

Translated

by K. SÔMA

Checked by [unclear]

ISHIBASHI, Tanzan

No. 56 KURUMAZAKA-CHO, SHITA-

YAKU, TOKYO

Born: Sept. 25 1884

1902 mar ^{graduated from} Finished the First Middle

School of YAMANASHI Pre-

fecture

1904 Jul ^{Graduated from} Finished the Higher Prepa-

ratory Course of WASEDA

University

1907 Jul Graduated from the

Philosophical Course,

Literature Dept., WASEDA

University;

Stayed at the Research ²
Course of the same university
until November 1908 as
a scholarship student
" Dec Given certificate ~~for~~ ^{as}
secondary school teacher
in the courses of morals
and education

1908 Dec Entered the TOKYO MAINICHI
SHIMBUN

1909 Dec Entered the Third Infant-
ry Regiment as one-year
volunteer

1911 Jan Entered the Oriental Econo-
mic News ~~Company~~ ^{Company}

1913 Jan. Appointed 2nd lieutenant,
infantry

" Mar 20 Conferred the 8th Court
Rank, Senior Grade

1924 Nov ~~Entrusted~~ ^{Became} lecturer
of the Higher Technical School
of YOKOHAMA

" Dec Appointed managing
director and chief editor
of the Oriental Economic
News Company Ltd and
remained in the said
posts

/ T.N. No items mentioned
from 1924 to 1935 /

1935 Sep 18 Appointed ^{Technical} Special Commissioner
of the Research Bureau of Cabinet
(Cabinet)

1936 Sep 18 Appointed temporary member
of the Control Committee (Cabinet)

1939 May 14 The office of the ^{Technical} Special
Commissioner of the Research
Bureau of Cabinet was abolished
by Imperial Ordinance No
192 of 1939

" Jul 1 Appointed councillor of the
Planning Board (Cabinet)

" Oct 25 The office of the councillor
of the Planning Board was
abolished by Imperial Ordi-
nance No. 605 of 1939.

1938 Apr 22 Appointed member of the
Central Price Committee
(Cabinet)

" May 19 Appointed Commissioner of the
Planning Board (Cabinet)

" Jun 6 Appointed member of the
National Saving Encourage-
ment Committee (Cabinet)

This office was abolished
by Imperial Ordinance
No. 613 of Dec. 24 1946.

" Oct 29 Appointed temporary
member of the Control
Committee (Cabinet)

1939 Jan 19 Appointed ^{Technical} special
Commissioner of the Commerce

6
And Industry Ministry (Cabinet)

" Jul 22 Appointed member of the
Small and Medium Industries
Investigation Committee
(Cabinet)

1940 Apr 6 Appointed member of the
Central Price Formation Com-
mittee (Cabinet)

1942 Jun 10 Appointed commissioner
of the Finance Ministry
(Cabinet)

1943 Mar 26 Appointed member of the
Valuable Securities Trans-
action Committee (Cabinet)

1943 Jun 9 The ~~Duty~~^{as} of the Commissioner
of the Finance Ministry is to
be continued for the time being
by Imperial Ordinance No. 482.

" Jul 1. Appointed Commissioner of the
Finance Ministry

1945 May 7 Appointed member of the
Committee for Special Mea-
sures of ~~Collecting~~^{inducing} Funds
(Cabinet)

" May 15 Appointed ^{Technical} ad hoc
~~Commissioner~~
member of the Wartime
Price Investigation Committee
(Cabinet)

1945 Jun 16 Appointed administrator
and Commissioner of the
Finance Ministry (Cabinet)

1945 Nov 17 Appointed councillor of the
Commerce and Industry
Ministry (Cabinet)

1945 Dec 21 Appointed member of
the Valuable Security Trans-
action Committee (Cabinet)

1946 Feb 8 Appointed member of
the Central Enterprise
Intelligence Investigation
Committee (Cabinet)

1946 Apr 12 Appointed councillor
of the Central Liaison Office
(Cabinet)

1946 May 22. Appointed Finance
Minister (Cabinet)

1946 May 22. Granted the 4th Grade
Salary (Cabinet)

" Jun 14 Relieved of ^{duty} position as
Councillor of the Central
Liaison Office (Cabinet)

" Jul 6 Relieved of ^{duty} position as mem-
ber of the Valuable Security
Transaction Committee at
own request (Cabinet);

Relieved of ^{duty} position as member
of the National Saving En-
couraging Committee (Cabinet)
at ^{his} own request

Relieved of ~~position~~^{date} as member

of the Committee for ^{Inducing} Collecting Funds: Special Measures of

at vown request (Cabinet)

1946 Oct 29 Appointed Chairman of the Restriction Finance

Bank (Cabinet)) the Committee for Establishment of

1947 Jan 31 Appointed Executive Secretary -

General of the Economic Stabilization Headquarters

Appointed director of the Price Board (Cabinet)

1947 Feb 5 Appointed member of the Central Economic Reconstruction Arrangement Committee

(Cabinet)

1947 Feb 19. Relieved of ^{duties} ~~responsibility~~

as chairman of the Committee
for Establishment of the Restoration
Finance Bank (Cabinet)

duty as Executive-Commissioner

1947 Mar 20. Relieved of ~~Commissioner~~

general of the Economic Stabilization Headquarters,

Relieved of ~~position~~^{duty} as director of the Price Board

(Cabinet) ~~provision~~

1947 Apr 9 According to the Regu-
lation of the Salary Investi-
gation Committee ~~officials~~
in Art. III, Paragraph 2 of the Regulations

~~Art. III, Paragraph 2~~ the

state minister is appoin-
ted as the ~~chief~~^{chairman} of the

the Committee (Cabinet)

~~Resubmitted to the constitution~~

1947 May 24 Cancelled by Consti-
tution Art 103 ;

1947 May 16. Mentioned as applicable to
~~Came under~~ the Memo-
randum by ^{Art I of the} Imperial
Ordinance No. 109, Art.

of 1946

Page

getting natural resources needed by Japan, would restore normal commerce between Japan and the United States, and would use its good offices to bring about direct negotiations between Japan and the Chungking Government and would recognize Japan's special position in Indo China even after withdrawal of Japanese troops.

DIRECT EXAMINATION OF ISHIBASHI, Tansan
by Mr. Logan.

25,413

The witness stated he lived in Tokyo. He identified Defense document #1762 as his affidavit and verified it. This affidavit was rejected.

25,420
25,421

He identified * Exhibit 2841 as another affidavit and verified it. The second affidavit stated * that in 1908 the witness worked on the editorial staff of The Tokyo Mainichi Newspaper Publishing Co. and in 1911 worked on the editorial staff of the TOYOKEIZAI SHINPO PUB.CO. which supplied the educated classes of the Japanese people with correct knowledge of economics and up to date information on world topics. It publishes economic periodicals and books on economic subjects and various statistical books.

25,423

In 1914 the witness became Chief of the Editorial staff and in 1925 became its president. He continued with it until May, 1946.

In July 1931 he organized the Keizai Club (Economic Club) in Tokyo and various other cities by getting together the leading business men of each city for the purpose of their joint study of economic questions.

25,424

From April 1925 to July 1932 he lectured on economics at the Yokohama Industrial College. In 1943 he founded the Financial Institute. * In 1934 he started an English Magazine, the Oriental Economist of which he was editor-in-chief. Since 1935 he had held 21 different memberships in various committees and councils in the cabinet, Finance Office and Commerce and Industry Office of the Japanese Government.

In May 1946 he became Finance Minister in the YOSHIDA

NARRATIVE SUMMARY OF THE RECORD

August 11, 1947

DEFENSE -DIVISION V- PACIFIC

Economic Pressure

Page 3862

Page

Cabinet. In 1947 he was appointed managing head of the Economic Stabilization Office and head of the Prices Board and on March 20, 1947 resigned from these offices. He resigned as Finance Minister on May 24, 1947.

25,426

*He stated that Japan experienced a period of severe deflation from 1929 to 1931 due to the policy adopted for the purpose of restoring the gold standard. The government since 1929 did everything to cut down financial expenditures. They hoped to reduce prices of commodities to cope with the world-wide depression and make Japan's foreign trade properly balanced.

25,427

This however precipitated Japan's economy into extreme difficulties giving rise to political dangers. With the suspension of the gold standard in Great Britain in September 1931 it was clear that Japan could not continue the deflation policy. In December the Cabinet was changed and the INUKAI cabinet immediately suspended the gold standard * and attempted to depart from the old policy.

The policy followed after 1932 was the so-called "reflation policy". This term being unknown it was called an inflation policy. The government increased financial expenditures with the fiscal year 1932 and encouraged more demand for goods and labor and tried to reach full employment. Prices accordingly rose and business improved. As the government permitted at the same time a fall of exchange rate, the export of goods was made easier and thus brought about greater demand for goods and labor.

25,428

The government expenditures increased after 1932 and expanded to Y 2,255,000,000 in 1933. Until 1936, the year before the outbreak of the China Incident * there was hardly any increase in expenditures and even some decrease was witnessed both in 1934 and in 1935. This was due to the fact that the objective of "reflation" had been accomplished. It also indicated that Japan intended to maintain peaceful relations with other countries.

The fact that the financial expansion from 1920 to 1928 was Y 455,000,000 as against almost the equal amount of Y467,000,000 for the period from 1928 to 1936, shows that it was no abnormal phenomenon but was aimed at "reflation".

NARRATIVE SUMMARY OF THE RECORD
 August 11, 1947
 DEFENSE- DIVISION V Pacific
 Economic Pressure

Page

After July 1937 there was a complete change in the financial state of affairs. It was no longer aimed at reflation but was based on a state of de facto war. The Emergency Military Special Account was established and financial expenditures rapidly expanded.

25,429 The Japanese military expenditures were Y 731,000,000 in 1921, and decreased annually until it dropped to Y434,000,000 in * 1926. There was a little increase but the figure for 1931 was no more than Y455,000,000. The Naval Disarmament Conference and the deflation policy all contributed to this reduction.

These ten years were the era of disarmament...as is seen clearly in the reduction of the extraordinary expenditures of the army and navy because replenishment or expansion of armaments would depend on such expenditures.

The Army extraordinary expenditures decreased year by year from 120,000,000 yen in 1919 to 27,000,000 yen in 1924. It increased a little thereafter but dropped down to 26 million yen in 1930.

The Navy extraordinary expenditures which were 343 million yen for 1921 decreased to 107 million yen for 1925. While it showed a slight increase thereafter, after 1928 it dropped down to 88 million yen for 1931.

In September 1931 when the Manchurian Incident occurred, both the army and navy extraordinary expenditures were smaller than those for 1928. For the fiscal year 1928 and 1929 it was 517 and 495 million yen respectively while it was 455 million yen for 1931.

25,431 Beginning with 1932 and up to 1940 the Army and Navy extraordinary expenditures showed some gradual expansion. The Army extraordinary expenditures increased from 225 million yen in 1932 to 319 million yen in 1936 and that of the navy from 172 million yen to 331 million yen. However, in judging the increase of the Army expenditures, movements of the military must be considered. The Navy extraordinary expenditures for 1936 were 331 million yen.* The Army and Navy extraordinary expenditures did not witness a very rapid increase even after the China Incident of 1937. In 1938 the army expenditures decreased to 357 million yen while the Navy came up to 764 million yen in 1940.

NARRATIVE SUMMARY OF THE RECORD
August 11, 1947
DEFENSE - DIVISION V Pacific
Economic Pressure

Page 3864

Page

The Emergency Military Special Account did not have a rapid increase until 1940 although established in 1937. The army expenses went up to 1,829,000,000 yen in 1938 which was the largest amount it attained before the Pacific War and from this decreased to 1,347,000,000 yen in 1940. The Navy showed a decrease in 1939 from 668 million yen from 1938 which was the largest amount it attained before the Pacific War. There was some increase in 1940 but only to the extent of 794 million yen.

After 1941 the arms expenses for both the Army and Navy suddenly jumped to such a great amount as could not be compared to those of 1940. The same great expansion is also indicated by the changes in the total of military expenditures since 1941. It can be seen that both the Army and Navy of Japan began their armament expansion with the outbreak of the Pacific War.

There was no cross-examination.

12 Aug 1947

MEMORANDUM FOR: Mr. Sutton; Lt. Steiner
FROM : EDWARD P. MONAGHAN, Chief,
Investigative Division, IPS
SUBJECT : Defense Witness

1. Please find attached hereto list of material available on the following witness and/or witnesses.

DEFENDANT

General

WITNESS

ISHIBASHI, Tanzan

LIST OF MATERIAL AVAILABLE

Curriculum Vitae

2. Please acknowledge receipt of this memorandum by initialling and returning attached carbon copy to this office, Room 300.

Incl
(Described above)

EDWARD P. MONAGHAN

12 Aug 1947

MEMORANDUM FOR: **Mr. Sutton; Lt. Steiner**

FROM : EDWARD P. MONAGHAN, Chief,
Investigative Division, IPS

SUBJECT : Defense Witness

1. Please find attached hereto list of material available on the following witness and/or witnesses:

DEFENDANT

General

WITNESS

ISHIBASHI, Tansan

LIST OF MATERIAL AVAILABLE

Curriculum Vitae

2. Please acknowledge receipt of this memorandum by initialling and returning attached carbon copy to this office, Room 300.

Incl
(Described above)

EDWARD P. MONAGHAN

CURRICULUM VITAE

ISHIBASHI, Tanzan

No. 56 KURUMAZAKA-CHO, SHITAYAKU, TOKYO.

Born: Sept. 25 1884

- 1902 Mar Graduated from the First Middle School of YAMANASHI Prefecture.
- 1904 Jul Graduated from the Higher Preparatory Course of WASEDA University.
- 1907 Jul Graduated from the Philosophical Course, Literature Dept., WASEDA University;
Stayed at the Research Course of the same University until November 1908 as a scholarship student.
- " Dec Given certificate as secondary school teacher in the courses of morals and education.
- 1908 Dec Entered the TOKYO MAINICHI SHIMBUN.
- 1906 Dec Entered the Third Infantry Regiment as one-year Volunteer.
- 1911 Jan Entered the Oriental Economic News Company.
- 1913 Jan Appointed 2nd lieutenant, infantry.
- " Mar 20 Conferred the 8th Court Rank, Senior Grade.
- 1924 Nov Became lecturer of the Higher Technical School of Yokohama.
- " Dec Appointed managing director and chief editor of the Oriental Economic News Company Ltd. and remained in the said posts.
/T.N. No items mentioned from 1924 to 1935/
- 1935 Sep 18 Appointed Technical commissioner of the Research Bureau of Cabinet (Cabinet)
- 1936 Sep 18 Appointed temporary member of the Control Committee. (Cabinet)
- 1937 May 14 The Office of the Technical Commissioner of the Research. Bureau of Cabinet was abolished by Imperial Ordinance No. 192 of 1937.

- 1937 Jul 1 Appointed councillor of the Planning Board. (Cabinet)
- " Oct 25 The office of the councillor of the Planning Board was abolished by Imperial Ordinance No. 605 of 1937.
- 1938 Apr 22 Appointed member of the Central Price Committee. (Cabinet)
- " May 19 Appointed commissioner of the Planning Board. (Cabinet)
- " Jun 6 Appointed member of the National Saving Encouragement Committee. (Cabinet)
This office was abolished by Imperial Ordinance No. 613 of Dec. 24 1946.
- " Oct 29 Appointed temporary member of the Control Committee. (Cabinet)
- 1939 Jan 19 Appointed Technical Commissioner of the Commerce and Industry Ministry. (Cabinet)
- " Jul 22 Appointed member of the Small and Medium Industries Investigation Committee. (Cabinet)
- 1940 Apr 6 Appointed member of the Central Price Formation Committee. (Cabinet)
- 1942 Jun 10 Appointed commissioner of the Finance Ministry. (Cabinet)
- 1943 Mar 26 Appointed member of the Securities Transaction Committee. (Cabinet)
- " Jun 9 Duty as the commissioner of the Finance Ministry is to be continued for the time being by Imperial Ordinance No. 482.
- " Jul 1 Appointed commissioner of the Finance Ministry.
- 1945 May 7 Appointed member of the Committee for Special Measures of inducing Funds. (Cabinet)
- " May 15 Appointed Technical Commissioner of the War-time-Price Investigation Committee. (Cabinet)
- " Jun 16 Appointed administration Commissioner of the Finance Ministry. (Cabinet)
- " Nov 17 Appointed councillor of the Commerce and Industry Ministry. (Cabinet)
- " Dec 21 Appointed member of the Security Transaction Committee. (Cabinet)

- 1946 Feb 8 Appointed member of the Central Enterprise Intendence Investigation Committee (Cabinet)
- " Apr 12 Appointed councillor of the Central Liaison Office. (Cabinet)
- " May 22 Appointed Finance Minister (Cabinet)
- " May 22 Granted the 4th Grade Salary. (Cabinet)
- " Jun 14 Relieved of duty as councillor of the Central Liaison Office. (Cabinet)
- " Jul 6 Relieved of duty as member of the Security Transaction Committee at his own request. (Cabinet);
Relieved of duty as member of the National Saving Encouraging Committee at his own request. (Cabinet)
Relieved of duty as member of the Committee for Special measures of Inducing Funds. at his own request. (Cabinet)
- " Oct 29 Appointed chairman of the Committee for Establishment of the Restriction Financing Bank. (Cabinet)
- 1947 Jan 31 Appointed Executive General of the Economic Stabilization Headquarters;
Appointed director of the Price Board. (Cabinet)
- 1" Feb 5 Appointed member of the Central Economic Resonstruction Arrangement Committee. (Cabinet)
- " Feb 19 Relieved of duty as chairman of the Committee for Establishment of the Restoration Finance Bank. (Cabinet)
- " Mar 20 Relieved of duty as Executive General of the Economic Stabilization Headquarters;
Relieved of duty as director of the Price Board. (Cabinet)
- " Apr 9 According to the provision in Art III Paragraph 2 of the Regulation of the Salary Investigation Committee, the state minister is appointed as the Vice-chairman of the Committee. (Cabinet)
- " May 24 Cancelled by as stiputation in Constitution Art 103;
- " " 16 Mentioned as applicable to the Memorandum by Art I of the Imperial Ordinance No. 109, of 1946.

GENERAL HEADQUARTERS
SUPREME COMMANDER FOR THE ALLIED POWERS
INTERNATIONAL PROSECUTION SECTION

7 August 1947

MEMORANDUM TO: Mr. Frank S. Tavenner, Jr.
FROM : Mr. D. N. Sutton
SUBJECT : Affidavit of ISHIBASHI, Tanzan, Def. Doc. 1762
and 1762A.

The original affidavit, Def. Doc. 1762, comprises 27 pages. To it there is attached as an exhibit an excerpt from the New York Times of 7 March 1947 giving a report of President Truman's address on foreign economic policy in which he referred to the Hawley-Smoot Tariff Bill, the Ottawa conference and the economic struggles of the early 1930's and contains the statement, "Certainly nobody won the last economic war." This is obviously irrelevant.

The first 4 pages of the affidavit give the background of the witness, the various studies which he had made and published in the field of economics and show him as editor from 1934 of the Oriental Economist and as having held twenty-one different memberships on committees and councils in the Cabinet, Finance Office and Commerce and Industry Office of the government and the fact that he was Finance Minister in the YOSHIDA Cabinet, May 1946 to May 1947.

The following subjects are then treated in the affidavit:

- I. Overpopulation and food shortage - pp 5-6. This gives the density of population, amount of arable land in Japan, the proportion of agricultural population to the total population compared with that of other countries and the fact that Japan didn't raise sufficient foodstuffs to sustain its population. Seven tables are referred to as being attached. None were served with the affidavit. This section of the affidavit contains well known facts as to most of which, if pertinent, the Court would take judicial notice.

II. Steps taken by Japan to cope with these difficulties
- pp 7-8.

- A. Efforts to expand area of arable land and increase present unit yield.
- B. Encouraged agricultural development in Korea and Formosa.
- C. Encouraged emigration--the policy proved a failure.
- D. Encouraged domestic industrialization and foreign trade.

Four additional tables are referred to in this section of the affidavit as well as reference made to the previous tables, none of which are attached.

III. Industrialization of Japan - pp 9-12. The development of the industrialization of Japan from 1909 to 1938 is traced together with the kinds of industries developed and in what proportion. Principle among these are the textile industries, metal industries, machine and tool industries and chemical industries. It shows that the industrialization developed rapidly until 1919 and very slowly between 1919 and 1931 and then with increasing speed.

IV. Growth in trade - pp 13-16. This outlines the export trade of Japan since 1899. There are several tables referred to in this section which are not attached to the affidavit. It recites that most of the exports of Japan belonged to consumer goods and names numerous articles giving the amount exported in different years.

V. Foreign pressure on Japanese goods - pp 17-26. Japan's exports, especially after 1931, created a problem in the world because of world-wide depression. It outlines the actions taken by the different nations which effected Japan's goods in the world markets.

- A. Abrogation by British India by the Japanese-India Commercial Treaty, April 1933. This was corrected by the new treaty concluded July 1934.
- B. Disruption of Anglo-Japanese cotton industry conference in 1934.

- C. Prohibitive Canadian dumping tariff, 1935. This situation adjusted by the two countries in January 1936.
- D. Raising of tariff rates and the import license system by Australia, 1936. Settled by compromise at the end of the year.
- E. Restrictions placed on imports and importers by the Netherlands East Indies, 1933 and 1934. Adjusted by compromise in 1937.
- F. United States trade policy, 1930-1933, mentioning the Smoot-Hawley Tariff, the flexibility of the custom laws of 1932, suspension of the gold standard in 1933, and the authority vested in the President to adjust tariff rates in 1934.
- G. Trade policy of Central and South America. Again reference is made to certain tables not filed with the affidavit showing trade between Japan and Asiatic markets.

Conclusion

The conclusion is then drawn that Japan was pressed into such a distressing state that it had to take measures to repeal serious financial and political insecurity and for that reason advocated the creation of the Japanese-Manchurian-Chinese economic block and later the establishment of the Greater East Asia Co-Prosperity sphere. When in 1941 the United States froze Japan's assets and the other countries did likewise, Japan suffered an almost complete economic blockade and her industries as well as her very existence were threatened.

Second Affidavit -- Def. Doc. 1762A

This outlines Japan's expenditures for the army and navy as contrasted with its total expenditures subsequent to 1921. There are three tables attached (a) showing annual expenditures of the Japanese government, general account and emergency military special account from 1920 to 1941, (b) list of annual military expenses, War Ministry, Navy Ministry and emergency for the years 1912 through 1944, and (c) arms expenditure out of the emergency military special account by the War Ministry and the Navy Ministry and the Munitions Ministry for the years 1937 to 1944.

Conclusion

That the army and navy of Japan began their armament expansion with the outbreak of the Pacific war in the manner of "After death, the doctor."

Comment

1. Objection should be made to the attached reference to President Truman's speech.

2. The twenty tables referred to in the two affidavits should be produced.

3. Most of the affidavit is objectionable as wholly immaterial to the issues in this case. As a substantial portion of it is directly in the teeth of the recent rulings of the Court covering the type of evidence admissible in the economic phase.

D. N. SUTTON
Assistant Counsel

Opposition to expansion of military expenditures 1929-1936
and their fate:

Finance Ministers:

INOUE, Junnosuke	July 1929 - Dec. 1931	Killed Feb. 1932
TAKAHASHI, Korekiyo	Dec. 1931 - Feb. 1936	Killed Feb. 1936

Members:

HAMAGUCHI, Osachi	July 1929 - March 1931	Shot at in Hiro, died 1931
WAKATSUKI, Reijiro		
INUKAI, Tsuyoshi	Dec. 1931 - May 1932	Killed May 1932
SAITO, Makoto	May 1932 - July 1934	Killed Feb 1936
OKADA, Keisuke	July 1934 - Feb 1936	Attempted assassination Feb 1936

Defendants as Cabinet members in Cabinets before creation of emergency military
special account:

1929-1932 : 1

1932-1934 : 2

1934-1936 : 1

For several 'Ishiposki' affidavits (1762A)

Table 17

LIST showing increase and decrease of the exports
for Asia after 1937.

(Unit: ¥ 1,000.-)

	1937	1939	
Manchuria	216,092	535,681	+ 955,344
Kwantung pro.	395,916	755,343	
China	179,251	455,479	
Honkong	49,150	30,573	
French Indo-China	4,624	1,981	
Thailand	49,302	26,024	
British Malay	3,866	2,004	
Strait Settlement	67,433	20,426	
India	299,367	210,995	- 281,494
Ceylon	13,356	14,544	
Iran	2,650	19,324	
Iraq	25,644	24,544	
Philippine	30,348	24,722	
B. Borneo	1,041	959	
D. Borneo	200,051	157,302	
Other	74,468	55,554	
Total	1,645,915	2,320,265	+ 674,350

Sources: Toyō Keizan Statistical Year Book, No. 24



Table 16-B

Import	Asia	Europe	N. America	C. America	S. America
1899	93,379	78,046	38,597	---	2
1909	162,640	148,079	55,126	---	1,620
1919	1,074,375	162,969	773,459	---	18,133
1931	493,952	199,743	378,002	138	7,097
1937	1,295,114	504,001	1,374,252	18,765	162,611
1939	1,181,001	309,935	1,128,415	3,481	115,730

(Import)	Africa	Oscenia	Total
(1899)	939	1,714	215,425
(1909)	5,463	3,379	330,059
(1919)	16,004	66,409	2,173,459
(1931)	13,567	117,402	1,235,672
(1937)	206,305	222,129	3,733,177
(1939)	92,733	86,317	2,917,666

Sources: Same as table 16-A.

Notes: Imports from Central America for 1899 and 1909 respectively is under ¥ 1,000. Imports for 1919 from the same area is included in that from N. America.



Def Doc No. 1762

Table 16-A.

LIST showing the amounts of export & import by district.

Export	Asia	Europe	N. America	C. America	S. America
1899	63,686	50,137	66,277	9	4
1909	141,591	96,152	135,402	204	127
1919	955,005	194,993	859,093	---	20,830
1931	505,018	104,111	438,665	3,301	10,225
1937	1,645,915	356,299	659,601	54,005	109,519
1939	2,320,265	238,256		43,657	67,111

(Export)	Africa	Osonia	Total
(1899)	660	3,606	207,933
(1909)	840	11,421	30,114
(1919)	24,781	46,135	2,098,872
(1931)	58,068	26,591	1,146,901
(1937)	242,736	106,463	3,175,418
(1939)	152,909	95,443	3,576,370

Sources: Foreign Trade of Japan, a Statistical Survey, 1935,
and Toyō Keizai Statistical Year Book, No. 24.

Notes: Exports to Central America for 1919 is included in
that of North America.



TABLE 14

Trend of Trade excepting Fluctuations in Prices.

	A	B	A/B
	Export (thousand yen)	Index-Number of Prices	
1900	204,430	100	204,430
1909	413,113	119	347,100
1919	2,098,873	312	672,700
1931	1,146,981	153	749,700
1937	3,175,418	238	1,334,200
1939	3,576,370	277	1,291,100
	B		A/B
	Import (thousand yen)	Index-Number of Prices	
1900	287,262	100	287,262
1909	394,199	119	331,300
1919	2,173,460	312	696,600
1931	1,235,673	153	807,600
1937	3,783,177	239	1,589,600
1939	2,917,666	277	1,053,300

Source: The index-numbers of prices are the index-numbers of wholesale prices of the Bank of Japan (1900=100):
 Foreign Trade of Japan, a Statistical Survey, 1935:
 Meiji-Taisho Japan Almanac, 1927; Toyo Keizai Statistical
 Year Book, No. 4.

Def. Doc. No. 1762

Table 13

Yearly Statistics of Foreign Trade (unit: 1000yen)

Export	To Foreign Countries.	TO Formosa	To Korea	Total
1899	214,930	8,012	-	222,942
1909	413,113	24,007	21,852	458,972
1919	2,098,873	90,527	184,918	2,374,333
1931	1,146,981	114,763	217,770	1,479,514
1937	3,175,418	277,894	735,413	4,188,725
1939	3,576,370	357,608	1,229,417	5,163,395

Import	From Foreign Countries	From Formosa	From Korea	Total
1899	220,402	3,650	-	224,052
1909	394,199	36,310	12,082	442,591
1919	2,173,460	142,208	199,849	2,515,517
1931	1,235,673	201,424	249,027	1,686,124
1937	3,783,177	410,258	572,445	4,765,880
1939	2,917,666	509,744	736,882	4,164,292

Notes: The figures about Korea in the column of 1909 are those of 1910.

Sources: Meiji-Taisho Japan Almanac, 1927;

Toyō Keizai Statistical Year Book, No. 24



TABLE 12 - B

	Percentage			
	1909	1919	1931	1938
Textile Industry	60.8	55.2	54.1	30.4
Metal Industry	2.3	4.9	5.1	11.7
Machine and Tool Industry	5.8	12.3	9.5	26.8
Ceramic Industry	4.3	4.6	3.4	3.3
Chemical Industry	5.4	7.1	7.4	10.0
Tinber and wooden Articles Manufacturing	-	-	3.4	3.5
Printing and Book Binding	2.7	1.9	3.1	2.0
Foodstuffs Industry	11.1	6.5	3.0	5.9
Gas and Electricity	0.3	0.4	0.5	0.3
Miscellaneous	7.3	7.1	5.5	6.1
Total	100.0	100.0	100.0	100.0

Source: Factory Statistics Chart of Ministry of Commerce and Industry, 1931 and 1938; Meiji - Taisho Japan Almanac, 1927.



DEF. DOC. 1752

TABLE 12-A

Number of plant workers in entire country

	Real number (in persons)			
	1909	1919	1931	1938
Textile Industry	436,508	839,349	898,792	976,953
Metal Industry	18,183	73,830	84,269	377,398
Machine and Tool Industry	46,834	187,533	158,351	860,431
Ceramic Industry	34,366	69,895	56,731	105,345
Chemical Industry	43,517	107,719	122,461	322,205
Timber and wooden articles manufacturing	-	-	56,658	113,823
Printing and Book Binding	21,522	29,332	51,367	63,568
Foodstuffs Industry	88,740	99,284	133,516	190,697
Gas and Electricity	2,716	6,203	9,248	10,517
Miscellaneous	58,451	107,316	89,939	194,484
Total	800,657	1,520,466	1,660,332	3,215,421

Sources: Factory Statistics Chart of Ministry of Commerce and Industry, 1931 and 1938; Meiji - Taisho Japan Almanac, 1927.



Table 11.

Population of Japanese Abroad.

	1899	1920	1928	1938
Asia	---	---	299,694	550,745
Manchuria	---	212,494	100,709	410,515
China	2,442	54,544	150,367	95,503
Strait Settlement and Malaya	---	---	7,700	7,030
Philippines	---	9,337	13,935	25,337
Netherlands	---	---	4,074	6,437
India	---	---	---	---
Europe	---	1,351	2,992	2,007
North America	12,375	143,164	169,569	143,395
U.S.A.	---	125,476	141,550	115,773
Canada	---	17,688	22,506	23,045
South America	9	42,639	90,037	200,320
Brazil	---	33,456	76,433	170,165
Peru	---	---	3,246	6,659
Argentina	---	---	16,979	21,503
Africa	---	47	36	213
Oceania	---	113,657	147,151	154,933
Hawaii	50,940	103,109	130,941	151,850
Total	99,039	609,313	717,529	1,059,913

Sources: Imperial Japan Statistical Year Book, No. 19; Toyō Keizai Statistical Year Book, No. 3, 14 and 24.



Def. Doc. # 1762 Table 9.

Table 9.

Demand and supply of fertilizer in Japan proper.

(unit 1,000 tons)

Fertilizer year	Fertilizer on sale								Estimated consumption	Production of self-made fertilizer	Total consumption
	Production	Imported from foreign countries	Imported from dependent areas	Total supply	Consumption of manufacturing materials	Exported to foreign countries	Exported to dependent areas	Total of the above 3 items			
1933	4,188	91,911	292	5,392	1,048	159	271	1,478	3,914	61,759	65,672
1934	4,412	1,128	407	5,947	1,170	192	377	1,739	4,209	63,806	68,014
1935	5,249	1,077	411	6,737	1,290	145	464	1,899	4,838	67,454	72,292
1936	6,284	1,151	448	8,883	1,342	166	592	2,100	5,783	66,800	72,583
1937	6,712	1,092	377	8,182	1,556	195	590	2,341	5,841	69,523	75,364
1938	8,376	1,191	482	10,050	1,708	89	660	2,457	7,591	70,968	78,559

Sources: "Essentials of Fertilizer" by the Ministry of Agriculture and Forestry. (up to 1938)

Fertilizer year is one year beginning with July and ending with June of the following year.



Def. Doc. # 1762 - *Appendix*

Table 8 Rice Crop per tan

	Koku	Index number
Average of 1901 - 1905	1,536	
" 1906 - 1910	1,686	
" 1911 - 1915	1,756	
" 1916 - 1920	1,884	
" 1921 - 1925	1,842	
" 1926 - 1930	1,905	
" 1934 - 1938	2,007	
1939	2,160	
1940	1,915	
1941	1,731	
1942	2,110	
1943	2,022	
1944	1,965	
1945	1,485	
Average of 1941 - 1945	1,865	



Sources: "Monthly Statistic report of Agriculture and Forestry"
Published by the Ministry of Agriculture and Forestry, Feb. 1947.

Condition of demand and supply of rice.
(Japan proper)
(Unit : 1,000 Koku)

Rice Year	Amount Supplied				Exported	Carried forward to next year	Total Consump- tion	Consumed per capita (Koku)
	Brought over from the previous year	Production	Imported	Supplied				
1929	7,840	60,303	8,909	77,053	557	7,028	69,468	1,100
1930	7,028	59,558	8,062	75,188	558	5,719	68,910	1,076
1931	5,719	66,856	11,522	84,116	1,998	9,140	72,978	1,123
1932	9,140	55,215	11,604	75,959	678	8,907	66,374	1,007
1933	8,907	60,390	12,748	82,045	624	9,008	72,414	1,082
1934	9,008	70,829	14,251	94,088	937	16,431	76,720	1,131
1935	16,431	51,840	13,020	81,291	802	9,936	70,553	1,002
1936	9,936	57,457	14,204	81,598	557	8,007	73,034	1,043
1937	8,007	67,340	11,879	87,226	648	7,512	79,066	1,114
1938	7,512	66,320	15,271	89,103	587	8,493	80,022	1,115
1939	8,493	65,869	9,780	84,172	766	4,061	79,344	1,009

Sources: Toyō Keizai Statistical Year Book, No. 24

Note : The rice year means one year beginning with November and ending with October of the following year.



Table 5

Comparison of Vocational Distribution of the Countries
along the Pacific Coast Areas.

Country	Year	Agriculture	Forestry, Fisheries, Hunting	Mining	Industries	Transportation and communication	Commerce	Officials and free occupation	Domestic	Religions	Building	Not clear	Total population occupied
U.S.A.	1930	21.4	0.5	2.0	28.9	7.9	12.5	8.5	10.1	8.2	—	—	39.8
Canada	1931	28.7	2.5	1.8	16.6	7.8	12.3	6.2	7.7	—	6.5	4.3	37.8
Australia	1933	17.4	1.3	2.2	16.2	7.1	14.3	7.6	7.7	—	10.3	—	47.6
Netherland India	1930	65.8	1.3	0.3	10.6	1.5	6.2	3.3	1.6	—	—	—	35.3
Korea	1936	75.0	1.5	3.2	—	7.6	—	4.0	—	—	—	1.8	—
Japan (proper)	1930	47.7	1.8	0.8	19.2	3.7	15.1	6.9	2.6	—	—	1.9	46.0
British Malaya	1931	60.7	—	—	12.3	6.3	10.7	3.2	6.8	—	—	—	45.3
F.I.C.	1929	36.8	—	24.0	39.2	—	—	—	—	—	—	—	—

Sources: An Economic Survey of the Pacific Area, published in 1941 by the International Secretariat, Institute of the Pacific Relations (New York), translated by Toa Kenkyusho, Tokyo, 1943.



Table 4.
Transition of Percentage of
Populations by their Occupations.
(Census)

	Agriculture	Industry	Commerce	Total including Others
1920	52.4	18.9	13.4	100.0
1930	47.7	19.8	16.6	100.0
1940	42.6	25.0	15.0	100.0
1944	43.1	29.2	7.2	100.0

Sources : The same as Table 1.



Def. doc. No. 1762 - *Appendix*
Table 3

Transition of percentage of
agricultural population against
total population.

1873	78 ¹ / ₀
1888	67 ¹ / ₂
1920	46 ¹ / ₇
1946	47 ¹ / ₂

Source: Same as table (1)

Table 2.

Transition of Population and Arable
land area.

Year	Population	Index Number	Arable Land	Index Number
1882	36,700	100,0	4,507	100.0
1887	39,070	106,5	4,605	103.9
1892	41,090	111.9	4,778	106.0
1897	43,229	117,8	5,011	111,2
1902	45,990	125,3	5,134	113,9
1907	48,745	132,0	5,437	120,6
1912	52,167	142,1	5,757	127,7
1916	55,255	150,5	5,896	130,3
1921	56,737	154,7	6,093	135,3
1926	60,521	164,2	6,000	134,9
1931	64,450	175,6	6,059	134,4
1934	68,195	185,3	6,033	134,0
1935	69,254	188,7	6,059	134,4
1936	70,250	191,4	6,085	135,0
1937	71,253	194,1	6,093	135,3
1938	72,223	196,8	6,078	134,9
1939	72,376	198,6	6,079	134,9

Notes: Population Unit = 1,000
Arable Land Unit = 1,000 Chōbu

Sources: Population Statistics, compiled by the
Cabinet Statistic Bureau in 1945, and
Statistical Chart of Agriculture and
Forestry, compiled by the Ministry of
Agriculture and Forestry in 1943.





Table 1

Density of population and agricultural population
per one square kilometre arable land, etc.

Country	Density of population (per one sq. km.)		Proportion of arable land area against total land		Density of population per one sq. km. arable land	Per 100 population occupied			Agricultural population per one sq. km. arable land
	Year of survey		Year of survey			Year of Survey	Percentage of agricultural population	Percentage of industrial and mining population	
Japan	1940	191	1933	16%	1194	1930	47.7%	20.0%	570
Korea	1940	110	1938	20	550	1935	76.0	2.8	8
China 18 provinces in China proper	1936	111	(20)		* 555	1934	**75.0		416
Formosa	1940	163	1938	24	679	1935	***53.5		363
Manchuria	1940	33	1939	14	236	1935	74.7	8.2	176
India	1941	75	1939	37	203	1931	65.3	10.7	134
U.S.S.R.	1939	9	1935	12	75	1926	86.4	5.5	65
Great Britain	1939	196	1939	22	391	1931	6.4	37.7	57

Table 1 --

Ireland	1940	43	1939	19%	226	1926	52.1%	-	118
France	1939	76	1937	41	185	1931	35.3	33.6	65
Spain	1940	52	1935	39	133	1920	56.1		75
Italy	1941	144	1937	49	294	1931	46.8	30.3	138
Belgium	1940	272	1938	36	756	1920	19.0	46.6	144
Netherland	1940	254	1938	31	819	1930	20.0	38.8	164
Denmark	1941	90	1939	62	145	1930	34.5	27.3	50
Switzerland	1941	102	1937	13	785	1930	21.3	45.0	167
Germany	1939	136	1939	40	340	1933	28.9	40.4	98
Hungary	1941	35	1938	64	133	1930	53.0	24.1	70
Bulgaria	1940	62	1936	41	151	1926	81.0	2.2	122
Rumania	1941	70	1939	43	146	1913	79.5		116
Poland	1939	90	1938	49	184	1921	75.9		140
U.S.A.	1940	17	1935	18	94	1930	21.8	30.9	20
Canada	1940	1	1939	2.4	42	1931	29.9	18.8	12.5
Australia	1939	1	1938	1.7	59	1933	21.3	34.7	12.5

Page 20

(Note) The mark * denotes estimating percentage of arable land area as 20%.

The mark ** denotes comparison of number of agricultural households against total number of households.

The mark *** denotes percentage of agricultural population against total population.

Source: "Statistic Data Concerning Farm Land Problem" (published by the Agricultural Administration Bureau of the Department of Agriculture and Forestry in August, 1946).

Finance mtrls Yoshida cabinet

Ref Doc No. 1762

I M T F E

United State of America et al

- VS -

ARAKI, Sadao et al

SWORN DEPOSITION

Deponent : ISHIBASHI, Tanzan

Having first duly sworn an oath as on attached sheet and in accordance with the procedure followed in my country I heroby depose as follows.

Income first p 24 to attach

*Pat abuse then
will be 1762A
with affidavits*



S-C-47

INTERNATIONAL MILITARY TRIBUNAL FOR THE FAR EAST

THE UNITED STATES OF AMERICA, et al

-vs-

ARAKI, Sadao, et al

Affidavit

Deponent: ISHIBASHI, Tanzan

Having first duly sworn as per sheet attached hereto and in accordance with the procedure followed in my country, I hereby depose as follows:

- 1) I, ISHIBASHI, Tanzan was born in Tokyo in September, 1884, graduated in 1907 from WASEDA University, majoring in philosophy in the department of literature, and immediately took a post-graduate course in philosophy in the same university.
- 2) In 1908 I obtained a position on the editorial staff of THE TOKYO MAINICHI NEWSPAPER PUBLISHING COMPANY.
- 3) In 1911 I secured a position on the editorial staff of THE TŌYŌ KEIZAI SHINPŌ Publishing Company. This publishing company was established in 1895 for the purpose of supplying the educated classes of the Japanese people with correct knowledge of economics and up-to-date information on world topics. It has since devoted itself to the publication of economic

periodicals such as THE TŌYŌ KEIZAI SHIMPŌ (Oriental Economic Reports) (weekly), THE ORIENTAL ECONOMIST (monthly, later weekly), NIHON KEIZAI NENPŌ (Japan's Yearly Economic Reports) (quarterly), GAIKOKU BŌEKI GEPPŌ (Foreign Trade Monthly), etc., and also of books on economic subjects, as well as the compilation and publication of statistical books such as Meiji and Taisho Japan Almanac (1927), Foreign Trade of Japan, a statistical survey (1935), Meiji and Taisho Financial Almanac (1927) and Tōyō Keizai Statistical year Book (from 1916 yearly). THE TŌYŌ KEIZAI SHINPO (Oriental Economic Reports) was started in 1895 after the style of THE ECONOMIST published in London. It is the oldest economic periodical in Japan and has, ever since its foundation, been regarded as the best and most trustworthy of periodicals in the industrial and economic world of Japan.

4) In 1914 I became the Chief of the editorial staff of the same publishing company, and in 1924 manager of the same company. In 1925, after the reorganization of the company I became its president. For 34 years I had been most closely connected with the editing of the aforesaid TŌYŌ KEIZAI SHIMPŌ (Oriental Economic Reports), until May, 1946.

5) In July, 1931, I had the Keizai Club (Economic Club) organized in Tokyo and then in Osaka, Nagoya, and various other cities throughout the country, by getting together the leading

Def. Doc. # 1762

businessmen of each city for the purpose of their joint study of economic questions. As chairman of the board of directors of the central Economic Club, I took the leadership of these clubs.

6) From July, 1932 to March, 1947, I lectured on economics at the YOKOHAMA FOGYO SENMON GAKKO (Yokohama Industrial College).

7) In June, 1943, I founded the KINYU GAKKAI (Financial Institute), as an organ for financiers and technical experts of the country to study financial questions. Its headquarters were in the office and building of the TOYO KEIZAI SHIMP PUBLISHING COMPANY and as acting director of the Institute, I devoted myself to the leadership and promotion of its activity.

8) In 1934, I started an English Magazine, THE ORIENTAL ECONOMIST of which I, became editor-in-chief. This magazine portrayed the economic conditions of Japan as well as of the East in general. The magazine soon obtained many appreciative readers abroad who considered it as the most fair-minded and trustworthy economic magazine published in Japan. Even after the outbreak of the Pacific War in 1941, and consequent stoppage of communications with the Western countries it was, by the request of the League of Nations, continuously forwarded to Geneva.

9) Since 1935, representing the financial circles of Japan, I have held 21 different memberships in various committees and councils in the cabinet, Finance Office, and Commerce and Industry Office of the Japanese government.

10) In May, 1946, I was appointed Finance Minister in the Yoshida

Def. Doc. # 1762

cabinet. On January, 1947, I was appointed managing head of the Economic Stabilization Office and head of the Prices Board, and on March 20, 1947 resigned from the same offices. On the resignation on bloc of the Yoshida Cabinet on May 24th, 1947, I resigned from the office of Finance Minister.

11) The essays I have written and published in various magazines since graduating from the university on economic subjects and others are innumerable. The following are representative of my works published in book form:

- a) ADVOCATING A NEW AGRICULTURAL POLICY. July 25, 1927
- b) INFLUENCE OF THE LIFTING OF THE GOLD EMBARGO AND COUNTER-MEASURES THERETO. July 12, 1929
- c) A STUDY OF GOLD STANDARD. May 12, 1932
- d) THEORY AND FACTS ABOUT INFLATION. July 8, 1932
- e) RECENT ECONOMIC AND FINANCIAL PHASES IN JAPAN. Sept. 5, 1939
- f) FINANCIAL HISTORY OF JAPAN. Sept. 15, 1936
- g) JAPANESE ECONOMY IN A REVOLUTION. Nov. 20, 1937
- h) IMPRESSIONS OF INDUSTRIAL PHASES OF MANCHURIA AND KOREA. Feb. 26, 1941
- i) HUMAN LIFE AND ECONOMY. Oct. 20, 1942

12) I collaborated with E.B. Schumpeter in the editing of the Industrialization of Japan and Manchukuo, 1930-1940 (pub. 1940); which was carried out by the financial support of the Bureau of International Research at Harvard University and Radcliffe college.

1. OVER-POPULATION AND FOOD SHORTAGE IN JAPAN

It is not too much to say that all distinctive features of Japanese economy and politics have emanated from the pressure of over-population. How Japan has been over-populated may be best shown by comparing the area of her arable land with her population.

As shown in Table 1 (attached), the density of population per 1 square kilometer in the Japanese mainland stands at 191, only slightly lower than 196 in the British mainland. However, the density of population per 1 square kilometer of arable land in the Japanese mainland is 1,194, far higher than 891 in the British mainland and eclipsing the corresponding density in any other country.

The over-population in Japan has become aggravated with the lapse of time as shown in Table 2. During the period from 1882 to 1939, the Japanese population was nearly doubled from 37,000,000 to 73,000,000. During the same period, however, the area of arable land increased less than 35 per cent from 4,507,000 chobu to 6,079,000 chobu. Thus, the Japanese population is disproportionately large to the small area of her arable land.

In this connection, it should be additionally pointed out that the proportion of agricultural population in the total population in Japan is exceptionally large although it has

Def. Doc. # 1762

begun to become smaller lately in Japan as in other countries. As shown in Table 3, the agricultural population at present still accounts for 47.2 per cent of the total population. According to the national census the agricultural population also accounted for 43.1 per cent of the working population in the year of 1944 (Table 4). Those population figures are compared with those in other Pacific countries in Table 5. According to Table 5, the percentage of the agricultural population in the working population in Japan comes next only to British Malay and is twice as high as in the United States.

Under these circumstances, the agricultural management unit in Japan becomes inevitably small. As shown in Table 6, 94 per cent of Japanese farmers in 1946 were cultivators of less than 2 chobu (less than 2 hectares) of arable land each. Japan is not self-supplied in food-stuffs domestically. Table 7 shows how the supply-demand situation of rice, the staple food for the Japanese, stands. It shows that Japan proper in the past was able to meet the national demand for rice by importing from 9,000,000 koku to 15,000,000 koku from abroad.

2. STEPS TAKEN BY JAPAN FOR COPING WITH THE
AFORE-MENTIONED DIFFICULTIES.

In order to cope with the afore-mentioned difficulties, Japan, as a whole, adopted four major policies.

(1) In the first place, Japan attempted to bolster the food supply by either expanding the area of arable land within the country and or by increasing the per-unit harvest. Apparently Japan succeeded in attaining a certain success in these two attempts.

As Table 2 shows, the area of arable land rose from 4,507,000 chobu in 1882 to 6,098,000 chobu in 1921. From then, however, the increase has stopped. In connection with the increase of the per-unit crops, the Government placed special stress on the improvement of rice. As shown in Table 8, the per-tan rice harvest, which averaged 1.536 koku during the years 1901 to 1905 was boosted to the average of 2.007 koku during the years 1934 to 1938. In order to increase the per-tan production, however, fertilizer consumption naturally rose markedly as shown in Table 9. The increase of the per-tan production, too, came to a standstill since 1939. (Table 8).

(2) In the second place, Japan encouraged agricultural develop-ment in Korea and Formosa, and the importation from those countries to Japan of their farm products, particularly rice. Thus,

Japan came to be able to import from these two countries rice in quantity almost enough to make up for the domestic shortage as shown in table 10.

(3) In the third place, emigration was encouraged. This policy, however, proved a failure. Since the first year of Meiji (1868) up to the present, the Japanese population increased by 36,000,000 while Japanese overseas residents roughly numbered 1,000,000 in 1938, as Table 11 shows.

4 In the fourth place, domestic industrialization and foreign trade were encouraged. As stated, Japan imported the best part of her food shortage from Korea and Formosa. Naturally, Japan was called upon to make incidental payments for such imports with industrial manufactures.

Japan, unable to be self-sufficient in foodstuffs, cannot be expected to be self-supplied in agricultural raw materials. Mineral resources, too, are poor and scanty in Japan. In order to remove the pressure of over-population and elevate the living standard of the people even in the least degree, Japan was necessarily called upon to encourage domestic industrialization and accelerate foreign trade. Such were the basic policies which Japan actually adopted since the early years of Meiji.

(3) Industrialization of Japan.

- 01 -

Gradual development of the industrialization in Japan experienced since the Meiji era can also be seen from the structure of the working people. (Table 4) The 12th Table attached hereto shows, too, the above fact from the viewpoint of the number of workers of various industries shifted since 1909.

According to this Table, the total number of workers of Japanese industries attained in 1919 one million five hundred twenty thousand showing a 90% increase as compared with eight hundred thousand in 1909. During this period, Japan saw this much of a speedy industrialization. But the number of plant-workers in 1931 amounted to one million six hundred and sixty thousand, showing an increase of only a little less than 10% as compared to that of 1919. This period just corresponded to that of the depression period which appeared after the first world war and accordingly Japanese industries too were brought to a complete standstill. But this period of depression ended in Japan in 1931, and as a result of a reflation policy adopted since 1932, a period of boom came to the Industries, with the total number of workers in 1938 amounting to three million two hundred fifteen thousand showing twice as much an increase as compared to that in 1919 and 1931.

The abovementioned increase in number of industrial workers explains in the main with what tempo the industrialization of Japan was carried out, and explanation of this can be summarized as follows: The scope of industry during the period of ten years from 1909 to 1919 was doubled and it was the same in the period of seven years from 1931 to 1938, but

industry was almost at a standstill from 1919 to 1931 so that the total number of workers in 1938 barely showed an increase of only twice as much as compared with that of 1919 during the period of nineteen years; in this increase there was nothing phenomenal if a comparison be made with the progress which was made during the period of 10 years from 1909 to 1919. The comparatively speedy progress experienced since 1931 means, as a matter of fact, nothing but a move of getting back what had been in arrears during the period of 10 years preceding 1931; it was, by no means, extraordinary progress.

Now let us see what kind of industry was brought to develop in Japan by such industrialization as mentioned above. First, the chief characteristic of industry in Japan was that of the textile industry which had always occupied a preponderant position. In referring to the number of workers given in the 12th Table, it is found that in 1938 textile workers numbered nine hundred seventy six thousand, occupying 30.4% of the total number of workers. If the eighty seven thousand five hundred and sixty workers in 1938 of the rayon manufacturing industry, which is included in the chemical industry, is added hereto the number of the textile workers would increase to 1,064,522 and its ratio to the total number of all the industrial workers to 33.1%.

This Ratio, which the textile industry occupied, had a trend to go down gradually from the historical viewpoint; viz, the proportion of textile workers to that of workers of all the industries is as follows:

60.8% in 1909,
55.2% in 1919,
54.1% in 1931 and
30.4% in 1938.

which clearly shows a gradual decline in general.

By what, then, was this decline of ratio in the textile industry supplemented? It was principally by the metal industry, machine and tool industry and chemical industry. For example, with the number of workers for each of these industries in 1909 taken into account, we see that the ratio of the metal industry was 2.3%, that of the machine and tool industry 5.8% and that of the chemical industry 5.4%, but in 1919 this ratio increased respectively to 4.9%, 12.3% and 7.1%, which shows an increase, during this period, of 113%, 112% and 31% respectively for the metal, machine and tool, and chemical industries. From these figures it is clearly understood how great a development these three industries achieved during this period.

The development of the above three industries was retarded, however, in the period of depression covering 12 years from 1919 to 1931. Not only this, but in the machine and tool industry, the number of workers fell from 187,000 to 158,000 and in all industries, the ratio from 12.3% to 9.5%.

But this state of depression ended with the year of 1931 as aforesaid, and the abovementioned three industries began to be active again. As to the ratios which appeared for the number of workers, it increased in 1938 to 11.7% for the metal industry, 26.8% for the machine and tool industry and 10% for the chemical industry. Compared with 1919, however, an increase in the ratios of these three industries during the period of 19 years was 139% in the metal industry, 118% in machine and tool industry and 41% in chemical industry, but this increase can by no means be said to

be very much compared with the increase experienced during the period of 10 years from 1909 to 1919.

Thus, even in 1938, the ratio of metal, machine and tool, and chemical industry to the whole industry was 48.5% and taking all these for non-consumer material industry, the remaining 51.5% belong to consumer material industry. Still more, in the chemical industry are included, as aforesaid, the rayon industry (in the 13th year of Showa, number of workers were 87,560) and, besides this, also soap and toilet articles manufacturing industry (in 1938, 9,238) and pulp and paper manufacturing industry (in 1938, 42,597). Accordingly, if these are excluded the ratio of non-consumer material industry goes down and that of consumer material industry increases all the more.

In short Japan's industrialization was brought about since the Meiji era by the necessity of her existence and as a characteristic of a belatedly developed industrial country we have seen Japan industrialized principally by textile and other consumer material industries. It appears as if production material industry developed with great speed since 1931, but it was due to industrialization delayed during the period between 1919 and 1931. In other words, this does not mean more than the above delay being speedily adjusted by the influence of a business boom revived after 1931. This trend is considered quite natural for a belatedly developed industrial country that had to follow such a path trudgingly.

4. Growth in Trade

Industrialized Japan expanded her foreign trade at the same time. The trend of increase is shown in Table 13. Exports amounted to 222 million yen in 1899, but in 1909 the amount became approximately twice as much as the former, 458 million yen, and in 1919 it increased with a rush to 2 billion 374 million yen. It was five times as much as the amount of ten years prior. But in 1931, it decreased to 1 billion 479 million yen almost a half of the amount in 1919, owing to the depression after the World War I. Japan's economic circles were beset with difficulties. However, during this period, the exports to Formosa and Korea increased slightly. And thus the decrease of exports to other foreign countries was covered in some measures.

Japanese exports which continued to decrease up to 1931 then began to increase again with the suspension of the gold standard which was effected again in the fall of the same year (in 1917 Japan suspended the gold standard, but she restored it in January, 1930) as well as with the depreciation of the foreign price of yen. Then, the amount of exports increased to 4 billion 88 million yen in 1937 and to 5 billion 163 million yen in 1939.

Next, the imports also showed almost the same change as the exports up to 1937. But during the period between 1937 and 1939, the imports decreased slightly, while the exports increased continuously as mentioned above. Although the imports from Formosa and Korea increased continuously, the imports from other foreign countries decreased remarkably.

We have reviewed so far the condition of Japanese trade from the point of view of value of her trade, but this value is influenced by fluctuations in commodity prices. So, after dividing the value of trade, as shown in Table 13, by the price index, in order to exclude these fluctuations in prices, we show the trend of Japanese trade in Table 14. According to this table, one can conclude that Japanese exports and imports, excepting their decrease since 1937, did not show great variations, and increased smoothly and even rapidly.

Next, by what goods was this increase in trade brought about? Table 15 shows this trend regarding export trade since 1919. In this table, two classified items, the 8th and 9th, which are textile manufactured goods, stand first on the list decidedly all through this period.

The total amount of these two classified items is 1 billion 291 million yen in 1919, 1 billion 598 million yen in 1937, and 1 billion 503 million yen in 1939, and their proportions to the grand total of Japan's export

trade are 61.5%, 50.3% and 42.5 respectively. But the ratio of exports of textile goods fell gradually, as clearly shown in the figures given above. The export of textile goods in 1939 also decreased in value itself in comparison with that of 1937. These facts show that the export of Japanese textile goods was already slowing down in its rate of increase.

Next, the special feature of Japanese exported, as we have previously observed in regard to Japan's industry. If we examine this point in Table 15, ten classified items, namely the 1st (living plants and animals), 2nd (grains, flours, starches and seeds), 3rd (beverages, comestibles and tobacco), 4th (skins, hairs, horns, tusks and manufactures thereof), 8th (yarns, threads, twines, cordagers and materials thereof), 9th (tissues and manufactures thereof), 10th (clothing and accessories thereof), 11th (papers and paper manufactures), 13th (potteries and glass) and 17th (miscellaneous articles), all can be said to belong to consumer goods, and these (plus reexports) totalled 1 billion 773 million yen in 1919, 2 billion 499 million yen in 1937, and 2 billion 602 million yen in 1939, and their proportions to the grand total of exports were 84.5% 78.7%, and 72.8% respectively. But here also their ratio falls gradually. And, as things to make up for this, other classified items, above all, "ores and metals," scientific instruments, fire arms, vessels, vehicles,

and machineries, " the 16th, began to be manufactured.

Although the total of these three classified items amounted to 139 million yen in 1919, 451 million yen in 1937, and 657 million yen in 1939, and did not increase further, its rate of increase was remarkable. However, when we consider the rise in the prices of these goods during this period, we can not say that there was such a remarkable increase in their quantity.

we examine this point in Table 15, in classified items, namely the 1st (living plants and animals), 2nd (grains, flowers, starches and seeds), 3rd (beverages, commodities and tobacco), 4th (skins, furs, horns, crabs and manufactures thereof), 5th (yarns, threads, twines, cordages and materials thereof), 6th (leather and manufactures thereof), 7th (clothing and accessories thereof), 8th (papers and paper manufactures), 9th (potteries and glass) and 10th (miscellaneous articles). All can be said to belong to consumer goods, and these (plus exports) totaled 1 billion 735 million yen in 1939, 2 billion 499 million yen in 1937, and 2 billion 802 million yen in 1939, and their proportions to the grand total of exports were 84.5%, 78.7%, and 73.8% respectively. But here also their ratio falls gradually. And, as things to make up for this, other classified items, above all, "ores and metals," scientific instruments, like arms, vessels, vehicles,

5. Foreign Pressure on Japanese Goods.

The increase of Japanese exports, especially after 1931, created a problem in the world. At that time, the world was in a general depression, every country suffering from the decline of its export trade. However, as already stated Japan, by suspending the gold standard for the second time in December, 1931, was successful in raising domestic prices, thereby stimulating her industrial activities. At the same time, reduction of the international value (exchange rates) of Yen was favourable for the exportation of Japanese goods. As stated above, this was the reason why Japanese exports were increased during the period between 1931 and 1937. This also caused the increase of her import. For Japan, this was the policy absolutely indispensable for her existence. Because, the depression which became worst in 1931 not only struck hard the Japan's industries causing many unemployment but also put her agriculture in a extremely difficult condition. Many incidents that happened following the assassination of Premier Inukai in May, 1932 had much connection with this critical state of Japan's domestic condition. Had it not been for the second suspension of the gold standard in 1931 in an attempt to regain her economic prosperity, Japan would have been in a state of extreme disorganization in as early as 1932.

However, the time when Japanese exports were increased

was when the world was in the midst of a major depression. It was just then that the British Empire decided to create the so-called British Empire Block by concluding the Ottawa Agreement (in July 1932). Meanwhile the World Currency Conference of June 1933 to which much hope was pinned fell through. Japanese goods, in the course of their penetration into new markets, encountered serious obstacles everywhere in the world. Principal events are as follows:

(A) Abrogation by British India of the Japanese-Indian Commercial Treaty.

In April, 1933, British India notified Japan of its abrogation of the Japanese-Indian Commercial Treaty. Its establishment of a discriminately prohibitive tariff upon Japan's cotton goods followed this. Japan opposed this with the resolution of boycotting Indian cotton. In September of the same year, the Japanese-Indian Commercial Conference was convened and an agreement was reached whereby a link system was established between the quantity of Japanese cotton cloth imported into India and Indian cotton imported into Japan. In embodying the new provision, a New Japanese-Indian Commercial Treaty was concluded in July, 1934.

(B) Disruption of the Anglo-Japanese Cotton Industry Conference.

In accordance with the request by the British Government, an

unofficial Anglo-Japanese Cotton Industry Conference was held between February and March, 1934. The conference however, was finally disrupted because the British side insisted upon having the agreement cover not only the British territories but also foreign markets. In addition to this, in May of the same year, the British Government established throughout the territories of the British Empire the import-quota system which was extremely disadvantageous to the import of Japanese cotton cloth.

(C) Prohibitive Canadian Dumping Tariff. 1935

In 1935, Canada imposed an almost prohibitive rate of tariff upon Japanese goods. Against this, in July of the same year, invoking the Trade Protection Law, Japan levied a retaliator tariff on Canadian goods. In August of the same year, Canada took recourse to increasing the rate of her two countries towards the end of the same year, and since January, 1936, Japan has given up the Application of the Trade-Protection Law, while Canada effected either the reduction of the rates or the limitation of the scope of her dumping and other tariffs.

(D) Raising of Tariff Rates and the Import Licence System by Australia.

In May, 1936, the Australian Government put into effect the raising of tariff rates and the import licence system, both of which aimed at Japanese goods. As a counter-measure, Japan invoked the Trade-Protection Law in June of the same year.

Australian extension of the licence-system followed this. However, a compromise was reached at the end of the same year whereby Japan gave up the application of the Trade Protection Law, and guaranteed the quantity of wool she imported from Australia and limited quantities of her cotton cloth and artificial silk cloth exported to Australia. Desire to find substitutes for wool stimulated Japan's staple fibre industries.

(E) Restrictions placed upon imports and Importers by the Netherlands East Indies.

In September, 1933, the Netherlands East Indies put into practice the Emergency Import Restrictions Law and the Law Restricting Qualifications of Importers both of which were aimed at Japan. In order to discuss problems of trade with Japan with a view of talking over all along the line, the Netherlands East Indies proposed in 1934 a conference with her. Japan accepted the proposal and beginning June of the same year, the conference was held at Batavia. While the conference was in progress, however, the Netherlands East Indies extended the scope of the Import Restrictions, and Japan retaliated by suspending the exportation of certain goods. Thus the conference proceeded at a snail's pace. With the conclusion of the Marine Transportation Agreement in June, 1936, however, the conference began to make headway. In March, 1937, compromise was struck, and an agreement was concluded in April, which.

Def. Doc. No. 1762

in import of Japanese cotton cloth into the U.S. ... safeguarded the right of Japanese firms to export goods to the Netherlands E.I. (25% of the total amount), guaranteed the import of Java sugar into Japan, alleviated the restrictions Netherland E.I. had placed upon imports, and made 1933 trade results as the basis of the allotment for Japanese goods.

(F) The United States Trade Policy.

The United States established in 1930 high rates of tariff by the SMOOT-HAWLEY Act which merits special mention in the world economic picture. Under the provisions of this tariff over twenty items of Japanese goods exported to the United States had to suffer an additional ad valorem levy of about twenty three percent. The United States, as a counter-measure for depression as well as for competition by countries which had gone off gold adopted in 1932 provisions giving flexibility to her customs law, a law preventing international dumping, in an attempt to check the flow of imports. In 1933, the United States suspended the gold standard but took steps to prevent the import of Japanese sundry goods. Moreover, the Industrial recovery act and the Agriculture Adjustment Law of the same year included provisions restricting imports and raising tariff rates. Furthermore, in June, 1934, the sole authority to effect any changes in the tariff rates within the limit of 50 percent was vested in the President, which proved to be a serious menace to Japan. In 1935, increase

in import of Japanese cotton cloth into the U.S. brought about oppositions by American cotton merchants, and in December of the same year, Japan enforced the self-restriction of its export in the form of a gentlemen's agreement. However, being dissatisfied with this, American merchants demanded having the quantity of exports limited by the application of the provisions of the A.A.A. Thereupon the American Government, in June, 1936, put into effect an all-round increase in the tariff rates on an average of 42 percent.

In 1937, a mission representing the American cotton industry came to Japan, asking for the conclusion of the Cotton Industry Agreement. Japan complied with this and, in June of the same year, put into effect the restrictions upon the quantity of her cotton cloth exported to the United States. However, in view of the fact that goods imported from the United States were either indispensable or raw materials, Japan was unable to take any retaliatory or defensive measure against it.

(G) Trade Policy of Central and South America

Having been driven away from British Dominions including India and been shut out of the Netherlands East Indies, Japanese export goods found their way into Central and South American markets, where intense competition for the market took place between Japanese goods and goods from other countries. In an

Def. Doc. No. 1762

attempt to secure her market in Central and South America, the United States concluded Reciprocal Trade Agreement with these countries. Meanwhile Japan endeavoured to establish Compensating Trade System with these countries; the Central and South America countries themselves consolidated their commercial policies.

It is only natural that the above-mentioned policies of the foreign countries against the Japanese goods virtually prevented the extension of the Japanese oversea trade. As has been shown, the Japanese exports and imports obviously decreased after 1937. Table No. 16 shows the state of decrease by respective districts. The table shows that compared with the exports in 1937, those in 1939 suffered decrease in every district save in Asia where an increase is indicated. As for imports, there was a decrease also in Asia, but the decrease was no more than one hundred and fourteen million yen. Since total decrease in imports was eight hundred and sixty-six million yen, the decrease of exports for all areas except Asia amounted to seven hundred and fifty two million yen.

A further examination of the contents of the increased exports in Asiatic markets reveals that the increase was due entirely to that in Manchuria, Kwantung Province and China. As for the exports to other districts, except for slight increases to Iran and Iraq, a general decrease is indicated. That is to say, according to table No. 17 showing comparison of exports to Asiatic

districts between 1937 and 1939, the exports in 1939 to all Asiatic districts, except Manchuria, Kwantung Province and China, show a decrease of two hundreds and eighty one million yen in comparison with those in 1937. In other words, the decrease is equivalent to 32.9 percent of total exports to these districts in 1937, which amounted to eight hundred and fifty four million yen. Furthermore, according to table No. 16, exports in 1939 for all continents except Asia show a decrease of two hundreds and seventy three million yen compared with those in 1937. Consequently, there was a decrease totaling five hundred and fifty four million yen in Japan exports in 1939 for all sections of the world excepting Manchuria, Kwantung Province and China, compared with those in 1937. To show this by percentage, Japan lost in 1939 23.2 percent of her exports to those districts in 1937 which had amounted to two hundred and eighty four million yen. To see these figures is to understand how heavy a blow was dealt to Japanese financial circles.

It goes without saying that Japan could not stand such a plight for a long time. However, encourmously Japan might have increased her exports to Manchuria, Kwantung Province and China, there was no likelihood that she could import in return raw materials, food stuffs etc. from these districts which were indispensable to her. Accordingly, it was only natural that there

attempt to secure her market in Central and South America, the United States concluded Reciprocal Trade Agreement with these countries. Meanwhile Japan endeavoured to establish Compensating Trade System with these countries; the Central and South America countries themselves consolidated their commercial policies.

It is only natural that the above-mentioned policies of the foreign countries against the Japanese goods virtually prevented the extension of the Japanese overseas trade. As has been shown, the Japanese exports and imports obviously decreased after 1937. Table No. 16 shows the state of decrease by respective districts. The table shows that compared with the exports in 1937, those in 1939 suffered decrease in every district save in Asia where an increase is indicated. As for imports, there was a decrease also in Asia, but the decrease was no more than one hundred and fourteen million yen. Since total decrease in imports was eight hundred and sixty-six million yen, the decrease of exports for all areas except Asia amounted to seven hundred and fifty two million yen.

A further examination of the contents of the increased exports in Asiatic markets reveals that the increase was due entirely to that in Manchuria, Kwantung Province and China. As for the exports to other districts, except for slight increases to Iran and Iraq, a general decrease is indicated. That is to say, according to table No. 17 showing comparison of exports to Asiatic

Def. Doc. No. 1762

was no way but to decrease her exports for these three districts. Thus, under the Circumstances Japan not only could not have endured the strain of the China Incident for long, but also even the peaceful livelihood of her nationals have been endangered.

It was indeed unavoidable that Japan, who had been pressed into such a distressing state, should have taken measures to repel such serious financial and political insecurity. It was just as President Truman stated in one of his recent speeches, attached hereto. Because of the uneasiness that Japanese goods, especially textile fabrics, ~~might be shut out from the world market,~~ Japanese goods, especially textile fabrics, might be shut out from the world market, the tendency to reorganize Japanese industries from the manufacture of goods for consumption into other fields was accelerated. The export difficulty made the import difficulty inevitable, thereby strengthening the idea of national self-sufficiency. The advocacy of the creation of the Japanese-Manchurian or Japanese-Chinese economic block resulted from this. Finally, such state of affairs made the Japanese conceive the idea of the establishment of the Greater East Asia Co-prosperity Sphere.

However, the establishment of the Greater East Asia Co-prosperity Sphere was no more than an idea, (indeed, no Japanese had any definite idea about the Greater East Asia Co-prosperity Sphere until the last) and even the development of Manchuria and China was impossible of accomplishment in a short time. Certainly,

was no way but to decrease her exports for these three districts. Thus, under the circumstances Japan not only could not have ordered the strain of the China Incident for long, but also even the general likelihood of her relations have been endangered. It was indeed a fact that Japan, who had been crossed into such a distressing state, should have taken measures to repair such serious financial and political insecurity. It was just as President Truman stated in one of his recent speeches, attached hereto. Because of the uneasiness that Japanese goods, especially textile fabrics, might be shut out from the world market, Japanese goods, especially textile fabrics, might be shut out from the world market, the tendency to reorganize Japanese industries from the manufacture of goods for consumption into other fields was accelerated. The export difficulty made the import difficulty inevitable, thereby strengthening the idea of national self-sufficiency. The advocacy of the creation of the Japanese-Manchurian or Japanese-Chinese economic block resulted from this. Finally, such state of affairs made the Japanese conceive the idea of the establishment of the Greater East Asia Co-prosperity Sphere.

However, the establishment of the Greater East Asia Co-prosperity Sphere was no more than an idea, indeed, no Japanese had any definite idea about the Greater East Asia Co-prosperity Sphere until the last) and even the development of Manchuria and China was impossible of accomplishment in a short time. Certainly,

Japan had exerted considerable efforts for these undertakings, resulting, however, in her excessive investments in and export to Manchuria and China. As has been pointed out, Japan could not expect an immediate and extensive increase in imports of her necessary commodities from these districts.

After the conclusion of the Tripartite Alliance, the situation rapidly grew worse, and in 1941, when the United States froze Japan's assets, she was in such a predicament that there was no way to save the situation. It meant that Japan had lost the market for her raw-silk, which was one of her most important products. It meant also that Japan had lost the source of materials for her cotton industry, which was also one of her most important industries. Above all, the fact that the United States resolutely carried out the freezing of Japanese assets had immediate effect on Britain and the Netherlands East Indies, both of which froze Japanese assets. Following their examples, Canada, Australia, New Zealand, Malay, Burma, India, the Union of South Africa, etc. all froze Japanese assets and abrogated respective commercial treaties with Japan. Thus Japan had suffered an almost complete economic blockade, and Japan's industries as well as her very existence were threatened. This was the actual state of things at that time. However, Japanese industrialists still believed in a favourable turn in the relations between Japan and the United States.

Def Doc No. 1762

On this 29 day of July, 1947

At YAMANASHI

DEPONENT ISHIBASHI Tanzan (seal)

I, Migita Masao 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

at same place

Witness: (signed) Migita, Masao (seal)

OATH

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

ISHIBASHI, Tanzan (seal)

President Truman's Address at Baylor on
Foreign Economic Policy

Policy of All the People

This is not, and it must never be, the policy of a single administration or a single party. It is the policy of all the people of the United States. We in America are unanimous in our determination to prevent another war.

But some among us do not fully realize what we must do to carry out this policy. There still are those who seem to believe that we can confine our cooperation with other countries to political relationships; that we need not cooperate where economic questions are involved.

This attitude has sometimes led to the assertion that there should be bipartisan support for the foreign policy of the United States, but that there need not be bipartisan support for the foreign economic policy of the United States.

Such a statement simply does not make sense.

Our foreign relations, political and economic, are indivisible. We cannot say that we are will to cooperate in the one field and are unwilling to cooperate in the other. I am glad to note that the leaders in both parties have recognized that fact.

The members of the United Nations have renounced aggression as a method of settling their political differences. Instead of putting armies on the march they have now agreed to sit down around a table and talk things out.

In any dispute each party will present its case. The interests of all will be considered and a fair and just solution will be found. This is the way of international order. It is the way of a civilized community. It applies,

with equal logic, to the settlement of economic differences.

Economic conflict is not spectacular—at least in the early stages. But it is always serious. One nation may take action in behalf of its own producers, without notifying other nations, or consulting them, or even considering how they may be affected. It may cut down its purchases of another country's goods, by raising its tariffs or imposing an embargo or a system of quotas on imports. And when it does this some producer in the other country will find the door to his market suddenly slammed and bolted in his face.

Pictures Effects of Dumping

Or a nation may subsidize its exports, selling its goods abroad below their cost. When this is done a producer in some other country will find his market flooded with the goods that have been dumped.

In either case the producer gets angry, just as you or I would get angry if such a thing were done to us. Profits disappear; workers are dismissed.

The producer feels that he has been wronged, without warning and without reason. He appeals to his Government for action. His Government retaliates, and another round of tariff boosts, embargoes, quotas and subsidies is under way. This is economic war. In such a war nobody wins.

Certainly nobody won the last economic war. As each battle of the economic war of the Thirties was fought the inevitable tragic result became more and more apparent. From the tariff policy of Hawley and Smoot the world went on to Ottawa and the system of imperial preferences, from Ottawa

Assignment -
Zschibashi Tanzan DA. 1262

4 pages of ~~his~~ background in the field of Economics.

I Overpopulation, Food Shortage
in Japan 7. 5-6

note: this is what the court said
everyone knows

2. Steps taken by Japan to cope with these
difficulties ~~the~~ 7-8

- (1) attempt to expand area of arable land, increase per acre yield.
- (2) encouraged agriculture in Korea & Formosa
- (3) Emigration
- (4) Domestic industrialization, foreign ^{Trade}

3 Industrialization of Japan - 9-12

pre-war period 1890-1919

textile industry (Primary)

metal "
machine tool "
Chemicals

4 Growth in Trade - 13-16

5 Foreign Pressure on Japanese Goods
Trade increased in the depression 17-

the case to Ottawa conference, British
Peace act in July 1932

1. abrogation of Japanese-Indian
Commercial Treaty
of 1933

2. Disruption of Anglo-Japanese
Industry Conference 1934

C Prohibition Canadian Dumping Tariff
enacted in 1936 ~~1935~~

D. Raising of tariff rates & import
licensing ^{system} - by Asahi 1936

E Restrictions on Imports & Exports
by N.E.I. 1933

F U.S. Trade Policy

1930 Smoot-Hawley Tariff

G Trade Policy with

Central & South America

Report on Japan p. 24 & cont

gives opinion that Japan
was forced to take action p. 25

Quote Inman Speech

Albany

Gives reasons for establishment of the
Japanese Manchurian Chinese Economic Bloc p. 25

Greater East Asia Co. Perfectly Open
(this only an idea)

Freezing Orders of 48, 1941
rather counter

Caused ^{almost} a complete Economic Blockade.

Def. Doc. No. 1782 - A .

INTERNATIONAL MILITARY TRIBUNAL FOR THE FAR EAST
of
THE UNITED STATES AMERICA, et al

-vs-

ARAKI, SALAGO, et al



SWORN DEPOSITION

Deponent: ISHIBASHI, Tansan

Having first duly sworn an oath as on attached sheet and in accordance with the procedure followed in my country I hereby depose as follows.

Japan's Finance and War Expenditures

1. Japan experienced an era of severe deflation from 1929 to 1931, which was due to the policy deliberately adopted by the Government for the purpose of restoring the gold standard. For this purpose, the Government since 1929 did everything in its power to cut down financial expenditures. The expenditure of ¥1,815,000,000 for the fiscal year of 1928 was reduced to ¥1,477,000,000 in 1931.

(Appendix table No. 13) The Japanese Government intended by this policy to reduce prices of commodities in Japan in order to cope with the depression that had been prevailing throughout the world at that time, and thus to make Japan's foreign trade properly balanced.

- 1 -

*Army & Navy expenditures did not
increase in great amounts until
after 1941*

The policy mentioned above, however, precipitated Japan's economy into extreme difficulties and gave rise to political dangers. Moreover, with the suspension of the gold standard in Great Britain in September 1931 it became clear that Japan also could no longer continue the deflation policy. Consequently, in December of the same year, the cabinet was changed and the new cabinet (the INUKAI Cabinet) immediately suspended the gold standard and attempted to make a new departure from the old policy.

The policy which was followed by the new cabinet after 1932 was the so-called "reflation policy." The term "reflation," however being unfamiliar to the general public at that time, it was called an inflation policy. The Government increased financial expenditures beginning with the fiscal year 1932 and encouraged more demand for goods and labor, and thus tried to put into actual practice the so called "full employment." On account of this policy, prices of commodities within the country rose and, the business conditions improved. Moreover, as the government permitted simultaneously a fall of the exchange rate of the yen to a certain extent, the export of Japanese goods was made easier and again this brought about greater demand for goods and labor.

The expenditures of the Japanese Government, as described above, decreased from the fiscal year of 1929 to that of 1931, but by the foregoing policy, they started to increase after the 1932 fiscal year. In other words, according to Table 18, the total of

the expenditures which were ¥1,477,000,000 in 1931, rapidly increased since 1932 and expanded to ¥2,255,000,000 in 1933. Since then, however, up to 1936, i.e., the year before the outbreak of the China Incident, there was hardly any increase in the expenditures but even some decrease was witnessed both in 1934 and 1935. This was because the objective of this "reflation" had been sufficiently accomplished by the financial expansion to this extent. At the same time, the fact that the expansion of the financial expenditures had been checked since 1934 indicates that the Japanese Government at that time expected to maintain the peaceful relation with other countries, and the fact that the extent of the financial expansion during the eight years from 1920 to 1928 was ¥455,000,000 (33.5%), as against almost the equal amount of ¥467,000,000 (25.7%) for the eight years from 1928 to 1936, shows that it was no abnormal phenomenon but was aimed at "reflation."

However, a complete change was brought about in the financial state of affairs in Japan after July 1937 with the outbreak of hostilities with China. It no longer aimed at "reflation," but entered completely into a state of de facto war. The Emergency Military Special Account was established, and the financial expenditures rapidly expanded.

2. Reviewing the shift of Japan's military expenditures, as shown in Table 19, it can be seen that those totaled ¥731,000,000 in the

Def. Doc. No. 1762 - A

fiscal year of 1921, decreased annually until it dropped to ¥434,000,000 in the 1926 fiscal year. There was then a little increase and yet the figure for the fiscal year of 1931 was no more than ¥455,000,000 which was far below the sum for the 1921 fiscal year. It was in 1921 that the Naval Disarmament Conference was held in Washington and, in addition a deflation policy was followed after 1929, all of which contributed to the reduction of military expenditures.

Indeed, those ten years were the era of disarmament. This fact was shown very clearly in the reduction of the extraordinary expenditures of the Army and Navy because the replenishment or the expansion of armaments could depend only on these extraordinary expenditures. As shown in table 19, the army extraordinary expenditures decreased year by year from 120 million yen in the 1919 fiscal year to only 27 million yen in the 1924 fiscal year. It ~~increased~~ a little thereafter, however, it again dropped down to 26 million yen in the 1930 fiscal year. The Navy extraordinary expenditures, which were 343 million yen for the fiscal year of 1921, rapidly decreased after the next year, and dropped down to only 107 million yen for the fiscal year of 1925. It showed a slight increase thereafter, however, started to decrease again after the 1928 fiscal year, dropping down to only 88 million yen for the fiscal year 1931.

It was in September of 1931, when the Manchurian incident occurred, but it should be noticed that both the army and the navy extraordinary expenditures for the fiscal year of 1931 were smaller in amount than those for 1928. In the total of the army and the navy expenditures as shown in table 19, it was 517 and 495 million yen respectively ^{for} the fiscal year of 1928 and 1929, while 455 million yen for the fiscal year of 1931.

Beginning with the 1932 fiscal year and up to 1940, the army and the navy extraordinary expenditures showed some trend of gradual expansion. However, much increase is not noticeable. As an examination of the figures in Table 19 shows, the army extraordinary expenditures increased from 225 million yen in the 1932 fiscal year to 319 million yen in the 1936 fiscal year, and that of the navy also expanded from 172 million yen to 331 million within the same period of time. But, in judging this increase of the army expenditures, expenses for the military movements by the army in Manchuria within this period should be taken into consideration. The amount of the navy extraordinary expenditures for the fiscal year of 1936 were 331 million yen, a smaller amount than 343 million yen for the 1921 fiscal year. The army and the navy extraordinary expenditures did not witness a very rapid increase even after the outbreak of the China Incident in 1937. That of the army increased once in the 1931 fiscal year to 431 million yen; however, in the 1938 fiscal year it even decreased to 357 million yen, while that of the navy came up to 764 million yen in the 1940 fiscal year.

3. The Emergency Military Special Account also did not witness a rapid increase until 1940 following its establishment in 1937. Reviewing the arms expenses thereof, as shown in table 20, those of the army went up to 1,829,000,000 yen in the 1938 fiscal year which was the largest amount it attained before the Pacific war and from this decreased to 1,347,000,000 yen in the 1940 fiscal year, and that of the navy showed a decrease in the 1939 fiscal year from 668 million yen for the fiscal year of 1938 which was the largest amount it attained before the Pacific war. The latter showed some increase again in the 1940 fiscal year, but only to the extent of 794 million yen.

However, after the 1941 fiscal year the arms expenses for both the army and the navy suddenly jumped up to such a great amount as could not be compared to those of 1940. The same great expansion is also indicated by the changes in the total of the military expenditures since 1941, according to table 19.

Judging from the above facts, it can be seen how the army and the navy of Japan began their armament expansion with the outbreak of the Pacific War in the manner of "after death the doctor".

On this 29 day of July, 1947

at Asahigaoka, Yamanashi Prefecture.

DEPONENT ISHIBASHI, Tansan (seal)

I, MIGITA, Masao, 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,

at the above place

Witness: (signed) MIGITA, Masao(seal)

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

ISHIBASHI, Tanzan(seal)

Table 18: Annual Expenditures of the Japanese Government

(Unit: one million yen)

Fiscal Year (April to March)	General Account	Emergency Military Special Account	Total
1920	1,360	--	1,360
28	1,815	--	1,815
29	1,736	--	1,736
30	1,558	--	1,558
31	1,477	--	1,477
32	1,950	--	1,950
33	2,255	--	2,255
34	2,163	--	2,163
35	2,206	--	2,206
36	2,282	--	2,282
37	2,709	2,034	4,743
38	X 2,970	4,795	7,765
39	X 3,959	4,844	8,803
40	X 5,260	5,723	10,983
41	X 7,053	9,487	16,543

Notes: X- From the General Accounts of Expenditures for 1938 - 1941 are excluded the transferred account to the Military Special Account.

Sources: Finance Ministry Records.

Table 19 List of Annual Military Expenditures (one million yen)

Fiscal Year	War Ministry			Navy Ministry			Emergency	Grand Total
	Ordinary Expenditure	Extraordinary Expenditure	Total	Ordinary Expenditure	Extraordinary Expenditure	Total	Military Special Account	
1912	80	24	104	42	54	95	0	200
13	77	18	95	39	58	96	0	192
14	72	15	88	30	53	83	0	171
15	70	27	98	39	45	84	0	182
16	73	21	95	45	71	117	0	211
17	88	35	123	49	114	162	0	286
18	95	57	152	55	161	216	0	368
19	101	120	220	58	258	316	0	537
20	159	37	247	111	292	403	0	650
21	169	77	247	141	343	484	0	731
22	179	52	231	130	244	374	0	605
23	176	48	224	125	150	275	0	499
24	179	27	207	125	124	248	0	455
25	171	44	215	122	107	229	0	444
26	168	29	197	127	110	237	0	434
27	174	44	218	137	137	274	0	492
28	168	81	249	143	125	268	0	517
29	179	43	227	148	120	268	0	495
30	175	26	201	147	95	242	0	443
31	164	64	227	137	83	227	0	455
32	148	225	374	141	172	313	0	686
33	166	296	463	179	231	410	0	873
34	169	290	459	199	284	483	0	942
35	180	317	497	216	320	536	0	1,033
36	191	319	511	236	331	567	0	1,073
37	161	431	591	273	372	645	2,034	3,271

(9)

Def. Doc. No. 1762 - 4

38	131	357	433	287	392	679	4,795	5,962
39	136	639	825	236	517	804	4,844	6,473
40	171	1,021	1,192	360	674	1,034	5,723	7,949
41	331	1,184	1,515	450	1,047	1,497	9,437	12,500
42	16	40	56	9	13	23	18,753	18,332
43	0.7	0	0.7	1	0	1	29,318	29,320
44	0.7	0	0.7	1	0	1	73,495	73,497

Sources: Finance Ministry's Announcement: the settled account.

(10)

Def. Doc. No. 1762 - A

Table 20. Arms Expenses out of the Emergency Military Special Account (Unit: one million yen)

Fiscal Year	War Ministry	Navg Ministry	Munitions Ministry
	Arms Expenses	Expenses for Shipbuilding Armaments and Repairing	Arms Expenses
1937	837	321	0
38	1,829	668	0
39	1,448	547	0
40	1,347	794	0
41	3,526	2,533	0
42	2,944	4,160	0
43	4,207	8,932	2,000
44	5,919	91220	7,064

Note: This Table is based on Table No. 8 of the Report on the settled account of the Emergency Military Special Account, Finance Ministry.

(11)

CURRICULUM VITAE

SHIBASHI, Tansan

No. 56 KURUMAZAKA-CHO, SHITAYAKU, TOKYO.

Born: Sept. 25 1884

1902 Mar

Graduated from the First Middle School of YAMANASHI Prefecture.

1904 Jul

Graduated from the Higher Preparatory Course of WASEDA University.

1907 Jul

Graduated from the Philosophical Course, Literature Dept., WASEDA University; Stayed at the Research Course of the same University until November 1908 as a scholarship student.

Dec

Given certificate as secondary school teacher in the courses of morals and education.

1908 Dec

Entered the TOKYO MAINICHI SHINBUN.

1906 Dec

Entered the Third Infantry Regiment as one-year Volunteer.

1911 Jan

Entered the Oriental Economic News Company.

1913 Jan

Appointed 2nd lieutenant, infantry.

Mar 20

Conferred the 8th Court Rank, Senior Grade.

1924 Nov

Became lecturer of the Higher Technical School of Yokohama.

Dec

Appointed managing director and chief editor of the Oriental Economic News Company Ltd and remained in the said posts. /T.N. No items mentioned from 1924 to 1935/

1935 Sep 18

Appointed Technical commissioner of the Research Bureau of Cabinet (Cabinet)

1936 Sep 18

Appointed temporary member of the Control Committee. (Cabinet)

1937 May 14

The Office of the Technical Commissioner of the Research Bureau of Cabinet was abolished by Imperial Ordinance No. 192 of 1937.

See 21

Appointed member of the Security Transaction Committee. (Cabinet)

- 1937 Jul 1 Appointed councillor of the Planning Board. (Cabinet)
- " Oct 25 The office of the councillor of the Planning Board was abolished by Imperial Ordinance No. 605 of 1937.
- 1938 Apr 22 Appointed member of the Central Price Committee. (Cabinet)
- " May 19 Appointed commissioner of the Planning Board. (Cabinet)
- " Jun 6 Appointed member of the National Saving Encouragement Committee. (Cabinet)
This office was abolished by Imperial Ordinance No. 619 of Dec. 24 1946.
- " Oct 29 Appointed temporary member of the Control Committee. (Cabinet)
- 1939 Jan 19 Appointed Technical Commissioner of the Commerce and Industry Ministry. (Cabinet)
- " Jul 22 Appointed member of the Small and Medium Industries Investigation Committee. (Cabinet)
- 1940 Apr 6 Appointed member of the Central Price Formation Committee. (Cabinet)
- 1942 Jun 10 Appointed commissioner of the Finance Ministry. (Cabinet)
- 1943 Mar 26 Appointed member of the Securities Transaction Committee. (Cabinet)
- " Jun 9 Duty as the commissioner of the Finance Ministry is to be continued for the time being by Imperial Ordinance No. 482.
- " Jul 1 Appointed commissioner of the Finance Ministry.
- 1945 May 7 Appointed member of the Committee for Special Measures of inducing Funds. (Cabinet)
- " May 15 Appointed Technical Commissioner of the War-time-Price Investigation Committee. (Cabinet)
- " Jun 16 Appointed administration Commissioner of the Finance Ministry. (Cabinet)
- " Nov 17 Appointed councillor of the Commerce and Industry Ministry. (Cabinet)
- " Dec 21 Appointed member of the Security Transaction Committee. (Cabinet)

- 1946 Feb 8 Appointed member of the Central Enterprise
Intendence Investigation Committee (Cabinet)
- " Apr 12 Appointed councillor of the Central Liaison Office.
(Cabinet)
- " May 22 Appointed Finance Minister (Cabinet)
- " May 22 Granted the 4th Grade Salary. (Cabinet)
- " Jun 14 Relieved of duty as councillor of the Central
Liaison Office. (Cabinet)
- " Jul 6 Relieved of duty as member of the Security Transaction
Committee at his own request. (Cabinet);
Relieved of duty as member of the National Saving
Encouraging Committee at his own request. (Cabinet)
Relieved of duty as member of the Committee for
Special measures of Inducing Funds. at his own request.
(Cabinet)
- " Oct 29 Appointed chairman of the Committee for Establishment
of the Restriction Finance Bank. (Cabinet)
- 1947 Jan 31 Appointed Executive General of the Economic Stabilization
Headquarters;
Appointed director of the Price Board. (Cabinet)
- " Feb 5 Appointed member of the Central Economic Reconstruction
Arrangement Committee. (Cabinet)
- " Feb 19 Relieved of duty as chairman of the Committee for
Establishment of the Restoration Finance Bank. (Cabinet)
- " Mar 20 Relieved of duty as Executive General of the Economic
Stabilization Headquarters;
Relieved of duty as director of the Price Board. (Cabinet)
- " Apr 9 According to the provision in Art III Paragraph 2 of the
Regulation of the Salary Investigation Committee, the
state minister is appointed as the Vice-chairman of the
Committee. (Cabinet)
- " May 24 Cancelled by as stipulation in Constitution Art 103;
- " " 16 Mentioned as applicable to the Memorandum by Art I of
the Imperial Ordinance No. 109. of 1946.