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the Japanese delegation and Mr. KAYA was with us as an attendant from the Finance Ministry. In the course of his duties in this connection Mr. KAYA worded out many figures to demonstrate how, when the disarmament treaty is concluded, our naval expenditures necessary in building and maintaining battleships would be cut down; and how the anticipated increase of our naval expenditures could be prevented. His purpose in so doing was to encourage the Japanese delegation to reach an agreement on Naval limitations; he made clear to them how effective and important the conclusion of the treaty was for the lightening of the burden of the treasury and the people and enthusiastically pleaded with the delegation and attendants for the necessity of bringing the Treaty into being.

3. I served as Chief of the Naval Affairs Bureau of the Navy Ministry from December 1923 to March 1927; as Chief, Naval Technical Dept. from February 1929 to June 1930; and as Vice Navy Minister from June 1930 to November 1931. During this time, when necessary, I negotiated personally with the Finance Ministry officials concerned.

Mr. KAYA was giving most careful attention and study. During this period to the War and Navy budgets and was exerting every effort to cut them or check their increase as far as possible.

4. Hailing from the same province as myself, Mr. KAYA had been an intimate friend of mine. In May, 1938, I, who was then the Governor-General of Formosa, came to Tokyo and called on Mr. KAYA, the then Finance Minister, at his official residence to talk with him on the budget for the Government-General of Formosa.

After having carefully listened to my explanation on the budget scheme, he said to me in a serious tone that he understood my point put as he was going to resign his post as Finance Minister that day he would transfer my business to his successor.

It was quite a revelation to me. So I asked him the reason. He answered in substance that when last summer the so-called China Incident broke out at Lukouchiao the Government promptly decided upon a policy of "non-expansion and settlement of the incident on the spot."

Ir compliance with this Government policy, he said, he endeavored to minimize the military appropriations for the incident, and had taken only temporary, emergency measures in the matter of source of revenues to cover those appropriations. But contrary to their wishes, the incident spread wider and wider with the consequent increase in the military appropriations which the present temporizing revenue measure was incapable of meeting. It would become inevitable to

Def. Doc. # 2118 impose a heavy burden upon the people. The thought, he said, was unbearable to him. Moreover, as the incident spread there seemed to grow in the influencial circle an atmosphere of dissatisfaction 1 with him as Finance Minister, so he made up his mind to resign. 5. On 18 October 1941 the TOJO Cabinet was formed and Mr. KAYA was appointed Finance Minister. On the day following his appointment he came to talk to me. Since the Japanese-American problem had become the subject of much discussion I inquired of Mr. KAYA, in the course of this conversation, how he came to enter the TOJO Cabinet. In reply there-to he stated: "If the TOJO Cabinet is all-out for war of course, I would not have accepted a seat in it. Since that was a matter of utmost concern for me, when I was asked to join his Cabinet the first thing I questioned him was about this. He answered that the U.S.-Japanese negotiations would be continued and that he was resolved to do his best to arrive at an understanding, so I came to accept his offer." I also recall that in the course of this conversation with Mr. KAYA he expressed his desire to bring the U.S.-Japanese negotiations to a peaceful conclusion by all means.

On this 12 day of August, 1947
At Ichigaya, Tokyo

DEPONENT KOBAYASEII, Seizo (seal)

I, Kobayashi, Yoshio, hereby certify that the above statement was sworn by the Deponent, who affixed his signature and seal thereto in the presence of this witness.

On the same date

witness: (signed) TAKANU, Tsuruo (seal)

HTAU

In accordance with my conscience I swear to tell the whole truth withhoding nothing and adding nothing.

KOBAYASHI, Seizo (seal)