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The Stenographic Record No. 3, of the proceedings
at the 57th session of the House of Representatives,
the Imperial Diet.

January 21st, 1930, (SHOWA 5th) (Tuesday)
The session was opened at 1.41. p.m.

(Minister of State, Mr. HAMAGUCHI, Osachi,
Mounted the rostrum)

The Minister of State (Mr. HAMAGUCHI Osachi)

The government long ago declared, both at home and abroad,
the lifting of the gold embargo as one of the most important
policies, and since the formation of the Cabinet, preparations
have been made steadily toward this end. As I have already
stated, the government has put into practice various policies
such as financial retrenchment, consolidation of public loans
and economy on consumption, and, at the same time, has strived
to gradually fill up the specie abroad. As the result of our
effort to gradually increase the balances abroad by taking

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advantage of the recent strong tone of the exchange market, the total sum of the specie abroad, which was only about ¥83,000,000 at the end of June, last year, that is, just before the formation of the present Cabinet, already passed the three hundred million yen mark in November, 1929, last year, namely, at the time when the Finance Ministry ordinance regarding the lifting of the gold embargo was issued. Thus the position of our specie abroad has become very strong, and in addition to it, in order to establish a closer connection with the key money markets abroad as well as to set the people's mind fully at ease, the government has taken measures so that a credit of one hundred million Yen be contracted on the British and American markets between the Yokohama Specie Bank and the Anglo-American banking syndicate. Moreover, the leading British and American bankers have shown their special goodwill toward the lifting of the gold embargo by Japan, stating that they would render every spiritual support to it. On the other hand, our foreign trade for last year was remarkably improved, and whereas the total sum of exports and imports amounted to about 4,364,000,000 yen, the amount of the excess of imports over exports was only about 67,000,000 yen. As compared with the total sum of exports and imports of 4,168,000,000 yen for the year 1928, the above-mentioned adverse balance of trade showed a decrease by 156,000,000 yen. Again, even if the adverse balances of trade for Chosen and Taiwan be

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added to that for Japan proper, the total sum of excess of imports over exports is less than 170,000,000 yen. Thus the international trade of Japan has been quite remarkably improved recently. As the situation turns favourably toward us, the exchange rate of the yen has risen slowly but steadily, and gradually approached the exchange rate at par. All internal and external preparations have been completed, and we have come to be firmly convinced that there is absolutely no fear of causing a economic crisis even if we carry out the lifting of the gold embargo. Accordingly, the government issued the Finance Ministry ordinance regarding the lifting of the gold embargo on November 21st, last year, which has been enforced since January 11th this year. Thus our country has returned to the gold standard both in theory and in fact. Twelve years have elapsed since September, 1917. It is a matter for hearty congratulation that the obstacles of the gold embargo have been lifted and our country has returned to normal condition in the international economy. This is the result of the understanding and cooperation on the part of the whole nation to which I wish to express my hearty gratitude.

In putting the lifting of the gold embargo into practice, the government has made, with the co-operation of the people, full preparations for it, as I have stated above. So it was the firm belief of the government that nothing deplorable would happen as

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a result of the lifting of the embargo. As a matter of fact, after the announcement of the forthcoming lifting of the gold embargo in November, last year, and at the time of and after the actual lifting in January 11, this Year, the financial situation has generally been progressing smoothly to the great satisfaction of the government. But the lifting of the gold embargo is no more than the first step in the regeneration of the economy of Japan which has returned to its normal state. From now on, our nation must continue, on the basis of this regenerated economy a sincere effort towards the solid development of the national economy, and endeavor to improve international trade and to support the gold standard. This is indeed the joint responsibility imposed upon both government and people. Therefore the government desires to continue the policy of strict economy in central and local finance hereafter as well, and further concentrate our efforts in the direction of the promotion of industry and the development of trade, with the cooperation of the people.

In order to rationalize industry and to investigate important matters concerning the promotion of industry with that in view, the government has decided to establish the Temporary Industry Investigation Commission and at the same time a special department in the government as its executive organ. What the government intends to ask at this moment for investigation as

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urgent problems are the control of enterprises, the increase of efficiency, the establishment of fundamental construction, the improvement of primitive industry management, the promotion of home products, the improvement of industrial circulation of money the rationalization of selling methods, etc. Under the present condition of our industrial world which is in confusion and disorder, and tends to fall into the evil practice of careless and abundant manufacture indulging in reckless competition, I think it is necessary to control enterprises by promoting their union or incorporation in order to avoid multiple investments, to lower production costs and to ensure the completeness and excellence of the quality of products. It goes without saying, however, that such evils as the unreasonable curtailment of operation or the wilful oppression of consumers by stipulating prices should be avoided as much as possible. As for the increase of efficiency, there are many things to investigate such as the scientific Control and management of enterprises, the standardization of products, the simplification of the process of production, etc. In regard to the improvement of industrial circulation of money, the most pressing problem is to make the money-market smooth for farmers, manufacturers and tradesmen who are below average. For this purpose, such plans as the accommodation of low-interest funds, the improvement of credit associations, the increase of public pawn-brokers and others, indeed, should be investigated and put into practice, but I believe ^{one} effective method will be to

make ordinary banks contribute to the circulation of money in that direction by suitable methods. The Government will not neglect an earnest investigation in this respect. To state the case briefly, ^{unless we} occupy a commanding position in competing with the commodities of the various countries in the world's trading market by lowering our production costs, the fundamental improvement of international loans will be impossible to realize. Therefore, to attain the purpose, the government attempts to cooperate with the people trying every means. In addition, the government has presented special estimates in the budget for 1930 to increase expenditure with regard to the promotion of home production to increase the manufacturer's bounty in important fundamental industries and at the same time to materialize the export compensation system. We believe that is the most opportune policy to materialize the compensation system of exports to open markets for our commodities and to promote our export trade as a policy for the improvement of international loans. I shall talk about the system in detail some other day. On the basis of the report of the International Loan Investigation Commission, the government is also planning the establishment of facilities concerning the circulation of money for shipping which has been demanded for many years, in order to promote the development of Sea-transportation which has brought in the principal income excepting that from our trade.

Gentlemen! In view of the present social and economic situation, I believe that it is extremely obvious that the solution of the unemployment problem has a tendency to occupy the most important objects (for study) among social political institutions. Properly speaking, the fundamental solution of this problem must solely depend on the stability of financial-circles and the prosperity of industry. Accordingly, the government, investigating and carrying out the various financial and economic policies including the lifting of the gold embargo, intends to make every effort toward the revival of national economy and the sound development of industry and trade. Still more, the government will not fail to investigate and establish facilities as a plan toward the prevention and the relief of the present unemployment though we strictly observed a general policy of strict economy in the budget for 1930, we endeavored to equip and perfect employment agencies by increasing employment offices or by other means and also to give full play to their function; and moreover, adopting the substance of the reply of the Social Policy Investigation Commission, we established the Industry Control Committee in the metropolis and important districts, and have already had them investigate matters concerning the control of government and private enterprises in this fiscal year so as to contribute to the neutralization of unemployment, and have

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appropriated for the estimates in the coming budget. Since 1925, the "big six" cities have been taking proper measures for the relief of winter unemployment of free laborers; the government has extended considerably the period of execution, the regions, the kinds of work, maximum number of unemployed who shall be relieved, etc. and is endeavoring to raise the fruits of the relief. Much more, as to the prevention and the relief of unemployment, the government has received proper and useful reports from the Social Policy Investigation Commission, and so we are ready to take proper measures as far as the circumstances permit taking their purport into consideration. And also, it is our desire to put the belief law into practice as soon as our financial circumstances permit.