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February 16th, 8th year of Showa (1933), (Thursday).
Opened at 1:20 p. m.

(TAKAHASHI, Korekiyo, State Minister, appears on the platform.)

State Minister (Mr. TAKAHASHI, Korekiyo)--

Concerning the Foreign Exchange Control Bill which has come up for discussion now, I would like to explain the reasons for its presentation. Japan's foreign exchange rate gradually declined since the enforcement of the second gold embargo towards the end of the year before last, and finally dropped, in November last year as low as \$20 against the United States. In view of Japan's present international financial balance, such a decline as this of our foreign exchange rate cannot be called normal at all. This is merely a kind of full market founded chiefly on the general uneasiness coming both out of the present unstable international relations and the feared inflation of currency. Suppose no counter measures had been taken and each

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individual had been allowed to indulge in his own way of declination and fluctuation of our exchange rate would have been much greater than what it is now on account of the possible flight of our capital into foreign countries and the domestic and foreign speculations on the "Yen". Fortunately, the Capital Flight Prevention Law, which has been enforced since July^{last year} by the approval of the 62nd Session of the Diet, has proved quite effective. I believe it has been quite fortunate for Japan that the evil influences, which could be caused by the outflow of capital from our country, could have been checked at such a stage as we see them today. However, the above Capital Flight Preventive Law chiefly aims at preventing capital from escaping into foreign countries, especially the outflow of our capital in the form of purchases of foreign currencies and foreign currency securities outside of Japan, and keeps itself as much out of the way as possible of the normal course of our foreign trade. Therefore, there are not a few points in this Law that are inconvenient from the viewpoint of checking speculative dealings in exchange business and effectively preventing capital from escaping out of our country. Moreover, when we look at the present international financial conditions, we find that most countries are practising exchange control or trade control, and are taking various measures in order to raise customs duties, and in this way each country is

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jealously protecting her own economy and domestic industries. Thus, the future development of the world situation is beyond our prediction. We must expect that there will arise the necessity in the near future also for our country to take some definite measures meet the changing economic conditions of the world. For the reasons above-mentioned, the Government has presented this bill to the Diet, in order to obtain a right to issue ordinances for the purpose of exercising adequate control over all phases of foreign exchange according to the development of the national as well as international situations. With regardings to gold export, the existing Finance Ministry Ordinance and other orders are not satisfactory in their effective control, therefore, we have incorporated new regulations in this bill so that a way may be opened for the Government to deal severely with offenders. I earnestly hope that you will be good enough to approve this Bill.