ 600,000
				(5,857,800)
Do	June, 1923	6.0	94.0	£ 3,000,000
				(29,289,000)
Toho Electric Power Co., Ltd.	July, 1926	6.0	98.5	\$ 10,000,000
				(20,060,000)
Do	July, 1929	6.0	96½	\$ 11,450,000
				(22,968,700)
Total	—	—	—	(346,259,500)

Companies	Amount outstanding at the end of 1932	Dates of Payment of Interest	Year of Redemption	Underwriters
OUTSTANDING ISSUE				
	Yen			
Industrial Bank of Japan	£ 1,035,300 (10,107,634)	June, Dec.,	Dec., 1933	{ Hongkong & Shanghai Banking Corporation Park Bank Société Générale
Hokkaido Colonial Bank	(1,880,200)	June, Dec.,	June, 1933	Sale. Fraser & Co.
Oriental Development Co., Ltd.	\$ 15,558,500 (31,210,351)	Mar., Sept.,	Mar., 1953	National City Company
Do	\$ 18,119,000 (36,346,714)	May, Nov.,	Nov., 1958	National City Company
South Manchuria Railway Co., Ltd.	£ 4,000,000 (39,052,000)	Jan., July,	July, 1948	{ Industrial Bank of Japan Harris, Forbes & Co.
Nippon Electric Power Co., Ltd.	\$ 8,100,000 (16,248,600)	Jan., July,	Jan., 1953	Harris, Forbes & Co.
Do	£ 1,464,400 (14,296,937)	Jan., July,	July, 1953	{ J. Henry Schroder & Co. Harris, Forbes & Co.
Daido Electric Power Co., Ltd.	\$ 10,400,000 (20,862,400)	Feb., Aug.,	Aug., 1944	Dillon, Read & Co.
Do	\$ 10,710,500 (21,435,263)	Jan., July,	July, 1950	Dillon, Read & Co.
Tokyo Electric Light Co., Ltd.	\$ 64,126,000 (128,636,756)	June, Dec.,	June, 1953	{ Guaranty Company of New York Lazard Brothers & Co. Whitehall Trust Co., Ltd.
Do	£ 4,153,400 (40,549,644)	June, Dec.,	June, 1953	{ Lazard Brothers & Co. Whitehall Trust Co., Ltd.
Do (Shinyetsu Electric Power Co., Ltd.)	\$ 6,630,000 (13,299,780)	June, Dec.,	Dec., 1952	Dillon, Read & Co.
Ujigawa Electric Power Co., Ltd.	\$ 10,490,500 (21,043,943)	Mar., Sept.,	Mar., 1945	Lee, Higginson & Co.
Toho Electric Power Co., Ltd.	\$ 12,375,000 (24,824,250)	Mar., Sept.,	July, 1955	{ Guaranty Company of New York Lee, Higginson & Co. Harris, Forbes & Co.
Do	£ 229,408 (2,239,710)	Jan., July,	July, 1945	Prudential Assurance Co.
Taiwan Electric Power Co., Ltd.	\$ 22,800,000 (45,736,800)	Jan., July,	July, 1971	{ J.P. Morgan & Co. Kuhn, Loeb & Co. National City Co. First National Bank of New York Yokohama Specie Bank
Total	(467,820,982)	—	—	—
REDEEMED				
Kansai Railway Co., Ltd.	—	—	Mar., 1926	—
Hokkaido Colliery Steamship Co., Ltd.	—	—	Jan., 1921	—
South Manchuria Railway Co., Ltd.	—	—	July, 1932	—
Do	—	—	June, 1911	—
Do	—	—	July, 1932	—
Do	—	—	Jan., 1936	—
Matsui Mousseline Spinning Co., Ltd.	—	—	Mar., 1915	—
Oriental Development Co., Ltd.	—	—	Sept., 1942	{ Industrial Bank of Japan

Companies	Amount outstanding at the end of 1932	Dates of Payment of Interest	Year of Redemption	Underwriters
REDEEMED				
	Yen			
Industrial Bank of Japan	(467,820,982)	—	Aug., 1927	{ National City Co. National City
Tokyo Electric Power Co., Ltd.	—	—	Aug., 1928	{ National Bank Guaranty Trust Co.
Do	—	—	June, 1948	—
Do	—	—	June, 1948	{ Whitehall Trust Co., Ltd. Guaranty Trust Co.
Toho Electric Power Co., Ltd.	—	—	July, 1929	{ Whitehall Trust Co., Ltd. Guaranty Trust Co.
Do	—	—	July, 1932	{ Guaranty Company of New York

Stock and Produce Exchanges

Tokyo Stock Exchange The exchange system in Japan dates back to an early period of the Tokugawa era, but it was then confined mostly to deals in rice. Exchange houses in this country are of three kinds, namely, stocks, rice and other commodities. There are nine exchange houses devoted to dealings in securities, either exclusively or in combination with other commodities. The exchanges here are more on the European continental plan than those of either England or America, and are subject to strict control by the Ministry of Commerce and Industry or other supervising authorities of the Government. Such controlling authority is empowered to interfere in the business of an exchange when it is considered that the exchange is abusing its privileges or acting in an irregular way.

The Tokyo Stock Exchange was established in 1878 after the Satsuma Rebellion, when the issue of public bonds was rapidly increasing and the country's business was beginning to get active because of the successive establishment of national banks and concerns conducting business analogous to the banking business. Under the auspices of Viscount Eiichi Shibusawa and other influential business men of the day

the Tokyo Stock Exchange was established at Kabuto-cho, Nihombashi-ku. Kabuto-cho has become a synonymous term for the exchange, as Wall Street is to the New York Stock Exchange. The initial capital was ¥200,000. When the exchange was established the scope of business was limited mostly to new and old pension bonds, Tokyo Stock Exchange shares, First National Bank shares and Tokyo Rice and Produce Exchange shares. The goodwill claimed by a licensed broker attached to the Exchange was very small, a striking contrast with the ¥200,000 to ¥500,000 demanded in recent years for a seat. As security for good faith a licensed broker was required to deposit ¥100 with the Exchange, to-day the broker has to deposit ¥150,000, and this not with the Exchange but with the Ministry of Commerce and Industry. The number of futures dealt in, as registered on the exchange, was in 1882, 3,601 shares, which number had increased to 3,572,110 shares for 57 different securities by 1897, after the Sino-Japanese War; to 12,013,120 shares for 106 varieties by 1907, after the Russo-Japanese War; and to 37,274,040 shares for 300 listed securities by 1920, after the World War. The Osaka Stock Exchange was founded in July in 1878, two months later than the Tokyo Stock

Exchange. After 1882 the Government adopted a policy of restricting speculative transactions and the stock exchange business was hard hit, but in later years a more generous policy regarding the establishment of bourses was adopted and, consequently, the number of rice and produce exchanges, which was only 18 at the end of 1892, had increased to 83 by the end of 1894. There were three stock exchanges only at the end of 1892, but 37 at the end of 1896. With a rapid increase in business prosperity after the Sino-Japanese War enthusiasm for speculation increased and many exchanges with a small capitalization cropped up. The same was observed after the Russo-Japanese War and during the World War boom. The great World War stock boom lasted till about the middle of March, 1920, when a financial reaction took place in Japan. Before the World War, 12,588,000 shares valued at ¥1,340,000,000, in 1907 was the largest number dealt in, but in 1915 the deals amounted to 19,560,000 shares with an aggregate of ¥1,670,000,000, and a further gain to 40,870,000 shares totalling ¥6,185,000,000 was made in 1919. The March deals in 1920 amounted to 6,570,000 shares with an

aggregate of ¥1,150,000,000. In line with activity in securities there was heavy dealing in commodities, and a sharp increase in the price of rice following speculative dealings caused a serious social situation. The spot rice price of ¥10 per koku in the autumn of 1914 had gone up to ¥20 in 1917, and in September of that year the Government issued an anti-profiteering act for the prevention of high prices in rice and other staple commodities, but the rapidly rising prices could not be checked. In August of 1917 the rice price went up to as high as ¥40 per koku. This finally resulted in the outbreak of a big rice riot throughout Japan, following which a heavy reaction took place in stock and commodities prices. The price of the Tokyo Stock Exchange Company's shares, the leading issue of all, attained the height of ¥549.90 in March, 1920, but fell to as low as ¥274 on April 14. This heralded a panicky decline of prices and, consequently, the Tokyo Stock Exchange had to partially suspend business from April 14 to May 10. The exchange borrowed ¥40,000,000 from the Bank of Japan through 16 banks and advanced money to brokers to allow them to effect out-of-the-market compromises.

BOURSES

(Department of Commerce and Industry Figures)

JOINT-STOCK COMPANIES

Year	Number of Companies	At the End of Year		Capital Paid-up
		Number of Brokers	Authorized	
1922	33	1,380	¥137,752,200	¥89,867,287
1923	33	1,265	137,752,200	90,075,200
1924	32	1,246	137,652,200	90,144,700
1925	32	1,098	137,652,200	90,170,700
1926	34	1,137	137,852,200	97,120,700
1927	34	1,089	137,852,200	97,120,700
1928	34	937	137,852,200	97,678,200
1929	34	923	138,902,200	98,203,200
1930	32	863	138,902,200	98,103,200
1931	32	840	138,902,200	98,103,200

BOURSES

Year	Fees	Receipts		Expenses	
		Others	Total	Others	Total
1922	¥15,131,690	¥12,501,446	¥27,633,136	¥2,280,046	¥10,987,448
1923	12,873,854	7,815,687	20,689,541	2,004,283	6,812,968
1924	11,690,476	6,354,448	18,044,924	1,771,296	5,499,632
1925	13,490,407	6,471,345	19,961,752	2,088,317	5,387,102
1926	17,077,364	7,573,039	24,650,403	2,567,386	6,223,559
1927	12,356,186	6,308,842	18,665,028	1,849,807	5,550,898
1928	11,378,712	6,513,665	17,892,377	1,731,680	6,206,673
1929	9,808,216	5,370,184	15,178,400	1,469,014	5,758,319
1930	9,953,828	5,078,418	15,032,246	1,540,853	5,406,713
1931	11,718,041	5,609,828	17,417,869	1,775,125	6,431,315

Year	Number of Companies	Net Profit		During the Year Loss		Dividend
		Sum	Number of Companies	Sum	Number of Companies	
1922	33	¥14,365,642	—	—	—	—
1923	33	11,872,290	—	—	—	¥11,505,115
1924	32	10,773,996	—	—	—	10,945,477
1925	32	12,486,333	—	—	—	8,954,285
1926	33	15,865,406	—	—	—	10,489,547
1927	32	11,294,632	1	5,948	—	12,155,434
1928	34	9,354,024	2	30,309	—	9,136,450
1929	33	7,951,304	—	—	—	8,452,468
1930	30	8,087,621	1	237	—	6,462,306
1931	29	9,230,713	2	2,941	—	6,428,218
			3	19,284	—	6,642,108

ASSOCIATIONS

Year	Number of Associations	At the End of Year		Reserve Funds
		Number of Members	Contribution Amount	
1922	1	50	¥255,000	—
1923	1	45	255,000	—
1924	2	80	315,000	—
1925	3	120	405,500	5,739
1926	3	112	405,500	56,327
1927	4	120	443,500	125,626
1928	5	142	459,830	323,378
1929	5	128	527,560	377,449
1930	5	120	530,740	438,702
1931	5	111	530,740	478,157
				514,926

Year	Fees	Receipts		Expenses	
		Others	Total	Others	Total
1922	¥ 11,693	¥ 1,913	¥ 13,606	—	—
1923	57,767	2,482	60,249	—	—
1924	79,522	9,942	89,464	—	—
1925	166,506	23,344	189,850	—	—
1926	346,737	44,580	391,317	—	—
1927	269,631	52,096	321,727	—	—
1928	219,159	60,007	279,166	—	—
1929	165,142	61,039	226,181	—	—
1930	144,832	56,575	201,407	—	—
1931	136,730	55,405	192,135	—	—

AMOUNT OF SHARES, BONDS AND PRINCIPAL COMMODITIES
TRANSACTION AT THE BOURSES

Year	Number of Bourses	Shares		Short Term	
		Amount of Sales	Amount of Deliveries	Amount of Sales	Amount of Deliveries
1922	10	52,101,680	4,395,200	8,430,430	767,170
1923	11	54,783,570	4,577,470	28,973,140	2,638,630
1924	11	41,489,500	2,619,800	35,619,250	4,739,450
1925	11	64,074,910	7,687,100	61,275,390	10,316,640
1926	11	72,708,400	10,313,760	94,256,830	11,878,850
1927	11	51,162,160	7,946,110	76,998,030	10,195,310
1928	11	37,159,940	7,332,900	66,810,640	9,617,310
1929	11	27,983,480	5,473,340	82,303,490	12,811,520
1930	11	36,512,680	4,213,690	96,078,300	14,773,330
1931	11	30,360,080	4,013,940	139,008,640	16,941,130

Year	Number of Bourses	Bonds		Number of Bourses	Rice	
		Amount of Sales	Amount of Deliveries		Amount of Sales	Amount of Deliveries
		Yen	Yen		Hectolitres	Hectolitres
1922	—	—	—	28	663,927,272	2,557,223
1923	—	—	—	28	621,286,086	2,319,287
1924	—	—	—	28	531,739,453	2,278,107
1925	1	{ fr. 42,080,000 fr. 7,230,000 }	{ 3,225,000 } { fr. 1,450,000 }	26	409,500,739	2,207,264
1926	2	{ fr. 179,726,000 fr. 3,550,000 }	{ 37,301,000 }	26	327,429,399	2,713,251
1927	2	{ fr. 126,774,000 fr. 44,200,000 }	{ 16,335,000 } { fr. 11,475,000 }	28	317,627,783	1,635,605
1928	2	{ fr. 448,051,000 fr. 145,975,000 }	{ 108,247,000 } { fr. 48,810,000 }	27	320,372,792	2,248,633
1929	2	{ fr. 349,410,000 fr. 107,185,000 }	{ 76,305,000 } { fr. 23,920,000 }	26	324,978,355	1,757,910
1930	2	{ fr. 295,620,000 fr. 45,980,000 }	{ 33,410,000 } { fr. 11,070,000 }	25	398,580,769	1,616,303
1931	2	{ fr. 793,835,000 fr. 289,770,000 }	{ 166,950,000 } { fr. 84,620,000 }	25	369,669,508	2,176,046

Year	Number of Bourses	Raw Silk		Number of Bourses	Cotton Yarn	
		Amount of Sales	Amount of Deliveries		Amount of Sales	Amount of Deliveries
		Kg.	Kg.		Bales	Bales
1922	1	18,848,640	205,800	3	8,053,090	21,860
1923	1	9,140,580	168,000	3	6,477,650	25,795
1934	1	11,350,380	133,200	3	5,183,322	10,633
1935	1	13,261,620	399,000	3	8,788,980	40,845
1936	1	21,662,580	580,800	3	13,146,095	48,575
1927	1	18,733,140	285,000	3	12,103,260	79,015
1928	1	15,516,840	749,400	3	10,878,320	61,430
1929	2	11,957,940	322,800	3	7,817,150	47,900
1930	2	29,641,596	480,000	3	10,048,140	54,530
1931	2	44,030,220	2,328,000	3	8,162,960	20,870

PRICES OF PRINCIPAL BONDS AND SHARES IN TOKYO
(Compiled by the Bank of Japan)

Year	5% Loan (Mark: "Ko")			4% Loan (1st series)		
	Facevalue	Highest	Lowest	Facevalue	Highest	Lowest
1923	¥100.00	¥89.00	¥85.00	¥100.00	¥76.20	¥74.05
1924	100.00	85.85	82.90	100.00	75.10	72.25
1925	100.00	86.70	83.00	100.00	76.60	72.35
1926	100.00	87.55	86.40	100.00	76.90	73.85
1927	100.00	93.60	88.30	100.00	79.90	74.30
1928	100.00	98.00	89.30	100.00	90.00	76.70
1929	100.00	96.30	90.60	100.00	83.90	77.00
1930	100.00	92.90	86.95	100.00	80.00	75.50
1931	100.00	98.35	86.15	100.00	84.60	72.60
1932	100.00	99.50	86.50	100.00	90.00	73.60

Year	Bank of Japan Shares			Yokohama Specie Bank Shares		
	Paid-up	Highest	Lowest	Paid-up	Highest	Lowest
1923	¥200.00	¥815.00	¥630.00	¥100.00	¥191.10	¥164.70
1924	200.00	728.00	695.00	100.00	176.00	157.00
1925	200.00	735.00	640.00	100.00	199.00	169.60
1926	200.00	820.00	735.00	100.00	200.30	185.30
1927	200.00	790.00	660.00	100.00	206.00	178.50
1928	200.00	723.00	633.00	100.00	234.50	198.00
1929	200.00	648.00	539.00	100.00	217.00	186.20
1930	200.00	580.00	743.00	100.00	203.00	139.50
1931	200.00	554.00	475.00	100.00	180.00	141.00
1932	200.00	535.00	475.00	100.00	187.50	137.00

Year	Industrial Bank of Japan Shares			South Manchuria Railway Company Shares		
	Paid-up	Highest	Lowest	Paid-up	Highest	Lowest
1923	¥50.00	¥58.00	¥48.20	¥100.00	¥115.30	¥102.00
1924	50.00	53.80	49.60	100.00	113.70	99.90
1925	50.00	52.20	44.00	100.00	125.30	110.50
1926	50.00	51.00	46.60	100.00	130.50	122.60
1927	50.00	47.20	30.40	100.00	135.00	120.00
1928	50.00	42.30	33.10	100.00	145.20	129.20
1929	50.00	39.80	32.90	50.00	71.70	63.50
1930	50.00	35.30	18.80	50.00	72.60	49.70
1931	50.00	30.70	23.40	50.00	63.90	45.30
1932	50.00	47.20	24.30	50.00	67.60	48.30

PRICES OF PRINCIPAL BONDS AND SHARES IN
TOKYO (Continued)

Year	Nippon Yusen Kaisha Shares			Osaka Shosen Kaisha Shares		
	Paid-up	Highest	Lowest	Paid-up	Highest	Lowest
1923	¥50.00	¥109.00	¥81.10	¥50.00	¥49.50	¥38.50
1924	50.00	87.50	67.80	50.00	43.00	35.20
1925	50.00	91.00	67.50	50.00	56.50	42.20
1926	50.00	83.80	74.00	50.00	58.50	49.40
1927	50.00	82.30	66.10	50.00	54.20	43.00
1928	50.00	72.30	66.20	50.00	49.50	43.30
1929	50.00	69.70	55.20	50.00	45.30	37.50
1930	50.00	57.40	25.20	50.00	36.00	17.80
1931	50.00	45.00	29.30	50.00	30.50	18.60
1932	50.00	53.50	28.30	50.00	48.50	19.80

Note:—The highest and lowest prices of the 5% and 4% loans represent flat prices.

Year	Tokyo Electric Light Company			Kanegafuchi Cotton Spinning Company Shares		
	Paid-up	Shares Highest	Lowest	Paid-up	Highest	Lowest
1923	¥50.00	¥76.80	¥52.00	¥50.00	¥325.00	¥255.00
1924	50.00	60.30	51.30	50.00	322.00	166.60
1925	50.00	72.70	50.00	50.00	385.00	221.50
1926	50.00	65.80	50.90	50.00	278.50	246.10
1927	50.00	58.70	46.40	50.00	267.50	215.00
1928	50.00	57.00	50.20	50.00	280.50	245.00
1929	50.00	53.90	39.30	50.00	274.50	225.50
1930	50.00	41.90	15.50	50.00	222.50	119.00
1931	50.00	24.70	14.00	50.00	220.50	138.90
1932	50.00	24.30	12.70	50.00	273.90	184.60

Year	Meiji Life Insurance Company			Nippon Oil Company		
	Paid-up	Shares Highest	Lowest	Paid-up	Highest	Lowest
1923	¥100.00	¥ 705.00	¥ 685.00	¥50.00	¥ 84.60	¥62.70
1924	100.00	613.00	613.00	50.00	87.50	67.50
1925	100.00	1,550.00	506.00	50.00	101.50	83.50
1926	100.00	2,320.00	1,510.00	50.00	99.30	65.00
1927	100.00	2,136.00	1,600.00	50.00	70.30	46.20
1928	100.00	2,055.00	1,620.00	50.00	68.40	55.00
1929	100.00	2,005.00	1,680.00	50.00	68.30	40.00
1930	100.00	1,680.00	1,160.00	50.00	44.10	20.40
1931	100.00	1,700.00	1,280.00	50.00	44.00	27.80
1932	100.00	1,570.00	1,035.00	50.00	58.60	35.50

Year	Keihin Electric Tramway Company			Tokyo Stock Exchange Shares		
	Paid-up	Shares Highest	Lowest	Paid-up	Highest	Lowest
1923	¥50.00	¥68.50	¥54.80	¥50.00	¥148.20	¥ 95.70
1924	50.00	64.80	53.30	50.00	134.80	104.00
1925	50.00	69.80	62.20	50.00	184.50	111.00
1926	50.00	76.60	64.00	50.00	209.00	166.00
1927	50.00	72.70	51.60	50.00	200.00	140.00
1928	50.00	61.20	54.20	50.00	204.50	169.00
1929	50.00	56.30	50.40	50.00	168.00	111.00
1930	50.00	52.70	28.00	50.00	121.00	96.80
1931	50.00	41.50	34.00	50.00	169.50	104.50
1932	50.00	40.80	31.80	50.00	209.00	129.50

YIELDS OF STOCKS AND DEBENTURES

(Prepared by Hypothec Bank of Japan)

	Leading stocks 65 kinds		Bonds and debentures				
	Average yields	Index numbers (1914 July, 100)	Gov't bonds (8)	Municipal bonds (10)	Hypothec Bank deb. (8)	Agr. and Ind. Bank deb. (8)	Corporate deb. (20)
1914	7.43%	100	—	—	—	—	—
1919	7.51	104	—	—	—	—	—
1921	9.41	131	6.13%	7.30	7.38	8.41	8.21
1922	8.87	123	6.26	7.30	7.66	8.37	8.41
1923	8.72	121	6.11	7.37	7.84	8.59	8.74
1924	8.68	121	6.17	7.67	8.05	8.77	8.97
1925	7.80	108	6.03	7.26	7.32	8.35	8.17
1926	6.99	97	5.90	6.82	7.13	7.54	7.70
1927	7.13	99	5.67	6.50	6.79	7.43	7.45
1928	6.17	86	5.16	5.87	6.14	6.86	6.79
1929	6.85	95	5.08	5.88	5.98	6.43	6.43
1930	8.10	113	5.37	6.09	6.17	6.43	6.54
1931	6.82	95	5.40	5.91	5.87	6.29	6.49
1932	6.01	83	5.59	6.07	6.00	6.44	6.84

1933 Stock Market

A marked activity characterized the stock market for 1933 with a considerable development of export trade and domestic industry and quick progress of munitions industry. To follow the trend of stock prices for the year, the open market operation of the Bank of Japan and Japan's departure from the League of Nations proved discouraging factors for the market situation and most prices went down. America's suspension of the gold standard aggravated the situation. Between the middle of March and that of August the general price tendency remained without much fluctuation. Since the latter part of 1932 a large amount of 5,000,000 shares had been delivered and investors were rather tired of further investment. Furthermore, speculators as well as investors were left in the dark as regards the immediate prospects of world economic condition and held off trading activity. However, the continued industrial prosperity and unusual low money market were enough to start another wave of buying activity. A vigorous selective buying of miscellaneous shares then ensued. The market emerged from the stationary condition for about a month after the middle of August and a considerable activity greeted the market. Buying spread to utility issues

such as electric power, electric railways and gas. A perceptible improvement was witnessed over the market. Meanwhile, many business corporations realized satisfactory results and this stimulated market trading considerably. Caution for high-priced shares followed as the result and traders were held off buying of purely speculative issues such as Tokyo Stock, Osaka Stock and others. The 1933 stock business was most active for the last seven years since 1927 and the turnover was heaviest in the Tokyo Stock market since that year. Turnover of futures stock market for 1933 in Tokyo amounted to 46,801,000 shares with an aggregate of ¥3,239,189,000 (against 41,928,000 shares with ¥2,457,252,000 for 1932) and the 1933 deliveries, also the largest since 1927, were 9,177,000 shares with ¥516,215,000 (against 6,359,000 shares with ¥245,400,000 for 1932). Turnover of futures stock market in Osaka for 1933 amounted to 5,334,000 shares with an aggregate of ¥514,875,000 (against 3,756,000 shares with ¥347,194,000 for 1932) and the 1933 deliveries totalled 945,000 shares with ¥88,278,000 (against 408,000 shares with ¥34,974,000 for 1932). High and low quotations of Big Ten shares for 1933, compared with those for 1932, follow:

	1933		1932	
	High	Low	High	Low
Nippon Yusen	¥ 60.00	41.50	59.90	28.30
Hokkaido Colliery	68.80	39.90	49.40	17.00
Oji Paper	121.50	95.10	113.10	63.40
Tokyo Electric Light	26.10	12.20	25.00	12.30
Kanegafuchi Spinning	272.70	173.50	271.50	174.00
Fuji Spinning	73.90	49.10	73.60	41.60
Dai Nippon Spinning	97.90	71.50	93.00	40.60
Dai Nippon Brewery	126.10	97.80	120.80	76.50
Japan Oil	67.70	40.80	61.60	36.70
Tokyo Stock Exchange	225.40	143.00	216.00	129.60

The value of shares listed on the Exchange and their average share prices at the end of 1933 follow:

Shares	Paid-up capital	No. of shares (000's omitted)	Value of shares	Average share value for 1933 paid (yen)
Public utility	1,917,180	47,912	1,855,748	48.40
Finance and insurance	100,623	2,850	265,895	92.77
Mining	337,400	10,156	755,417	74.39
Fiber	223,799	6,511	675,809	103.89
Manufacturing	699,871	19,513	1,198,587	61.43
Commerce	42,281	1,320	52,705	39.93
Shipping and traffic	176,170	5,362	180,493	33.47
Miscellaneous	73,600	2,246	58,809	26.19
Bourse	96,750	2,835	319,951	112.89
Total	3,777,676	99,005	5,363,414	53.26

The total value of all securities at the end of 1933 amounted to ¥31,730,000,000, of which the value of stocks was ¥16,011,000,000 and that of bonds and debentures was ¥15,719,000,000. Of these bonds and debentures, the domestic securities amounted to ¥13,086,000,000 and the foreign securities ¥2,633,000,000.

The 1933 stock price trend went along two large currents of economic activity, namely, of munitions industry and export manufacturing industry. The mining and refining industries were exceptionally prosperous and prices of these industrial stocks naturally went up. Iron and steel shares were considerably bought. Portland cement shares tended upward in connection with the relief work. Brewery and electric bulb industry were supported, because of an increase of exports. Fibre shares soared perceptibly, as exports marked a tremendous gain. Rayon shares provided an outstanding feature. Shipping shares came to the surface. Electric power shares strode forward under encouraging factors of business consolidation by readjustment and the increase of demand following industrial boom. Taking advantage of Government sanction for business renewal, the Tokyo Stock Exchange tried to solve its mortgage system revision pending for many years. The Ministry of Commerce and Industry forced the Exchange to eliminate stockbrokers of

unsound status and to improve administrative system of its own. Instructions were issued by the Ministry to the Exchange in June for eliminating stockbrokers who failed to deposit guarantee money with the Exchange. All these the Exchange did as ordered. As the result, Mr. Kuniomi Okazaki, president of the Exchange, resigned in December, assuming responsibility for a trouble caused, and was replaced by Mr. Nakaji Kajiwara. The bond market of the Tokyo Stock Exchange for the year was active. When the United States went off gold and a low money rate was realized, a vigorous buying of bonds was caused. "Ko" 5 per cent. bond went above its face-value of ¥100 in May for the first time during the preceding 20 years and all other bonds made spirited comeback. Four per cent. bond also went above the face-value in August under conditions of low money rate, but with issue of 4 per cent. Government bonds in September, other bond prices went off. Towards the year-end the Government redeemed its Treasury notes and the money rate became low once more. Bond prices experienced another rise.

Industrial Production

Ups and Downs The industrial production of Japan increased tremendously during the World War, the total output for 1914 was valued at ¥1,310,493,000, but this increased

¥6,469,519,000 for 1919. After the War less activity was noticed, but even then annual production value had ranged from about ¥5,100,000,000 to ¥5,600,000,000. The year 1929 marked an all-time record with a total of ¥7,415,215,000. The industries to receive the most benefit from the War were the spinning and textiles, metallic, machinery and instrument, ceramic, lumber and wood work, printing and book binding, foodstuff manufacturing and miscellaneous industries. Following the lifting of the gold embargo in January, 1930, prices of industrial products went off sharply and industries had to counteract the situation by organizing strong cartels and substantially curtailing production.

AGRICULTURAL AND INDUSTRIAL PRODUCTIONS IN JAPAN PROPER

1931
(In ¥1,000)

Agricultural products	
Rice, barley, wheat, beans, potatoes, etc.	1,199,064
Horticultural products	
Fruits, vegetables, etc.	231,382
Tobacco-leaf, rape-seed, etc.	77,131
Other agricultural products	
Cocoons, tea and others	720,180
Domestic animals	170,982
Forestry products	199,153
Marine products; fish, etc.	246,231
Marine products; manure, oil.	130,708
Mine products	436,595
Textiles	2,195,562
Ceramic products	196,349
Food stuffs	808,784
Metal industry products	307,996
Machines	445,341
Chemicals	722,377
Wooden manufactures	237,938
Other industrial products; lacquer-ware, leather, paper, hats, etc.	345,401
Tobacco	83,062
Total	8,353,056

	January		June		December	
	1932	1933	1932	1933	1932	1933
Spinning	31.4	27.6	31.4	27.6	31.4	27.6
Spun silk	25.6	18.0	18.0	27.8	18.0	27.8
Ramie	30.0	30.0	30.0	30.0	30.0	30.0
Rayon	25.0	—	25.0	—	—	—

The year 1933 was an eventful year for industry. Japan provided the sole exception of the universal industrial depression. A boom took place on the munitions industry. The export trade advanced as industrial production gained. Of the principal industrial production in Japan for the year, the production of cotton yarn, cotton cloth, coal, iron, steel, gold, silver, sulphur, paper, rayon, rayon textiles, silk textiles and cement increased. Production curtailment was alleviated by 8.6 per cent. to 27.6 per cent. Production of cotton yarn for November recorded the highest amount of 280,000 bales and its total production for 1933 totalled 3,900,000 bales, a 10 per cent. gain over the 1932 production. Rayon industry totally abolished its production curtailment in December, 1932 and the 1933 production amounted to 90,430,000 pounds, showing a 40 per cent. gain over 1932, occupying the world's second largest producing position. The 1933 production of iron and steel showed a record figure, with the respective increase of 30 per cent. and 15 per cent. over the year before. The coal production for last year went above 30,000,000 tons and coal mines alleviated production curtailment three times.

Last year was golden age for cement with annual production totalled three times the originally expected amount of 100,000 tons. In spite of all these, production curtailment ratios were usually high for the year as follows:

	January		June		December	
	1932	1933	1932	1933	1932	1933
			(In per cent.)			
Bleaching powder	55.0	80.0	55.0	55.0	35.0	40.0
Calcium cyanide	40.0	40.0	40.0	40.0	40.0	40.0
Superphosphorites	50.0	25.0	50.0	50.0	50.0	52.0
Cement	57.0	55.0	53.5	50.0	55.0	55.0
Paper	55.0	55.0	55.0	55.0	50.0	55.0
Ammonium sulphate	50.0	25.0	50.0	25.0	40.0	40.0
Iron and steel	38.0	40.0	45.0	40.0	34.5	40.0
Coal	27.0	32.0	34.8	32.0		

Rayon Increases of productive equipment have taken place in rayon, spinning, cement, iron, steel, mining and other industrial lines, the increases being mainly due to the need of providing new equipment for higher efficiency in order to reduce production costs to meet the high tariffs and other hindrances in foreign markets. Because of the rapid progress of the mechanical industry in Japan mechanical equipment has become cheap in recent years and Japanese capitalists have been more inclined to invest their money in industry in order to lessen the loss resulting from the drop in the value of money following low money rates and inflation. The rayon industry is the outstanding example of increased productive capacity. The daily productive capacity of Japanese rayon at the end of 1931 was about 65 metric tons, but due to a competitive increase of equipment by manufacturing companies during last year the amount increased by 30 per cent. to 86 tons at the end of 1932. With a rapid rise of prices for the latter

half of 1932, outside companies such as the Kanegafuchi Spinning Company, Nisshin Spinning Company, Shinko Woollen Textile Company and others took up the manufacture of rayon and, consequently, the daily productive capacity at the end of 1933 was estimated to be about 170 tons.

Cement Stimulated by the relief work of the Government, cement companies also increased their productive equipment. During 1932 the daily productive capacity amounted to 30,000 tons, and this is estimated to increase to 100,000 tons in the course of 1933.

Spinning Industry The spinning industry witnessed an increase of 500,000 spindles in 1932 and is expected to see a further increase of 1,000,000 spindles for 1933. The total of 7,400,000 spindles at the end of 1931 will thus have increased during two years to about 9,000,000, a gain of about 22%.

1932 and 1933 Throughout 1933 industrial production recorded gains over 1932, as follows:

(Prepared by Ministry of Commerce and Industry)

	End of 1933	End of 1932
Cotton yarn (1,000 bales)	8,099	2,810
Rayon (1,000 boxes)	904	643
Wool (1,000 kilogrammes)	30,550	26,376
Tops (" ")	23,644	20,058
Cotton textiles (¥ 1,000)	742,732	539,261
Silk textiles (¥ 1,000)	322,779	313,262
Rayon textiles (¥ 1,000)	150,019	121,740
Silk-cotton mixed textiles (¥ 1,000)	22,071	20,806
Rayon mixtures (¥ 1,000)	39,885	28,219
Foreign-style paper (1,000 kilogrammes)	655,045	594,970

	End of 1933	End of 1932
Caustic soda (1,000 kilogrammes)	106,642	71,326
Bleaching powder (1,000 kilogrammes)	50,087	42,684
Cement (1,000 metric tons)	4,781	3,731
Ammonium sulphate (1,000 metric tons)	713	684
Calcium Cyanamide (1,000 metric tons)	157	112
Pig iron (1,000 metric tons)	2,031	1,542
Steel, pressed (1,000 metric tons)	2,456	1,946
Copper (1,000 kilogrammes)	68,455	71,012

Profits With increased activity in industry there was concomitant increase in the profits of industrial companies. According to the Mitsubishi Economic Research Institute, the average rate of profit of 152 manufacturing companies in Japan to their paid-up capital for the first half of 1932 was 6.6 per cent., a gain of 10 per cent. over the preceding half year. The average rate for

the second half of 1932 was 7.3 per cent. The highest profit ratio was realized by finance and the second highest by manufacturing industries, though the percentage rate of increase was much greater in the case of the latter than of the former. The profit ratios of business enterprises according to groups for the first and second halves of 1932 were:

	2nd half 1931	1st half 1932	2nd half 1932	Rate of increase
Finance	10.6%	12.2%	14.0%	32%
Manufacturing industries	6.5	8.1	10.5	62
Mining	3.5	5.5	16.0	71
Public utilities	6.4	6.0	15.1	(de.) 20
Other businesses	3.8	3.7	15.3	40
Average	6.0	6.6	17.3	22

The dividend ratios of business enterprises were:

	2nd half 1931	1st half 1932	2nd half 1932	Rate of increase
Finance	5.1	5.1	5.6	10
Manufacturing industries	5.7	6.0	6.9	22
Mining	2.9	4.1	4.5	55
Public utilities	5.6	5.4	4.4	(de.) 21
Other businesses	3.3	3.5	3.5	6
Average	5.2	5.3	5.3	2

Total Value of Products The following table shows the total values of factory products of all industries in Japan. The 1914-1928 figures are for factories in which five or more workers are employed in usual times;

the 1929-1932 are for factories with equipment for five or more workers. Government owned and managed factories are excluded. In the total value, administrative expenses and repair are not included.

TOTAL VALUE OF PRODUCTS OF ALL FACTORIES IN JAPAN

(Prepared by the Ministry of Commerce and Industry)

Year	Spinning and textile products	Metallic products	Machinery and Instruments (In ¥ 1,000)	Ceramic products	Chemical products	Lumber and wood work
1914	620,260	47,964	110,906	34,309	175,848	27,948
1919	3,295,900	338,248	716,241	175,435	776,942	157,953

HOME TRADE AND COMMERCE

	1928	1929	1930	1931	1932
	(In ¥ 1,000)				
Carbide	4,125	15,408	13,713	8,744	12,780
Compressed gases	5,339	11,698	25,323	32,749	33,591
Dyestuffs and chemicals for dyeing	—	15,856	12,546	12,716	22,172
Paints and their materials	20,617	18,333	17,589	15,743	17,838
Pigments	19,879	20,868	17,523	18,597	22,441
Soaps	39,146	38,942	35,362	29,900	32,344
Toilet goods	28,620	31,627	30,028	30,313	29,269
Mineral oils	26,713	37,291	40,142	43,035	59,314
Vegetable oils and fats	36,240	40,193	32,245	26,999	28,493
Re-manufactured oils	14,834	17,559	13,884	10,949	15,713
Rubber goods	70,270	76,598	60,766	56,104	65,882
Pulp	28,019	20,623	16,234	11,713	10,896
Papers	182,475	190,635	154,574	134,095	132,170
Printing	90,173	87,746	74,055	62,417	54,566
Cardboard	17,194	19,475	15,568	11,413	11,645
Celluloid	16,542	19,508	12,345	10,403	12,217
Rayon	37,085	45,392	49,686	50,695	61,703
Fertilizers	142,105	177,773	135,971	109,911	135,519
Vegetable fertilizers	28,774	39,741	23,337	19,168	25,141
Mineral fertilizers	71,738	82,158	78,374	62,463	77,280
Superphosphate of lime	34,247	34,696	35,549	26,133	27,365
Ammonium sulphate	27,087	28,064	22,446	25,316	31,877
Calcium cyanid	6,311	17,355	16,649	9,747	16,700
Compound fertilizers	39,285	46,048	29,602	24,202	28,176
Leather	17,067	17,500	14,602	12,707	15,067
Cowhides	16,310	16,836	13,878	11,531	13,662
Coke	24,263	25,709	23,809	16,569	17,206
Lumber and wood work:					
Lumber	118,566	115,711	90,256	85,742	89,009
Wood work	78,982	78,678	67,293	57,081	63,567
Wooden furniture	14,968	11,346	9,958	10,141	10,240
Wooden boxes for packing	23,028	26,664	19,441	15,815	18,984
Casks, barrels and pails	12,219	11,868	9,359	8,277	7,799
Printing and Binding:					
Printed books, etc.	184,034	186,304	182,640	167,309	167,709
Foodstuff:					
Liquors	434,286	440,074	400,245	337,786	348,417
Saké (rice liquor)	293,386	302,119	277,186	233,122	237,777
Shochu (Distilled spirit)	29,970	31,697	29,131	25,664	29,244
Beer	92,188	85,113	79,936	67,789	68,233
Soy	84,086	82,053	73,619	69,236	69,455
Miso (bean paste)	18,665	19,080	16,783	14,926	15,761
Non-alcoholic beverages	18,398	20,715	17,376	13,953	13,447
Wheat flour	132,228	150,621	100,607	87,772	117,822
Sugar	191,117	158,125	129,560	108,159	110,832
Refined sugar	178,786	145,937	118,867	99,404	100,329
Confectionery	93,045	79,702	65,828	71,997	71,914
Millet-jelly (Mizu-amé)	—	15,067	9,715	10,086	11,979
Canned provisions	15,708	19,310	13,647	12,199	17,297
Live-stock products	12,176	14,787	17,041	14,201	14,535
Aquatic products	21,387	24,319	21,065	20,874	20,148
Tea	19,573	20,906	16,825	13,034	12,814
Artificial ice	17,033	15,368	14,487	11,067	11,232
Miscellaneous Industries:					
Paper articles	23,534	27,596	25,605	23,477	27,273
Leather articles	16,149	13,914	13,953	12,575	15,340
Ropes and nets of cotton and of hemp	23,761	27,461	19,548	13,119	15,593
European clothes (ready-made)	10,528	11,256	10,393	12,966	14,231
Tabi (Japanese socks)	50,593	49,403	29,532	29,877	31,932

PATENTS

	1928	1929	1930	1931	1932
	(In ¥ 1,000)				
Hats and caps	13,008	13,797	10,493	8,359	10,123
Matches including match-sticks	14,570	12,404	8,709	7,844	8,685
Clogs and sandals	3,005	8,357	10,420	12,692	21,854

NUMBER OF APPLICATIONS AND GRANTS FOR PATENTS, DESIGNS, ETC.
ACCORDING TO NATIONALITIES, IN 1932

(Compiled by the Patent Bureau of the Department of Commerce and Industry)

Nationalities	Patents		Designs		Trade Marks	
	Applications	Grants	Applications	Grants	Applications	Grants
Japanese	12,176	3,537	9,172	4,547	20,648	9,873
British	241	140	7	8	210	133
U. S. A.	414	392	6	6	191	201
German	653	428	3	3	163	182
French	87	96	2	3	41	52
Italian	36	19	—	—	6	14
Dutch	35	19	4	—	120	11
Swiss	94	101	—	—	108	80
Norwegian	34	43	—	—	—	8
Austrian	11	7	—	—	1	—
Hungarian	15	11	—	—	10	7
Chinese	11	10	—	—	—	—
Spanish	—	—	—	—	5	3
Belgian	15	4	—	—	7	—
Danish	12	9	—	—	1	6
Russian	10	6	—	—	—	—
Australian	1	2	—	—	—	—
Canadian	1	—	—	—	2	—
Polander	2	1	—	—	2	—
Czechoslovakian	7	6	—	—	—	—
Others	8	8	—	—	6	2
Total Foreigners	15	7	1	—	8	4
Grand total	1,702	1,309	23	20	881	703
	13,878	4,846	9,195	4,567	21,529	10,576

Nationalities	Utility Models		Total		1931 Applications	Total Grants
	Applications	Grants	Applications	Grants		
Japanese	33,666	11,782	75,662	29,739	82,063	30,669
British	35	28	493	309	545	363
U. S. A.	100	72	711	671	1,100	684
German	141	87	960	700	1,235	819
French	10	2	140	153	262	205
Italian	4	1	46	34	58	32
Dutch	5	—	164	30	72	43
Swiss	8	6	210	187	259	129
Norwegian	3	3	37	54	104	52
Austrian	—	1	12	8	9	7
Hungarian	1	1	26	19	39	11
Chinese	—	—	11	10	14	6
Spanish	2	2	7	5	20	8
Belgian	1	—	23	4	4	1
Danish	1	1	14	16	17	11
Russian	—	—	11	6	16	23
Australian	—	—	1	2	2	3
Canadian	—	1	3	1	1	—
Polander	—	—	4	1	2	4
	—	—	7	6	14	—

Nationalities	Utility Models		Total		1931	Total
	Appli- cations	Grants	Appli- cations	Grants	Appli- cations	Grants
Czechoslovakian	2	1	16	11	16	14
Others	1	—	25	11	23	14
Total Foreigners	315	206	2,921	2,238	3,822	2,429
Grand total	33,981	11,988	78,583	31,977	85,885	33,098

Prices

Wholesale prices The peak of wholesale prices of the war and post-war period was reached in 1920. A fairly heavy fall was witnessed during the next two years with a slight reaction during the following two years, 1923-24, but from that time there was one continuous decline until bottom was reached in October of 1931. In January of that year, according to the Ministry of Commerce and Industry, and taking December, 1929 as the basis of 100, the average index-number was 77, falling, when the Manchurian trouble began and Japan's international position took a sudden turn for the worse and because of future uncertainties in the situation, to 69. When the gold embargo was replaced by the Government on December 14, 1931, business sentiment became markedly brighter in anticipation that a business boom would take place. Prices reacting to this sentiment, assumed an upward course and in December the index stood at 73. The improving trend continued into January, 1932, when the index pointed to 78, later going up to 79, and showing a 14.5 per cent. gain over 69, which was the 1931 low. Later there was a lapse as the lessened purchasing power of the people and actual economic trend, combined with the prevailing social uncertainties, caused price to go off. In June the index declined to 73, the lowest mark of 1932. The enormous budget to cover farm relief and the expenses of the Manchurian expedition was

adopted at the extraordinary Diet sessions in June and August of the same year and the public began to realize the possibility of a policy of inflation being pursued on a large scale in the near future. The Bank of Japan reduced the discount rate in June and August to 1.4 sen and 1.2 sen respectively. In August the Government announced a reduction in the interest rate on postal savings deposits to 3 per cent. a year, commencing October 1, thereby intimating to the public the inevitability of a low money rate. The international value of the yen dropped and induced a rise in the prices of export goods. The price of imported goods was naturally higher in terms of yen and prices of domestic articles of the same categories promptly increased. The increased demand for munitions resulted in high prices of such products. Other commodities were affected. In July the index-number pointed 74, went up to 80 in August, to 85 in September, over 85 in October and to 90 in November. Finally it reached 97 in December, reflecting that inflation was in progress. The December index showed a 46 per cent. gain over November, 1931, and was nearly the same as that of February, 1930. The price rise, however, was not widespread. It was rather confined to particular articles. The commodities mostly affected were export and import articles such as fibre products, metal articles and fertilizers, but prices of articles in domestic trade such as fuel, building materials and foodstuffs only slightly went up.

Wholesale Indices Compared One hundred domestic articles are classified into eight large categories and the price fluctuations of these before and after the replacement of the gold embargo follow:

	Drop in Nov. 1931 from Jan. 1931	Rise in Dec. 1932 over Nov. 1931
Foodstuffs	5.8 %	
Fibre products	18.1	26.4 %
Metal products	13.0	61.0
Building materials	3.6	70.1
Industrial chemicals	11.8	21.3
Fertilizers	8.6	38.7
Fuel	8.1	56.3
Miscellaneous articles	11.0	8.9
		42.5

Import and Export Articles The index number of import articles which in January, 1931, was 76, took a turn downwards in and after April, falling to 68 in October and November and picking up again in December. It further went up to 79 in January, 1932, and finally to 106 in December of the same year. The index number of export articles in

January, 1931, was 76, and a continuous decline was registered until the low level of 63 was reached in October. A revival occurred in November and continued until February, 1932, when the index reached 74. It declined to 73 in March and further to 66 in June, when it again took a turn for the higher, reaching 94 in December. Details are:

	Drop in Nov. 1931 from Jan. 1931	Rise in Dec. 1932 over Nov. 1931
Import articles	10.5 %	55.9 %
Export "	15.8	46.9

Wholesale Price Indices Abroad The general level of wholesale prices for 1932 was lower in the United States of America, Britain and France than in 1931, while in Japan the contrary was the case. Taking the last half of 1932, prices in France

were steadily declining, those of Britain and America registered very little change, but those of Japan had taken a decided turn upwards. The following figures are based on July, those in 1914 being taken as 100.

	Tokyo (Bk. of Japan)	Britain (London Economist)	New York (Duns and Bradstreet)	Paris (Statistique Générale)
1931 Average	121.7	98.0	98.0	461.8
1932 "	128.1	94.8	80.6	407
1933 "	142.7	95.1	92.2	388.3
" January	147.1	92.4	75.0	390
" February	142.8	90.8	73.0	390
" March	141.1	90.3	75.1	385
" April	140.1	90.0	80.2	384
" May	140.6	96.0	92.1	382
" June	142.8	98.2	95.7	396
" July	144.8	98.6	103.5	397
" August	143.1	98.5	103.3	394
" September	145.0	98.2	103.9	386
" October	143.5	97.1	101.6	384
" November	142.1	95.3	101.2	383
" December	139.6	96.0	101.4	389

The ratio of gain in December, 1932, over January, 1931, was 25.4 per cent. for Japan, while there was a drop of about 8 per cent. for Britain, 27.1 per cent. for the United States, and 21.1 per cent. for France.

Retail Prices For several years, until the end of 1931, retail prices kept falling, due to the lower purchasing power following an unusual financial depression. Of over 100 retail prices in Japan, taking December, 1929 as 100, the average index in January, 1931 was 83, but it fell by 6 per cent. to 78 in June, due mainly to the drop in prices of building materials, outfitting and clothing. In August it rose slightly to 79, but relapsed to 77 in September and further to 76 in October and 75 in November, picking up to 77 in December affected by the replacement of the gold embargo. In January, 1932, the index was 80,

showing a 3.9 per cent. gain over December, but in and after April it slipped and in June it declined to 75, falling to the same figure as November, 1931. The rise early in 1932 was engendered by the anticipation that a business boom might take place as the result of the replacement of the gold embargo, but with the growing uncertain feelings in foreign countries against Japan the erstwhile bright tone gave way to depression and, consequently, prices crumbled. A turn for the better took place when it became apparent, after the passing of the additional budget to cover farm relief and the expenses of the Manchurian Expeditionary Force, that inflation was likely. The August index was 80, representing a 3.9 per cent. gain over July, and in November it rose to 83, climbing to 86 in December, a 3.6 per cent. gain over November.

INDEX NUMBER OF WHOLESALE PRICES

Base on July, 1914=100

Year	January	February	March	April	May	June
1919	220.9	219.4	212.7	213.1	221.2	234.9
1920	216.5	228.1	333.2	315.9	286.0	290.6
1921	221.4	205.1	201.2	199.7	200.7	201.9
1922	216.0	214.4	211.1	207.8	204.4	207.6
1923	193.8	201.9	206.0	206.3	209.4	208.0
1924	221.8	218.5	216.4	217.4	215.6	209.9
1925	224.8	221.0	215.0	212.2	209.7	210.3
1926	202.2	198.2	193.9	190.0	186.5	186.7
1927	178.5	180.3	180.2	179.0	179.9	180.6
1928	178.2	178.0	178.0	178.5	180.4	177.7
1929	181.2	179.9	179.9	179.0	177.3	176.3
1930	160.1	158.8	155.8	153.3	150.6	144.1
1931	126.0	125.6	125.9	125.6	122.5	119.8
1932	126.8	128.3	126.0	122.5	119.5	116.4
1933	147.1	142.8	141.1	140.1	140.6	142.8

Year	July	August	September	October	November	December	Average
1919	254.3	258.1	264.7	280.0	294.4	303.4	248.1
1920	251.8	247.4	242.5	237.3	232.8	216.3	272.8
1921	206.6	209.6	217.5	230.5	225.2	220.2	210.8
1922	211.6	205.4	203.0	200.4	197.7	192.3	206.0
1923	202.4	200.3	221.2	222.6	221.0	221.5	209.5
1924	205.5	210.5	217.2	224.1	225.5	224.6	217.2
1925	208.6	210.6	211.6	210.8	207.9	203.8	212.2
1926	188.0	186.1	184.6	183.2	180.4	178.4	188.2
1927	178.6	176.2	177.8	178.7	177.2	176.8	178.6
1928	177.5	178.9	182.8	182.7	182.2	182.7	179.5

Year	July	August	September	October	November	December	Average
1929	174.6	173.7	173.0	171.9	167.9	163.0	174.8
1930	140.4	139.6	136.3	130.9	129.0	127.8	143.9
1931	121.5	120.7	119.0	116.8	116.9	120.1	121.7
1932	117.5	123.9	133.1	134.5	141.5	146.8	128.1
1933	144.8	143.1	145.0	143.5	142.1	139.6	142.7

INDEX NUMBER OF RETAIL PRICES

Base on July, 1914=100

Year	January	February	March	April	May	June
1924	223.71	221.22	219.02	217.49	221.75	215.37
1925	229.39	226.63	222.85	220.95	217.98	213.07
1926	210.27	207.49	204.61	203.40	202.60	198.86
1927	186.24	190.10	192.55	192.18	191.22	188.94
1928	185.04	184.75	183.72	183.53	182.12	180.61
1929	187.15	184.97	185.80	186.73	185.07	182.76
1930	170.1	167.9	163.3	162.1	159.0	155.8
1931	139.3	139.9	139.3	139.7	138.3	134.0
1932	138.8	138.6	136.4	135.0	134.0	131.7
1933	148.1	145.8	144.2	143.5	143.4	142.2

Year	July	August	September	October	November	December	Average
1924	211.92	215.09	219.46	225.81	220.42	228.54	220.73
1925	211.26	213.51	215.80	216.29	214.64	212.30	217.90
1926	196.76	195.49	195.19	194.58	190.25	188.65	190.01
1927	187.96	185.54	187.50	188.02	186.23	185.66	188.51
1928	179.56	182.29	185.40	187.88	187.37	189.06	184.19
1929	181.06	177.80	177.69	180.23	176.59	171.44	181.44
1930	152.6	151.0	150.8	146.7	141.9	139.5	155.1
1931	133.8	133.9	133.9	129.6	130.2	134.6	135.5
1932	130.2	131.7	133.0	140.0	141.6	146.0	136.8
1933	143.2	144.4	146.8	147.8	149.2	148.7	145.6

INDEX NUMBER OF WHOLESALE PRICES IN TOKYO DURING THE PAST TEN YEARS TABLE I

(Compiled by the Bank of Japan)

Base on October, 1900=100

	1924	1925	1926	1927	1928	1929	1930	1931	1932	1933
Rice	327	353	319	298	262	246	215	156	179	182
Barley	326	342	239	226	280	271	201	166	149	172
Naked barley	336	367	254	238	284	274	224	181	172	205
Wheat	233	239	252	228	223	219	175	122	164	185
Soy beans	253	279	234	221	228	227	173	125	168	192
Azuki (Red or white beans)	446	412	298	336	379	375	276	187	258	278
Wheat flour	245	290	262	247	231	227	186	140	188	212
Ammonium sulphate	—	172	143	124	119	112	79	64	65	85
Fish fertilizer	212	224	195	170	162	165	122	87	97	110
Oil cakes	235	250	220	179	215	206	159	117	152	161
Sugar	359	309	287	295	277	290	257	231	255	276
Tea	341	348	335	319	367	381	344	201	173	180
Salt	380	374	336	330	330	298	289	258	253	253
Miso (Bean paste)	418	474	475	456	425	391	356	283	306	329
Soy	200	190	177	185	173	166	152	140	150	148
Saké	244	211	210	204	207	207	190	153	160	164
Katsuobushi (Dried bonito)	500	518	440	405	416	397	335	329	230	272
Eggs	212	207	191	171	162	147	116	97	78	100
Beef	—	395	394	388	385	386	371	314	284	298
Oil	236	247	196	196	198	176	138	124	150	167

tee system was recognized by the law and the sphere of business to be looked after by the guild was enlarged. The law also invests the members of the guild with authority to finance business and to exercise control over the medium-sized and small industries of this country. During the seven years from the enforcement of the Important Export Article Industrial Guild Law to the end of 1932, 212 of these guilds were established. The Industrial Guild has as its object the undertaking of joint enterprises for industrial improvement and development.

Functions of Guilds The guild is organized by those engaged in the same kind of enterprise and having mutual interest, and is to carry on sundry economic enterprises, to systematize business and then to control and improve it. In respect of undertaking joint purchases and sales, the joint utilization of productive equipment and financing of members, the guild functions the same as a co-operative society. However, the Industrial Guild is not only an organization for promoting and assisting the business of its members, but it can interfere with the business management of its members, if necessary, and can restrict business activity to a certain extent for the welfare of the guild. It is, therefore, in the nature of a public body, and in this point widely differs from a co-operative society. The Guild is organized by manufacturers and the kinds of important industrial articles are fixed by the Minister of Commerce and Industry. The number of these at the end of 1932 totalled 52, and included the following:

Cotton textiles, including mixtures; silk textiles, including mixtures; hemp textiles, including mixtures; rayon textiles, including mixtures; wrapping cloths; knitted goods; watches and clocks; umbrellas; electric bulbs;

metal wares; enamelled wares; porcelain and china-ware; glass products; celluloid articles; tiles; bricks; soft drinks; matches; crystal products; bean noodles; rubber products; lacquer-ware; braid; toys; buttons; brushes; paper and paper articles; canned and bottled foodstuffs; hats and caps; pencils; artificial pearls; osier mats; miso; soy sauce; bicycles; ink; phosphatic fertilizers; bamboo articles; wheat-jelly and glucose; printing; ice-making; vermicelli manufacturing; pyrethrum products; internal combustion engines; charcoal dust for pocket warmers; leather and manufactures; medicines; and weights and measures.

Finance Out of 212 such guilds in Japan, 19 were federations of them. Cotton textile industrial guilds contributed the largest number, 55, including 4 federations, silk textile industrial guilds 24, including 3 federations, porcelain and china industrial guilds 21, including 2 federations, hosiery industrial guilds 14, including one federation, and many other industries had their own guilds and federations. The total number of members of these guilds at the end of 1932 was 14,885. Osaka prefecture had the largest number of 54 guilds, including 7 federations, Tokyo prefecture was second with 23 guilds, including 5 federations, Aichi prefecture was third with 23 guilds, including 2 federations, Hyogo prefecture was fourth with 14 guilds, including 2 federations, Gifu prefecture was fifth with 14 guilds, including one federation, other prefectures had less than this number. The total amount of investment by the members in the guilds at the end of 1932 was ¥10,707,647, of which ¥3,370,053 was paid up. In order to aid the development of these guilds the Government is granting them a subsidy. From the fiscal year 1927-28 to the year 1932-33 the total subsidy has been ¥1,265,000, allocated for the purposes of carrying out experiments, study, joint purchase of materials, joint sales of their products, enlargement

of sales spheres and other necessary business undertakings. In addition, the Government up to the end of 1932 lent ¥4,666,800 of low interest rate funds (4.8 or 3.9 per cent. per annum) to these guilds for promoting their financing services to members. These guilds are

exempted from the income and business profit taxes and no registration fee is charged them. Details of Government subsidy through the Ministry of Commerce and Industry at the end of 1932, classified according to the kinds of guilds, were:

(Prepared by the Ministry of Commerce and Industry)

Guilds	No. of guilds subsidized	Amount of subsidy
Cotton textiles	25	¥709,100
Silk textiles	3	62,150
Hosiery	5	39,060
Hardware	3	35,745
Porcelain and china-ware	10	91,680
Enamelled ware	1	18,400
Celluloid	1	42,100
Rubber products	2	32,300
Brushes	4	87,850
Osier mat	1	22,860
Bicycle	1	30,500
Buttons	1	37,300
Braid	1	32,200
Glass	1	5,400
Toys	1	3,800
Lacquer-ware	1	15,200
Total	61	1,265,645

Industries under Control The industrial control effected in accordance with the Industrial Guild Law has proved a success so far. The following gives the industries placed under full control:

(1) Export Jeaned Drill Industry by the Federation of Japan Cotton Textile Industrial Guilds. The annual export value of jeaned drills is about ¥20,700,000.

(2) Export Cotton Crêpe Industry. Annual export value is about ¥3,400,000.

(3) Export Cotton Flannel Industry by the Federation of Japan Cotton Textile Industrial Guilds. Annual export value is about ¥7,700,000.

(4) Export Habutaé Business by the Japan Export Habutaé Industrial Guilds. Annual export value is about ¥6,500,000.

(5) Porcelain and China-ware Industry by the Federation of Japan Porcelain and China-ware Industrial Guilds. Annual export value is ¥37,000,000.

(6) Enamelled Ware Industry by the Kinki Enamelled Ware Industrial Guild. Annual export is about ¥4,000,000.

(7) Export Rubber Shoes by the Federation of Japan Rubber Industrial Guilds. Annual export value is ¥15,000,000.

(8) Bicycle Industry by the Federation of Japan Bicycle Industry Guilds. Annual export is about ¥5,000,000.

(9) Match Manufacturing by the Japan Match Industrial Guild. Annual production is ¥1,300,000.

(10) Towel Industry by the Cotton Textile Industrial Guilds. The 1932 exports were ¥5,000,000.

CHAPTER XI

FOREIGN TRADE

History of Development

Four Periods Japan's foreign trade for the last 70 years can be divided into four periods, namely, the first, before the Sino-Japanese War; the second, after the Sino-Japanese War to the outbreak of the Russo-Japanese War; the third, after the Russo-Japanese War to the outbreak of the World War; and the fourth, the period following the World War. In the early part of the Meiji Era Japan's foreign trade was insignificant, mostly being done through foreign firms, but several Japanese trading concerns were soon founded, among them being the Mitsui Bussan Kaisha, established in 1876, the Osaka Gumi, Morimura Gumi, Kwan-sai Boyeki Shokai and others. The Yokohama Specie Bank was founded in 1880 to serve as a monetary organ for traders engaged in foreign trade. The Nippon Yusen Kaisha and Osaka Shosen Kaisha were established in 1875 and 1874 respectively to carry on overseas marine transportation. The Tokyo Marine Insurance Company was founded in 1878. Thus important organizations for foreign trade were brought into being. During this first period Japan's economic conditions were primitive and her pursuits mostly agricultural. Her export volume between the first year of Meiji, 1868, and the 18th year was small—an average of one yen of exports per head of population. The import value was about the same. Even in 1893 the export and import totals were not more than ¥80,000,000 each. The Sino-Japanese War was an

epoch in the national destiny of Japan. Foreign trade received a great fillip and considerable development was made. In 1894, when the war broke out between Japan and China, exports and imports were each more than ¥100,000,000, and in 1903, the end of the second period, exports amounted to ¥289,000,000 and imports ¥317,000,000.

The Navigation Law The navigation encouragement law was promulgated in 1896 and this accelerated the inauguration of overseas navigation by Japanese shipping companies. In connection with a revised tariff policy export duties were abolished and import duties on industrial materials were either abolished or reduced. Bar silver (Japan did not become a gold standard country until 1897) experienced a sharp drop before and after the War and the export trade was greatly stimulated thereby. In 1899, as a result of repeated efforts of the Government over many years, the trade conventions with foreign Powers were revised and the foreign settlement system for foreigners was replaced by one of mixed residence. Until 1887, about 87 per cent. of Japan's export trade and 88 per cent. of her import trade was handled by foreign merchants. In 1900, the foreigners' transactions in exports were 63 per cent. and Japanese transactions 37 per cent., the former's import transactions had decreased to 61 per cent. and Japanese transaction increased to 39 per cent. There was an excess of imports for every year of the period (1894-1903). The Russo-Japanese War imparted a far greater

impetus to the country's foreign trade than the Sino-Japanese War, the trade sphere was widened still further. Foreign capital flowed into the country for investment. Exports attained the ¥300,000,000 mark in 1904, and in 1913 they reached ¥632,000,000 and imports amounted to ¥729,000,000. One of the noteworthy events during the period was that the treaty revision of 1899 was further revised in 1901, the result being that Japan acquired perfect tariff autonomy, and was able to establish the foundation of a protective tariff policy. Industrial development resulted. In 1901, exports that went through foreign merchants were only 48 per cent., while those through Japanese merchants were 52 per cent., and imports handled by the former in the same year were 36 per cent., while those by Japanese were 64 per cent.—a complete reversal of conditions that had existed during the early reign of Meiji.

The World War The greatest efforts on economic circles of Japan, qualitatively and quantitatively, resulted from the World War. Between 1914 and 1918, when the War was going on, Japanese economy and finance went through a sweeping change for the better and the unprecedented business boom lasted until March, 1920, when a great reaction took place. The suspension of imports into Japan by the War prompted the country to become self-sufficient in various lines of industry. Heavy demands for stores came in rapid succession from European countries. Japan became one of the principal countries of export to China, the South Seas and India, taking the place of Europe and America. The export activities and trade markets for Japanese commodities were considerably enlarged, increasing in proportion to the length of the war. Exports which totalled only

¥600,000,000 in 1914, the first year of the fourth period of the trade development of Japan, went above ¥1,100,000,000 in 1916, and in 1919 the amount exceeded ¥2,098,000,000, setting an all-time record. Imports which in 1914 were less than ¥600,000,000, increased to more than ¥1,000,000,000, in 1917 and finally reached ¥2,336,000,000 in 1920. Special mention must be made that for four years from 1916 to 1918, Japan witnessed a great excess of exports. The combined export excess for the period totalled ¥1,408,000,000. This trade prosperity naturally stimulated the shipping business. With the continued favourable trade balance, an influx of gold into Japan took place. For the seven years from 1915 to 1922 the influx of gold amounted to ¥1,180,000,000, and in addition Japan came to hold an enormous amount of specie abroad. The amount held by the Government and the Bank of Japan at the end of 1920 was ¥2,178,000,000, a record high amount for Japan. When the armistice was concluded in 1918, the heavy demand for munitions came to an end, and with the gradual restoration of European industries to their former conditions, the collapse of the Russian market through the Revolution, the exhaustion of European countries and the consequent sinking purchasing power, Japan's export trade turned for the worse during the latter half of 1920. The 1920 reaction threw Japanese economy into a great panic. Exports for 1921 made a sudden and substantial decrease to the ¥1,000,000,000 mark from the record level of ¥2,098,000,000 for 1919. Imports also went off remarkably. To make matters worse, trade reverted to the adverse balance of import excess after 1919, the largest adverse balance being in 1924 and 1925 consequent on the great Kanto earthquake and fire of 1923. Imports

for 1924 totalled ¥2,400,000,000, going above the previous record of ¥2,336,000,000 for 1920, and in 1925 the amount attained the considerable height of ¥2,500,000,000. This remarkable gain was due to heavy imports of materials needed for reconstruction work after the earthquake and fire. The Government exempted these imports from tariff duties. Due to the adverse trade balance, specie accumulated by Japan during the War boom was taken back by foreign countries. During the last 64 years, from 1868, the first year of Meiji, to 1932, only 20 years have seen an excess of exports over imports and the remaining 44 years have experienced an excess of imports over exports.

The Trade Returns The annual foreign trade figures from 1897 to 1933, taken from the Ministry of Finance reports and excluding the foreign trade of Korea and Formosa, follow. It may be added that the values of exports prior to 1904 represent the price at ports of destination, and those for that year and subsequent years, the price and packing charges. The values of imports prior to 1899 represent the original price only and those for that year and subsequent years, the cost, packing charges, freight, insurance and all other incidental expenses incurred up to the time of the arrival at the port of destination.

Year	Exports	Imports	Total	Excess of Imports over exports
(In ¥ 1,000)				
1897	163,185	219,300	382,485	56,165
1898	165,753	277,502	443,255	111,748
1899	214,929	220,401	435,331	5,472
1900	204,429	287,261	491,691	82,831
1901	252,349	255,816	508,166	3,467
1902	258,303	271,731	530,034	13,428
1903	289,502	317,135	606,637	27,633
1904	319,260	371,360	690,621	52,099
1905	321,533	488,538	810,071	167,004
1906	423,754	418,784	842,539	4,970
(Export exc.)				

Year	Exports	Imports	Total	Excess of Imports over exports
(In ¥ 1,000)				
1907	432,412	404,467	836,880	62,054
1908	573,245	436,257	1,009,502	58,011
1909	413,112	394,198	807,311	18,913
(Export exc.)				
1910	458,428	464,333	922,761	5,904
1911	447,483	513,805	961,288	66,321
1912	526,981	618,992	1,145,973	92,010
1913	632,460	729,431	1,361,891	96,971
1914	591,101	595,735	1,186,837	4,634
1915	708,306	532,449	1,240,755	175,857
(Export exc.)				
1916	1,127,468	756,427	1,883,895	371,040
(Export exc.)				
1917	1,603,005	1,035,511	2,638,516	567,199
(Export exc.)				
1918	1,962,100	1,668,143	3,630,243	293,956
(Export exc.)				
1919	2,008,872	2,173,459	4,182,331	164,587
1920	1,948,394	2,336,174	4,284,568	387,780
1921	1,252,837	1,614,154	2,866,991	361,317
1922	1,637,451	1,890,308	3,527,759	252,858
1923	1,447,750	1,982,230	3,429,981	534,479
1924	1,807,034	2,453,402	4,260,437	646,367
1925	2,305,589	2,672,637	4,978,226	267,048
1926	2,004,727	2,377,484	4,382,211	372,756
1927	1,992,317	2,179,153	4,171,471	186,836
1928	1,971,955	2,196,314	4,168,270	224,359
1929	2,148,618	2,216,240	4,364,858	67,621
1930	1,469,852	1,546,070	3,015,922	76,218
1931	1,146,981	1,235,675	2,382,656	88,693
1932	1,409,992	1,431,461	2,841,453	21,469
1933	1,861,046	1,917,220	3,778,266	56,174

TOTAL VALUE OF EXPORTS AND IMPORTS OF GOLD AND SILVER BULLION AND SPECIE

Year	Exports	Imports	Total	Excess of Imports over Exports
(In ¥ 1,000)				
1897	19,219	81,466	100,685	62,247
1898	86,987	42,563	129,550	44,424
1899	11,178	20,163	31,341	9,985
1900	56,707	11,517	68,224	45,190
1901	14,049	10,960	25,009	3,088
1902	2,023	32,161	34,184	30,131
1903	19,001	27,807	46,808	8,806
1904	107,795	33,946	141,741	73,849
1905	19,354	31,506	50,860	12,152
1906	25,784	47,211	72,995	21,426
1907	18,759	8,256	27,015	10,503
1908	3,772	17,544	21,316	13,772
1909	6,584	79,587	86,171	73,003
1910	25,175	17,671	42,846	7,504
1911	24,398	6,168	30,566	18,230
1912	28,325	11,544	39,869	16,781
1913	27,093	1,021	28,114	26,072

Year	Exports	Imports	Total	Excess of Imports over Exports
(In ¥ 1,000)				
1914	29,649	9,107	38,756	20,542
1915	44,566	24,296	68,862	20,270
1916	23,079	101,029	124,108	77,950
1917	153,736	392,224	545,960	238,488
1918	937	5,016	5,953	4,079
1919	5,053	327,476	332,529	322,423
1920	3,897	404,726	408,623	400,829
1921		138,621	138,621	138,621
1922	2,180	1,672	3,852	508
1923	5,465	196	5,661	5,269
1924	6	4,109	4,115	4,103
1925	22,305	173	22,478	22,132
1926	35,897	1,628	37,525	34,269
1927	40,680	8,515	49,195	41,165
1928	3,436	2,696	6,132	740
1929	3,490	613	4,103	2,877
1930	311,007	9,586	320,593	301,521
1931	421,400	11,177	432,577	410,223
1932	121,378	140	121,518	121,238
1933	28,608	125	28,733	28,483

Trade Goods

Export and import goods are classified into five groups, namely, foodstuffs, raw materials, manufactures for further use in manufacturing, wholly manufactured goods and miscellaneous. Each group is further classified as to exports, as (1) Foodstuffs consisting of such articles as rice, beans, marine products, refined tea, wheat flour, refined sugar and canned provisions; (2) Raw materials such as waste yarn, floss silk and coal; (3) Manufactures for further use in manufacturing are composed of camphor, raw silk, cotton yarn and straw-braid; and (4) wholly-manufactured goods are matches, textiles, hosiery, paper, porcelain, glass and metal wares. Classified in imports are: (1) Foodstuffs consisting of rice, wheat, beans, eggs and sugar; (2) Raw materials are such as raw cotton, lumber, fertilizers, wool and coal; (3) Partly-manufactured goods are iron, lead and other metals, and woollen yarn; (4) Building materials; and (5) wholly-manufactured goods are machinery, woollen textiles, gasoline and paper.

In the first period of Japan's foreign trade (1868-1893), exports mainly consisted of partly-manufactured goods (the greater part being raw silk) and raw materials, the amount being about 70 per cent. of the total. Foodstuffs were second, and wholly-manufactured goods (porcelain, paper and others) were only 10 per cent. Imports for the same period were 60 per cent. of wholly-manufactured goods (woollen textiles, machinery, etc.) and raw commodities (raw cotton, coal, etc.) and manufactures for further use in manufacturing (mainly iron) totalled only 20 per cent., clearly demonstrating the fact that Japan early in Meiji was an agricultural country, pure and simple. This trend lasted for the best part of the first period. Nothing very different from the conditions prevailing in the first period was noticed for the second period (1894-1903), except that the export ratio of wholly-manufactured goods and the import ratio of raw materials increased steadily while, on the contrary, the import ratio of wholly-manufactured goods slowly decreased. The export of silk textiles, matches, cotton yarn and porcelain was actively carried on and a sudden gain in the export of cotton yarn raised that commodity to the second most important export item, next to raw silk. The first export of cotton yarn was made in 1889 and the export value was only ¥2,364.

A sudden increase was noted in 1895, when the value reached the ¥1,000,000 mark and in 1903 it gained to ¥30,000,000, illustrating the rapid rise of the spinning industry after the Sino-Japanese War. In short, the second period marked the dawn of the industrial growth of Japan, the emergence from the

status of an agricultural country, an industrial progress that was limited but auguring well for the future. The third period (1905-1913) saw the continuation of the industrial progress of the second period and the development of it on a much greater scale. Hosiery manufacturing advanced during this period, the export amount for 1913 being ¥8,847,000. The fourth period (after 1913) pushed the country's foreign trade to a notably advanced stage, the attainment being mostly due to the World War. Japan by this time had lost her agricultural status to a great extent through an industrial revolution and had established herself on a capitalistic economic basis as a commercial and industrial coun-

try. The list of four largest exports and one premier import article for Japan in the past follows:

Year	Export raw silk	Export silk textiles (In ¥ 1,000)	Export cotton yarn	Export cotton cloth	Import raw cotton
1868	6,424	—	—	6	421
1878	7,894	2	—	18	287
1888	25,966	267	—	153	2,221
1898	42,047	12,786	20,116	2,517	45,744
1908	108,609	30,370	20,723	14,611	90,256
1918	370,337	117,532	158,300	237,913	515,553
1928	732,697	38,243	25,394	195,722	549,612

The record exports are: raw silk ¥879,657,000 for 1925; silk textiles ¥162,476,000 for 1919; cotton textiles ¥432,850,000 for 1925; and that of the import of raw cotton ¥923,355,000 for 1925.

VALUE OF THE CLASSES OF COMMODITIES EXPORTED AND IMPORTED

	1929	1930	1931
EXPORTS (In ¥ 1,000)			
Grain, Flour, Starch and Seeds	43,756	29,359	31,239
Ten	12,028	8,387	8,232
Marine products	22,347	18,077	10,158
Sugar, Confectionaries and Sweetmeats	31,852	28,263	15,878
Beverages and Comestibles	50,150	43,112	36,068
Tobacco	466	1,937	1,218
Skins, Hairs, Horns, Tusks and Manufactures thereof	7,866	5,234	4,011
Oils, Fats, Waxes and Manufactures thereof	26,887	30,110	13,609
Drugs, Chemicals, Medicines and Explosives	39,926	34,644	26,299
Tissues, Yarns and Materials thereof:			
Of Silk	949,938	530,718	445,211
Of Cotton	453,849	298,200	213,335
All others	42,192	33,259	25,424
Clothing and Accessories	103,282	84,090	73,332
Paper and Manufactures	33,301	33,150	25,436
Minerals and Manufactures	34,807	34,163	26,540
Ores and Metals	19,570	36,888	24,232
Metal Manufactures	25,200	22,427	16,017
Earthenware, Porcelain, Glass and Glass Manufactures			
Earthenware, Porcelain, Glass and Glass	50,173	36,780	25,841
Manufactures	38,611	35,256	29,890
Machinery	162,910	125,780	94,390
Miscellaneous	2,148,618	1,469,832	1,146,981
IMPORTS			
Grain, Flour, Starch and Seeds	219,043	144,839	101,886
Sugar, Confectionaries and Sweetmeats	31,348	26,151	15,798
Beverages, Comestibles and Tobaccos	51,955	56,168	54,436
Skins, Hairs, Bones, Horns, Tusks, Shells and Manufactures thereof			
Skins, Hairs, Bones, Horns, Tusks, Shells and	32,515	26,151	15,798
Manufactures thereof	161,770	106,231	81,614
Drugs, Chemicals, Medicines and Explosives	111,823	104,446	97,539
Oils, Fats, Waxes and Manufactures thereof			

	(In ¥ 1,000)	1929	1930	1931
Tissues, Yarns and Materials thereof:				
Of Cotton		584,283	369,665	316,746
Of Wool		140,783	99,506	108,944
Of Silk		4,555	4,244	2,973
Of Flax, Hemp, etc.		27,032	14,779	12,334
All others		13,487	9,307	9,862
Clothing and Accessories thereof		3,038	1,840	1,550
Paper, Paper Manufactures, Books and Pictures		31,313	27,341	27,383
Mineral and Manufactures thereof		68,448	55,902	42,096
Ores and Metals:				
Iron		179,119	112,563	60,807
All Other Metals		67,671	44,570	28,875
Metal Manufactures		22,639	16,056	12,139
Glass, Glass Manufactures & Clay Manufactures		9,734	8,163	6,113
Miscellaneous		247,046	182,327	138,999
Total		2,216,240	1,546,070	1,235,675
Grand Total Exports and Imports		4,364,853	3,015,923	2,382,656

Grand Total for 1928	4,168,270
Grand Total for 1927	4,171,471
Grand Total for 1926	4,422,212
Grand Total for 1925	4,878,247
Grand Total for 1924	4,260,437
Grand Total for 1923	3,429,981

Foreign Trade During The Year 1932

Foreign trade during 1932, excluding that of Chosen (Korea) and Taiwan (Formosa), reached a total value of ¥2,841,453,000, being made up of ¥1,409,992,000 of exports and ¥1,431,461,000 of imports. The excess of imports was ¥21,469,000. When compared with the returns for the preceding year, exports for 1932 showed an increase of ¥263,011,000, (22.9%), imports an increase of ¥195,788,000 (15.8%), and the total of exports and imports an increase of ¥458,799,000 (19.3%). The excess of imports thus indicated a decrease of ¥67,223,000 (75.8%).

Such measures as the increase in customs tariff, various trade restrictions and controls on foreign exchange, adopted by different countries along with the aggravation of the world economic depression, exerted an unfavourable influence upon the foreign trade of our country, which was further affected by the

boycott of our goods in all markets in China resulting from the outbreak of the Manchurian incident. The decline in the value of the yen, however, gave an impetus to our foreign trade, and despite the unfavourable conditions mentioned above, our merchandise was exported in large amounts to various parts of the world. Under the circumstances, an increase was shown, as against the preceding year, in the value of exports and imports, the balance of which also registered a notable improvement.

With respect to the value of exports and imports of gold and silver, excluding those of Chosen and Taiwan, we find that exports amounted to ¥121,378,000, imports to ¥140,000, and the excess of exports to ¥121,238,000. In comparison with the figures for the preceding year, those for 1932 represented a heavy decline.

Exports and imports during 1932, excluding those of Chosen and Taiwan were as follows:

EXPORTS AND IMPORTS OF MERCHANDISE

	(In ¥1,000)		Increase(+) or Decrease(-)
	1932	1931	
Exports	1,409,992	1,146,981	+ 263,011
Imports	1,431,461	1,285,673	+ 195,788
Total	2,841,453	2,882,654	+ 458,799
Excess of Imports	21,469	88,692	- 67,223

EXPORTS AND IMPORTS OF GOLD AND SILVER

	(In ¥1,000)		Increase(+) or Decrease(-)
	1932	1931	
Exports	121,378	421,400	- 300,022
Imports	140	11,177	- 11,037
Total	121,518	432,577	- 311,059
Excess of Exports	121,238	410,223	- 288,985

Export Trade

Taking advantage of the decline in the yen exchange, the export trade manifested greater activity during 1932. The export of such articles as cotton yarns, cotton tissues, raw silk, rayon tissues, silk tissues, and wheat flour showed an increase in value. In particular, the rate of increase in cotton yarns exported was 153.2% as against the preceding year. From a study of the principal articles of export, we find that cotton yarns increased from ¥8,511,000

of the preceding year to ¥21,547,000 in 1932, cotton tissues from ¥198,732,000 to ¥288,713,000, silk and rayon tissues from ¥82,766,000 to ¥110,828,000, and wheat flour from ¥9,517,000 to ¥20,539,000. The export of coal, paper, and machinery and parts thereof, however, showed a slight decline compared with the preceding year. Speaking geographically, we find that exports to all continents showed increases; especially those to Oceania, Africa, and Asia indicated greater increases. Principal exports are given below:

Items	(In ¥1,000)		Ratio to Exports of 1931 %
	1932	1931	
Raw silk	382,366	355,394	107.6
Cotton tissues	288,713	198,732	145.3
Silk and rayon tissues	110,828	82,766	133.9
Knitted goods	26,935	21,176	127.2
Potteries	22,937	19,307	118.8
Comestibles, in tin and bottle	22,774	18,948	120.2
Cotton yarns	21,547	8,511	253.2
Wheat flour	20,539	9,517	215.8
Toys	15,119	9,823	153.9
Iron manufactures	14,193	10,246	138.5
Paper	14,025	20,995	66.8
Coal	13,451	15,009	89.6
Lamps and parts thereof	12,754	7,784	163.8
Iron	12,278	7,410	165.7
Wood	11,329	9,954	113.8
Machinery and parts thereof	10,943	13,641	80.2

EXPORTS CLASSIFIED BY CONTINENTS

Continents	(In ¥1,000)		1931		Ratio to Exports of 1931
	1932	Ratio to Total Exports %	Value	Ratio to Total Exports %	
Asia	677,613	48.0	505,018	44.0	134.2
Europe	127,176	9.0	104,111	9.0	122.2
North America	459,096	32.6	442,167	38.6	103.8
South America	13,133	0.9	10,225	1.0	128.4
Africa	85,695	6.1	58,869	5.1	145.5
Oceania	47,279	3.4	26,591	2.3	177.8
Total	1,409,992	100.0	1,146,981	100.0	122.9

Import Trade

As in the case of exports, almost all articles of import, with the exception of only two or three articles such as coal, wood and oil cake, showed in 1932 an increase in value as against 1931. Greater activity in the seasonal import of raw materials, followed by the activity in the export trade resulting from the decline in the yen exchange, and the import made in anticipation of the increase in customs tariff combined to bring about an increase of 15.8%

in the total value of imports. In particular, the import of raw cotton increased from ¥296,273,000 of the preceding year to ¥477,401,000 in 1932, wheat from ¥32,936,000 to ¥49,572,000, iron from ¥48,027,000 to ¥65,075,000, and machinery from ¥50,910,000 to ¥60,573,000. Turning to imports from continents, we find that those from Europe, North America, Africa and Oceania indicated increases, but those from Asia and South America showed decreases compared with the preceding year.

Principal imports are given below:

Items	(In ¥1,000)		Ratio to Imports of 1931 %
	1932	1931	
Cotton in the seed and cotton ginned	477,401	296,273	161.1
Mineral oil	98,588	85,788	114.9
Wool	87,559	86,146	101.6
Iron	65,075	48,027	135.5
Machinery	60,573	50,910	119.0
Wheat	49,572	32,936	150.5
Beans and peas	42,070	37,349	112.6
Wood	35,029	43,379	80.8
Oil cake	34,599	44,349	78.0
Coal	27,358	28,259	96.8

IMPORTS CLASSIFIED BY CONTINENTS

Continents	(In ¥1,000)		1931		Ratio to Imports of 1931
	1932	Ratio to Total Imports %	Value	Ratio to Total Imports %	
Asia	450,911	31.6	493,953	40.0	91.3
Europe	225,261	15.7	199,749	16.2	112.8
North America	550,057	38.4	378,190	30.6	145.4

Year	Norwegian		United States of America		Other Countries		Total	
	No.	Tons	No.	Tons	No.	Tons	No.	Tons
1928	—	—	—	—	—	—	82	11,787
1929	—	—	1	246	—	—	89	12,040
1930	—	—	—	—	—	—	61	6,818
1931	—	—	—	—	1	311	43	4,824
1932	—	—	—	—	3	95	25	3,154

Important Foreign Trade Countries

Great Britain Early in Meiji Great Britain, China, the United States and France were the most important countries for Japan's export trade. In the import trade Great Britain, China, France and the United States were the principal countries, in that order. With a rapid gain in the export of raw silk in 1879, the importance of export countries was changed to the United States, China, France and Great Britain, although no change was noted in their precedence as import countries. A change came over the precedence in import countries in 1893 and India became the largest exporting country to Japan, being followed by Great Britain, the United States and China in that order. This was due to the rapid growth of the Japanese spinning industry, for which Indian cotton was needed. The trade with Egypt began in 1898, when Egyptian cotton was imported. During the World War a great increase was made in exports to the Dutch East Indies, Hongkong and the Straits Settlements.

The U. S. A. America's economic condition and her financial and tariff policy have a direct bearing on Japan's export trade and domestic economy, for Japan's trade with the United States is far in excess of that with any other country, the total trade in normal years being about 3 times as great as that of the next most important country, China. The close Japan-American trade re-

lations trace back to the visit of Commodore Matthew Perry to Japan in the 6th year of Ka'ei, 1853. In the early stage the trade volume was less than that with Great Britain and France, but in 1879 Japan's exports to that country gained to more than ¥10,000,000, and America became Japan's largest customer, a position she has since retained. In 1904 Japan's exports to America reached the ¥100,000,000 mark; in 1915 they amounted to ¥204,000,000 and in 1919 to ¥828,000,000, and the record amount was ¥1,006,000,000 in 1925. In the following year the amount went off to ¥860,000,000, but this, as compared with the exports of ¥4,000,000 in 1874, was an increase by 215 times and was 40 per cent. of Japan's total trade volume. Raw silk, silk textiles, refined tea, straw-braid, fancy mats and porcelain have been the principal exports from the very beginning. Imports from America increased in consonance with exports. In 1874 the value of imports was just over ¥1,000,000, this, by 1905 had advanced to ¥100,000,000, and in 1920 the amount set an all-time record of ¥873,000,000. The 1926 figure of ¥680,000,000 was 680 times the 1874 trade volume and was 26 per cent. of Japan's total import value of that year. Imports from America consist of raw cotton, kerosene oil, wheat, machinery and iron. The most unique feature of the Japan-American trade is that the trade balance was continuously in favour of Japan. In the last 60 years of trade relations, all but

1900, 1905, 1918, 1920, 1921 & 1932 saw an excess of exports over imports in favour of Japan.

China Japan entered into formal trade relations with China in 1873. Like Japan's trade with other countries, Japan's trade with that country made distinct development with the Sino-Japanese War, Russo-Japanese War and World War. Exports, which in 1873 amounted to only ¥4,786,000, went up to as high as ¥10,000,000 in each of the years 1887 and 1888. These years, however, were exceptional. The amount declined to ¥5,000,000 in 1889, but again advanced to the former level of ¥10,000,000 in 1896 and further to ¥117,000,000 in 1906 following the Russo-Japanese War. The largest amount, ¥597,000,000 was reached in 1919. In 1926 the amount still showed a total of ¥521,000,000, which meant 109 times the 1873 amount. The chief exports to China consist of marine products, spun silk, copper, cotton cloth, matches and sundry articles. Imports for 1873 from China amounted to ¥9,881,000; in 1907

the amount reached ¥60,000,000; and the all-time record amount was ¥484,000,000 in 1919. The 1926 figure of ¥396,000,000 meant 40 times the 1873 figure. Imports from China were kaoliang, beans, wild silk, raw cotton, wool, hides, ores and others. China supplies mostly raw materials to Japan who in return supplies manufactured goods. Japan's trade with China for 1931 experienced its worst set-back in recent years through the vigorous anti-Japanese movement following the outbreak of the Manchurian and Shanghai incidents. Exports for the year showed a remarkable drop of ¥145,240,000 to ¥258,046,000 from 1930 and imports fell by ¥47,349,000 to ¥236,261,000. The excess of exports for 1931 totalled only ¥21,785,000, falling ¥97,886,000 from the year before, as follows (Kwantung and Hongkong included):

	(In ¥1,000)		
	Exports	Imports	Excess of exports over imports
1928	539,535	386,109	153,426
1929	532,162	376,905	155,257
1930	403,286	283,610	119,671
1931	258,046	236,261	21,785

VALUE OF CHIEF COMMODITIES EXPORTED TO VARIOUS COUNTRIES

	(In ¥1,000)				
	1928	1929	1930	1931	1932
Rice					
Kwantung Province	175	181	1,015	1,119	175
Asiatic Russia	232	155	743	382	457
United States of America	160	125	92	233	76
Canada	516	481	411	458	397
Hawaii	118	78	81	107	56
Other Countries	77	74	4,227	13,578	3,623
Total	1,278	1,094	6,570	15,879	4,786
Tea					
Kwantung Province	124	151	161	137	165
United States of America	9,288	8,125	6,366	5,274	4,752
Canada	1,468	1,531	802	675	671
Hawaii	76	84	64	56	48
Other Countries	892	2,137	992	2,088	2,535
Total	11,848	12,028	8,337	8,232	8,173
Beans & peas					
Great Britain	4,889	5,420	2,335	2,874	4,521
United States of America	3,010	6,345	3,258	831	131
Canada	329	449	270	32	30
Hawaii	271	260	241	145	116
Other Countries	1,901	2,137	1,138	1,196	1,105
Total	10,400	14,611	7,225	5,080	5,905
Aquatic products					
Manchoukuo	—	—	—	—	119