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**JAPAN**  
**AFTER GOLD BAN REMOVAL**

## Gold Ban to Be Lifted on January 11

### ORDINANCE IS ISSUED; GOING BACK TO EFFECTIVE GOLD STANDARD AFTER 13 LONG YEARS

#### Finance Minister Appeals to Nation to Make Venture Complete Success

The lifting of the prohibition of gold exports is expected to be completed by January 11, 1929.

Following the announcement of this date in Manchuria, H. M. Finance Minister, Finance Minister, issued a statement, asking for the nation's support and cooperation to make the enterprise take a complete success.

He stated the success of the enterprise made in the past year not only for removal of the embargo, but also for the "gold standard" system. He is hereby appealing for the lifting of the ban may not only be a heavy burden of work to be lifted, but also the beginning of the new era. He hopes that the nation would not only support the enterprise, but also that the nation would be successful in the future.

#### Preparations Completed

Preparations for the lifting of the ban on gold exports have been completed. The government has issued an ordinance to this effect, and the necessary administrative arrangements have been made. The lifting of the ban is expected to be completed by January 11, 1929.

The government has also issued a statement, asking for the nation's support and cooperation to make the enterprise take a complete success. He stated the success of the enterprise made in the past year not only for removal of the embargo, but also for the "gold standard" system. He is hereby appealing for the lifting of the ban may not only be a heavy burden of work to be lifted, but also the beginning of the new era. He hopes that the nation would not only support the enterprise, but also that the nation would be successful in the future.

#### His Majesty Is Back in Capital From Nijo



Emperor Hirohito

#### His Majesty Is Back in Capital From Nijo

His Majesty the Emperor returned to the Imperial Palace in the capital from Nijo Palace in Kyoto on Friday, November 11, 1928. The Emperor had been in Kyoto since his departure from the capital on October 15, 1928.

#### Nation Offers Thanks



Mr. [Name]

#### Decision Is Reached at Special Cabinet Meeting; Imperial Sanction Granted

The special cabinet meeting held on Friday, November 11, 1928, resulted in the decision to lift the ban on gold exports. The decision was made by a majority vote of the cabinet members.

The decision was announced by the Prime Minister, who stated that the lifting of the ban was a significant step towards the implementation of the gold standard system. He also stated that the decision was made in accordance with the wishes of the Emperor and the nation.

#### Commons Need Not Worry Says Premier

The British Premier, Mr. MacDonald, stated in a speech on Friday that the British government does not need to worry about the lifting of the ban on gold exports. He stated that the British government has a strong financial position and is well-equipped to handle the situation.

#### Naval Agreement Will Be Fully Ratified Parliament

The British government has announced that the naval agreement with the United States will be fully ratified by the British Parliament. The agreement, known as the Five-Power Naval Treaty, was signed in London in February 1922.

#### America Delegation To London Now Filed

The American delegation to the London Conference on the Five-Power Naval Treaty has now been filed. The delegation, led by Secretary of State C. V. Hughes, is expected to arrive in London in the near future.

#### At Extraordinary Sitting of Ministers

The Japanese government held an extraordinary sitting of the cabinet on Friday, November 11, 1928. The meeting was held to discuss the lifting of the ban on gold exports and the implementation of the gold standard system.

The Prime Minister, Mr. Tanaka, presided over the meeting. He stated that the lifting of the ban was a significant step towards the implementation of the gold standard system. He also stated that the decision was made in accordance with the wishes of the Emperor and the nation.

#### U.S. Seeks to Amend

The United States government has announced that it seeks to amend the Five-Power Naval Treaty. The amendment would allow the United States to build larger battleships than those allowed by the treaty.

#### Special Budget Being Worked On by Law

The Japanese government is working on a special budget for the fiscal year 1929. The budget is expected to be passed by the Diet in the near future.

**JAPAN  
AFTER  
GOLD BAN REMOVAL**

By

**TAKEO AONO**

**FINANCIAL EDITOR OF THE OSAKA MAINICHI AND  
THE TOKYO NICHU NICHU, ENGLISH EDITION**

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**Made and Printed in Japan**

**TO FATHER**

who passed away on January 14,  
1920, while I was in Calcutta, not  
knowing that I would become a  
newspaper man, this book is  
humbly dedicated.

## Foreword

This book is a collection of my articles which have appeared in the Osaka Mainichi and the Tokyo Nichi Nichi, English Edition. I have made, however, a revision of some parts as well as some additions, because these articles were originally written as year-end reviews of markets after the gold ban removal on January 11, 1930.

In view of the importance attached to the lifting of the embargo and the conditions thereafter, I have watched the development of the Japanese economic situation with the keenest attention as the financial editor of the Osaka Mainichi and the Tokyo Nichi Nichi, English Edition.

In February, 1930, I wrote for our paper my first review of the economic conditions after Nippon's epochal financial experiment. The second review, which I made in July of the same year, appeared in our paper in a three day series under the heading "Was Japan's Gold Ban Removal Successful?"

"Should Japan Prohibit Gold Export Again?" was the subject of my essay, which appeared in our paper in a four day series during November of the same year. This article was written in order to study the increased demand in some quarters for the second prohibition of the gold export.

At the beginning of December, 1930, I started compiling the economic diary of Japan after her gold ban removal and covered, I believe, almost all the important incidents in Japanese economic circles during the one year since the big financial event.

In this book, the diary seems to me to have taken up too much space, but it is by no means unimportant for those who intend to trace the movement of the Japanese economic conditions. Further it may prove to be good reference material for other countries which are going to adopt the gold standard in the near future.

I obtained the figures up to December 20, 1930, in the course of conducting the year-end reviews of markets. In publishing this book, the figures after December 20, 1930, up to January 10, 1931, were added.

During the 59th session of the Diet, which was convened on December 24, 1930, the gold ban removal at the original parity point of \$49½ was criticized in view of the continued business depression

and the lifting of the embargo at the new parity point of about \$40 was demanded by the Opposition.

I made a study of the demanded devaluation of the Yen and an article dealing with this appeared in our paper for several days during February, 1931. I believe that some readers will be interested in this article, although it is rather technical.

The aim of this book is to describe the actual development of the Japanese economic situation after the gold ban removal and no attempt has been made to solve the problems associated with the existing difficulties in the business circles.

My thanks are due to the Osaka Mainichi Shimbunsha, Ltd., which gave me this opportunity of writing on such an important financial event and of publishing my articles in book form, to Mr. Yoshikazu Ukyo and Mr. Mitsuzo Hosokawa of the Intertype Department of our paper, who rendered valuable services in printing my humble work and made various suggestions concerning this book, without whose help speedy publication would have been impossible, and to Mr. Shigeru Kimura of the Economist, published by the Osaka Mainichi, who helped me in obtaining the data in preparing the tables used in this book.

TAKEO AONO.

At the editorial office of  
the Osaka Mainichi and the Tokyo Nichi Nichi,  
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Osaka, Japan.

March 10, 1931.



# CONTENTS

CHAP.		PAGE
I	Introduction .....	9
II	Stabilization of Foreign Exchange .....	13
III	Import Excess For First Year of Gold Standard	19
IV	Great Change in Money Market .....	25
V	Curtilment And Rationalization of Industries	31
VI	Effect of Gold Ban Removal on Japan's Finance	39
VII	Nippon's Economic Diary Since Lifting of Embargo .....	43
	January .....	44
	February .....	45
	March .....	48
	April .....	51
	May .....	54
	June .....	58
	July .....	63
	August .....	69
	September .....	75
	October .....	80
	November .....	86
	December .....	92
	January .....	98
VIII	Study of Demanded Devaluation of Yen .....	101

# JAPAN AFTER GOLD BAN REMOVAL

## I

### Introduction

**S**OME troubles are unavoidable after such drastic changes in the financial situation as the lifting of a gold embargo. Britain has already passed that stage, if the present unfavourable conditions have no connection with her gold ban removal in 1925, or it may be better to say that she is now still passing through troubles associated with the "adjustment crisis" partly affected by the world depression.

A similar situation after the gold ban removal was expected in Japan until she actually lifted the long continued gold embargo on January 11, 1930. But things were worse than generally expected. Prices dropped abruptly, proving to be a serious blow to producers. The producers were compelled to conduct the so-called industrial rationalization and curtailment.

The rationalization and curtailment, however, have caused the workers' incomes to decrease and the jobless to increase. This has resulted in the wane of the general purchasing power and even the lower prices have proved to be no stimulus to increase consumption beyond the actual demand.

The export of the low-priced goods, which had been the only hope of the Japanese manufacturers and finan-

ciers as a measure to cope with the hard times after the gold ban removal, was generally inactive throughout 1930, despite the fact that the Export Indemnification Law was enforced on August 1 in order to promote exports in addition to the usual encouragement by the Government.

Thus the "only hope" was smashed to atoms. In other words, the Japanese economic circles lost every chance of "financial ventilation." Imports into Japan during 1930, however, were comparatively small, thanks to the Government's retrenchment policy, the thrift of the Japanese people in accordance with the Government's policy and the wane of their purchasing power, following the general depression. This caused Japan's excess of imports over exports for 1930 not to increase heavily, compared with the previous year.

Japan was very unfortunate in finding that the world-wide depression continued to develop adversely after her epochal financial experiment. The world depression, led by the Wall Street panic in the autumn of 1929, was primarily due to the unprecedented slump of bar silver and the higher tariff walls throughout the world.

The wane of the purchasing power in the silver standard countries such

## JAPAN AFTER GOLD BAN REMOVAL

as China and British India, following the continued slump of bar silver, and the prohibitive tariffs of almost all countries of the world checked the export of Japanese products to a fatal extent.

Among the products the export of which has been seriously affected by these facts are cotton yarn and cotton textiles, which had been shipped actively to China and British India. The export of raw silk to the United States, on the other hand, has been inactive due to the buyers' cautious attitude in view of the constant fluctuations of quotations, whereas raw silk, together with silk cloth, cotton yarn and cotton textiles, is one of Japan's major exports.

It is not, therefore, too much to say that the hard times in Japan after her gold ban removal were coupled with the wave of world depression. The depression in the Japanese financial circles has been considered in some quarters as a direct result of the gold ban removal, however, without counting the effect of the world depression on Japan's trade.

What was unfavourable to the Japanese financial circles was that the bumper crop of 1930 rice was announced and the rice quotations on the exchanges and markets slumped terribly. The adverse effect of the rice quotations' slump upon Japan's finances was far greater than that of the cocoon and raw silk prices' record decline, although the purchasing power of the Japanese sericulturists decreased in no small measure.

Rice plantation is still Japan's major industry, a great part of the

Japanese population being engaged in farming, although Nippon is one of the world's advanced manufacturing countries. The wane of these farmers' total purchasing power was tremendous from the viewpoint of the national finance.

The depression of farm villages was witnessed not only in Japan, but in other farming countries. Similar poor results were seen in many farming districts all over the world in 1930. Raw cotton, wheat and corn slumped due to the bumper crops. The fundamental adjustment of the farming system is imperative, so far as Japan is concerned, in view of such undesirable results from bumper farm crops.

The only virtue of the gold ban lifting was the stabilization of the Yen's external value, that is to say, the normal foreign exchange of Japanese currency. Even this foreign exchange stabilization has not far proven to be a medium of facilitating Japan's foreign trade to a great extent due to the general business slackness.

Some optimists thought that there was a sign of business recovery in view of the favourable tendencies in the financial circles, such as the steady decline of general commodity prices to the international level, deflation of currency, reduction of capital and dividends by manufacturing companies, and the spread of industrial rationalization throughout the country.

The increase of banks' loans, however, despite the Government's deflation policy, and the slow progress of

## JAPAN AFTER GOLD BAN REMOVAL

various companies' industrial rationalization during 1930 have offset the favourable effect of the above-mentioned desirable tendencies in Japan's finance. Banks which made their loans to manufacturing companies, did not welcome the drastic financial adjustment of these companies for fear of a big loss on the part of banks. As a matter of fact, these banks were losing more by preventing these companies' timely fundamental adjustment.

These companies wanted to convert their fixed assets into working funds, but the curtailment of operations rather resulted in locking up their working funds. Such inconsistent facts were seen in the course of the so-called industrial rationalization, though they may be temporary phenomena during a long course of adjustment.

The rationalization of industry in Japan is an imitation of the German system. The "imported" industrial rationalisation was not ready made for adoption into the Japanese "economic structure" without some dressing of the crude material, but the Japanese manufacturing companies were then placed in such a difficult situation that they had no time to study the "imported" rationalization plan and to revise it in order to meet the particular Japanese situation.

The result of the partial capitalistic rationalization was the shifting of the blow from the large industries to the labouring class, farm villages, and industries of medium and small means. Thus 90% of the Japanese people had to suffer from the ration-

alization and the reactional wane of their purchasing power had an unfavourable effect upon the general manufacturing.

Relief measures adopted by the Government as well as banking interests were not very clever. The Government could not but use the funds of the Deposit Department for the relief of industries of medium and small means. The funds of the Deposit Department consist of postal savings and premiums paid for postal insurance, which are held for the payment of the insured amount. It is noticeable that the relief of these industries was thus made at the expense of the lower class.

These loans cannot be fixed for a long time in view of the nature of the funds. The minor industries will then be placed in a harder situation. These relief measures are something like tinkering. The Government and banking interests must be blamed for their negligence of the fundamental relief, removal of the basic defects in these industries.

The Bankers' Syndicate and the Industry Commission were formed to cope with the hard times, but they did not touch the fundamental question. Consequently general traders and manufacturers are still in a difficult situation and there is little hope of recovery in the near future.

What is noteworthy is the demand for the prohibition of the gold export again. Such a demand has increased steadily among some traders, politicians, scholars, and farmers. Continued gold outflux for some time has caused some people to become uneasy about the future gold situa-

## JAPAN AFTER GOLD BAN REMOVAL

tion in Japan and to demand a new gold ban, declaring that this outflow of gold involves a considerable sum in foreign investments by some Japanese interests which have little hope of Japan's financial recovery.

Some people demanded that the Government declare another gold embargo and then remove the ban at a new parity point after a proper time has elapsed in order to check the further depression of trade and to raise prices, declaring that the abrupt change of business conditions was due to the resumption of the gold standard at the original parity point.

Farmers have been affected by the abrupt decline of land values, because they had to put up additional security against their loans from the banks. The price fall of farm products was heavier than that of industrial manufactures. In addition, the increased return of the jobless from towns to the rural districts has caused farm villages to suffer more and more.

Really the depression of farm villages is very serious. Even the barter system was used in some farm districts, following the heavy slump of cocoon and rice quotations and the consequent wane of these producers' purchasing power. Some villagers proposed to pay taxes with rice instead of money. Several primary schools in rural districts abolished the higher elementary course on account of financial conditions. This is why farmers demanded the second gold embargo.

Thus the general financial situation has become worse than expected and even the Hamaguchi Cabinet, which was proud of its so-called "non-bond-issue policy," was eventually obliged to issue bonds and Treasury Bills,

frequently even to the maximum issue amount.

It is noticeable that the Cabinet had to reform the budget only three months after the beginning of the 1930-31 fiscal year. In connection with the Hamaguchi Cabinet's financial policy, it must be mentioned that Premier Yuko Hamaguchi, on November 14 was assaulted on the platform of Tokyo Station by a youth who belonged to a reactionists' group.

The Government's financial policy, however, was changed. The slogan of "retrenchment" was replaced by "home industry protection." Thus relief loans were given in various directions, causing the currency to swell again. Then the Government adopted the low interest policy in view of the stoppage of big gold outflows.

New rice was purchased by the Government in order to raise the rice quotations. Bonds were also bought by the Industrial Bank of Japan in accordance with the Government's policy to bolster them.

Stock quotations began to rise in November and the falling tendency of the general merchandise quotations has somewhat been checked. It would be premature to consider this as a sign of fundamental business recovery in the near future, however, although Mr. K. Tajima, Vice-Minister of Commerce and Industry, at a Vice-Ministers' meeting on December 11, declared that there was an indication of industrial recovery.

The author believes that the existing conditions will continue for some years with a certain amount of ups and downs as long as the world tariff competition continues and no fundamental remedy for the slump of bar silver is found.

## II

### Stabilization of Foreign Exchange

THE stabilization of the Yen's external value, which had been the major aim of Japan's gold ban removal, was witnessed throughout 1930. The Yokohama Specie Bank's change of its official exchange rates took place less than 10 times since the gold embargo was lifted on January 11, 1930, whereas the number of the Bank's revisions of its rates had been annually between 50 and 100.

It is noteworthy that the Yokohama Specie Bank's revision of its exchange rate on New York was made only thrice during the period after the ban's lifting, while the rate on London was changed seven times.

Japan's gold ban removal, therefore, was a success so far as her foreign exchange was concerned. The Yen's exchange rate on New York, which was fluctuating on the \$44 level, began to rise steadily since the formation of the Hamaguchi Cabinet on July 2, 1929, following the collapse of the Tanaka Cabinet, because it had been generally believed that the Hamaguchi Cabinet would lift the long continued gold embargo.

The external value of the Yen reached the parity point of \$49½ immediately before the Government's announcement of the exact date of the gold ban removal, which was made on November 22, 1929, although it was a temporary and abnormally

high quotation. Later the quotation was steadied at about \$49, being lower than the specie point by between ⅓ and ½.

Thus the foreign exchange was stabilized by the announcement of the exact date of the gold ban removal, whereas Japan's foreign trade had been greatly affected by the constant fluctuations of the exchange rates for the 13 years following the prohibition of the gold export in 1917.

Therefore, no abrupt advance of the Yen was witnessed when the embargo was actually lifted on January 11, 1930. The Yokohama Specie Bank, which raised its official exchange rates on New York and London by one point to \$49¼ and 2/0 ¼, respectively, on Saturday, January 11, increased these rates again the following Monday to \$49½ and 2/0 5/16.

The foreign exchange market however, has been in an abnormal condition since the end of January, the rates being comparatively low, while they should be higher at the specie point at least, as a result of the removal of the gold export ban and the shipments of gold that have been conducted by both foreign and Japanese banks.

This was due to the Bank of Japan's hesitation to sell the Dollar to the Japanese banks, with a view to checking imports and protecting Japan's specie holding, as the exchange

## JAPAN AFTER GOLD BAN REMOVAL

business has been placed under the direct control of the Bank of Japan since the gold ban removal.

The Yokohama Specie Bank's strong attitude of quoting \$49½, actual selling rate to banks, which was lower than its official exchange rate by one point, was also responsible for these foreign and Japanese banks' gold shipments.

In view of the cautious attitude of the Bank of Japan and the Yokohama Specie Bank, uneasiness about the Yen prevailed overseas and the Yen eventually dropped abruptly in the New York exchange market on January 17, barely maintaining the \$49 level.

Foreign banks, which had to withdraw their Yen speculation funds from Japan in view of the gold ban removal, converted notes into gold at the Bank of Japan and shipped the specie to the United States per almost every available ship since January 21.

The specie point was then calculated at \$49½ and the foreign banks found it profitable to ship gold instead of buying the Dollar at \$49½. Some foreign banks, however, made a profit by selling the Dollar to the Japanese banks at rates better than the Yokohama Specie Bank's actual selling rate, taking advantage of the fact that the foreign banks had the privilege of obtaining the Dollar from the Bank of Japan freely, whereas the Japanese banks were asked by the Government not to pull down the Yen by buying the Dollar actively.

Foreign banks then to a certain extent controlled the Japanese exchange market for some time, while Japanese banks had to obtain the Dollar funds in order to cover the exchange rate of raw cotton imports and to meet the foreign payments and investments abroad by Japanese companies.

Affected by these foreign banks' operations, Japanese banks demanded from the Government a more lenient attitude toward the Japanese banks' gold conversion and the Mitsui Bank started conducting gold shipments on January 31. The Sumitomo and the Mitsubishi Banks followed, although they had been asked by the Government to refrain from conducting gold shipments and they had acted for some time in accordance with the Government's desire.

Thus the total gold shipments in one month after the gold ban removal exceeded ¥60,000,000, although both foreign and Japanese banks were very moderate in making these shipments in view of the Japanese Government's desire for their moral support of Nippon's big financial event and also for fear of a public attack upon such action.

Still the Yen exchange was slow to advance, being between \$49 1/16 and \$49 3/16, which figures were much lower than the specie point. Thus the foreign exchange was rather unfavourable for some time despite the gold ban removal.

The gold outflow continued even after March, whereas the settlement of the excess imports by foreign exchange is usually made before the end

## JAPAN AFTER GOLD BAN REMOVAL

of March. The gold efflux was attributed to the Bank of Japan's control of the exchange market. The exchange banks demanded that the Bank of Japan make the exchange market quotations the same as the Yokohama Specie Bank's official exchange rates or change the Yokohama Specie Bank's rates to the open market level.

The Bank of Japan, however, was unable to meet the demand, because it had been placed in a dilemma between the protection of specie and hesitation to sell the Dollar in view of shortage of the Dollar funds, following constant release of its specie holding abroad to Japanese banks, headed by the Yokohama Specie Bank, and foreign banks to a considerable amount after the removal of the gold ban.

The foreign exchange market was comparatively steady in April, May and June, although there were some unfavourable factors such as the inactivity of the cotton industry and the slump of various shares. This was due to the Bank of Japan's change of its gold policy in view of the disadvantageous situation of Japanese banks in the exchange market, following its protection of gold.

The Bank of Japan this time admitted these Japanese banks' gold shipments. The foreign exchange market naturally became easy and the quotations were gradually steadied. In addition, the low interest rates in Britain and the United States, the decrease of raw cotton imports into Japan, the increase of raw silk exports from Japan and the successful

conversion of the 4% Sterling Bonds of the Japanese Government in the London money market have caused the open market exchange quotations to rise to the higher level of the Yokohama Specie Bank's official rates.

The "export season" of Japan usually begins in July. The foreign exchange, therefore, should have been stabilized in July, 1930, but the result was adverse. This was due to the continued gold outflow for investments abroad by some Japanese interests, particularly in foreign bonds of the Japanese Government in view of their higher yield, compared with securities in the Japanese market.

In view of the further depression of the financial circles, a demand for the prohibition of gold exports again occurred and some pessimistic traders began to convert the Yen into the Dollar. The foreign banks, in addition, started buying the Dollar for forward delivery, considering that the gold export would be prohibited again if a change of the Cabinet took place in connection with the ratification of the London Naval Treaty.

The Privy Council then showed a strong attitude towards the Cabinet regarding the matter and the political situation was uneasy for some time. The speculative buying of the Dollar and the consequent selling of the Yen for forward delivery caused the Yen exchange to slump to \$49¼, which was the second big decline since the gold ban removal. Thus the exchange situation was abnormally unfavourable for the "export season."

In view of this unfavourable situation, the Yokohama Specie Bank,



## JAPAN AFTER GOLD BAN REMOVAL

which had been inactive since the ban removal, began to sell the Dollar for forward delivery actively in accordance with the exchange policy of the Government and the Bank of Japan, expecting that it would have to conduct some gold shipments in the near future. This was somewhat effective in checking the further fall of the Yen but the Yokohama Specie Bank's selling was then reported to have reached from \$40,000,000 to \$50,000,000.

The Yokohama Specie Bank then decided to conduct gold shipments in order to increase its specie holding abroad to meet the settlement of the exchange transactions. Thus the Bank's first gold shipment since the gold ban removal was conducted on September 26 and the Yen exchange became steady at  $\$49\%$ .

The political uneasiness was removed with the ratification of the London Naval Treaty and foreign and Japanese speculators, who made a big purchase of the Dollar in all for forward delivery, had to obtain Yen funds for the settlement of their transactions. Foreign banks particularly were placed in an unfavourable situation for obtaining the Yen funds, because they had conducted gold shipments to considerable amount with the funds for Yen speculation.

Some foreign banks intended to resell the Dollar to the Japanese importers or asked for the "change-over" in their exchange transactions with the Yokohama Specie Bank. The Yokohama Specie Bank did not agree to the demand and continued its gold

shipments. It was then reported that some foreign banks might appear in the call money market in order to obtain the Yen funds.

Speculators began to sell the Dollar reactionally. This sent the exchange rate of the Yen to the high level of  $\$49\ 18/16$ , only one point lower than parity, on October 23. Compared with the exchange banks' specie point, the quotation was much higher and even the import of gold from America was then expected.

Thus the Yen exchange became abnormally high and the Yokohama Specie Bank, in accordance with the policy of the Government and the Bank of Japan began to agree to the foreign banks' demand for the "change-over," because such an abnormally high quotation would cause the imports into Japan to increase and the exports from Japan to decrease. The Yokohama Specie Bank then somewhat controlled the exchange market.

Later the Yen exchange was steadied at from  $\$49\ 9/16$  to  $\$49\ 5/8$ . The Yen exchange rate was somewhat lower during December, the Yokohama Specie Bank's official exchange rate on New York being  $\$49\%$ , but the undertone was quite firm. This was due to the Yokohama Specie Bank's selling attitude in view of the fact that the "import season" of Japan had set in.

Thus the stability of the Yen exchange had a favourable effect upon the financial circles at the year-end. Particulars of the highest and lowest exchange rates of the Yokohama Specie Bank during the 12 months of 1930 are shown in the following table:

## JAPAN AFTER GOLD BAN REMOVAL

### Y.S.B.'s Official T.T. Rates

Month (1930)	On London		On New York		On Shanghai	
	Highest	Lowest	Highest	Lowest	Highest	Lowest
Jan. ....	2/0 5/16	2/0 1/8	49%	49	99	98½
Feb. ....	2/0 5/16	2/0 5/16	49%	49%	103	98
Mar. ....	2/0 5/16	2/0 5/16	49%	49%	106	100
Apr. ....	2/0 5/16	2/0 5/16	49%	49%	104	103
May ....	2/0 3/8	2/0 5/16	49%	49%	120	104
June ....	2/0 3/8	2/0 3/8	49%	49%	140	120
July ....	2/0 3/8	2/0 5/16	49%	49%	135	128
Aug ....	2/0 5/16	2/0 5/16	49%	49%	130	122
Sept. ....	2/0 3/8	2/0 5/16	49%	49%	125	120½
Oct. ....	2/0 3/8	2/0 3/8	49%	49%	127	123½
Nov. ....	2/0 3/8	2/0 3/8	49%	49%	127	124
Dec. ....	2/0 3/8	2/0 3/8	49%	49%	142	128½
<b>(1931)</b>						
Jan. (up to						
Jan. 10) ..	2/0 3/8	2/0 3/8	49%	49%	157	145
<b>(Year)</b>						
1930 .....	2/0 3/8	2/0 1/8	49%	49	142	98½
1929 .....	2/0 1/16	1/9 5/8	49	43%	93½	70

While the Yen exchange rates on New York and London were generally steady throughout 1930, constant fluctuations of the rate on Shanghai took place during the year, following the frequent big decline of bar silver.

The London bar silver quotation, which had been downward since 1929, broke the 21d level in January, 1930, the 20d mark in February, the 19d level in March, the 18d mark in May, the 16d level in June and eventually the 15d mark in December. The unprecedented low records of 14d ½ and 81 ⅞ cents were realized in the London and the New York markets, respectively, on December 16.

The quotation had been steady at the 14d level and the 81 cent mark until it recovered the 15d level and the 82 cent mark on December 22. The quotation began to fall again on December 23, breaking to the 14d

level and the 81 cent mark. The low record of 14d ½ was reached again in London on December 30, while the New York bar silver slumped to the new low quotation of 80 ¼ cents on the same day. These revolutionary changes of the silver prices have thrown the Chinese market into consternation several times during the year and created a number of tragedies among the Chinese bankers and others who held considerable sums of silver. Cases of suicide and fight have been reported.

The Yen exchange rate on Shanghai, which was on the Tls. 93 level at the beginning of 1930, advanced to Tls. 140 in June, causing the Chinese purchasing power to wane considerably. The Yen exchange on Shanghai was steady at the lower level until the London bar silver registered an unprecedented slump on December 16. The tremendous break sent the

## JAPAN AFTER GOLD BAN REMOVAL

Yen exchange on Shanghai to Tls. 140 again on December 19.      Date      London (spot) (Unit Penny)      New York (Unit Cent)

In view of the recovery of the London bar silver to the 15d level on December 22, the Yen exchange rate on Shanghai was reduced to Tls. 136 by the Yokohama Specie Bank on December 23.

The Yen exchange on Shanghai was increased to Tls. 139 on the following day due to the fall of the London and the New York bar silver. The highest point of Tls. 142 for 1930 was quoted by the Yokohama Specie Bank on December 30 in view of the further slump of the bar silver.

The unprecedented slump of the London and the New York bar silver was registered on January 9, 1931, the quotation being 13 3/16d and 28½ cents. This sent the Yen rate on Shanghai to the new high mark of Tls. 157 on the following day.

The movements of the London and New York bar silver quotations since the beginning of January, 1931, are as follows:

Jan.	London (spot) (Unit Penny)	New York (Unit Cent)
1	No market	No market
2	Ditto	Ditto
3	Ditto	Ditto
4	Sunday	Sunday
5	14½	29%
6	13 11/16	29½
7	13%	30
8	13 7/16	28%
9	13 3/16	28½
10	13%	29%
11	Sunday	Sunday

Thus the general tendency is downward and the future is very gloomy, the support of the market having been very poor.

It is generally admitted in the Shanghai market that the new slump was mainly due to the selling from China. Short-selling by these Chinese speculators since the beginning of 1931 has so far amounted to a large sum.

Some leading silver brokers are very pessimistic about the future of the market, declaring that the quotation may break to the 10d level before long.

### III

## Import Excess For First Year of Gold Standard

THE stabilization of the Yen exchange as a result of the gold ban removal did not have a greatly favourable effect upon Japan's foreign trade for 1930, but this does not at all mean the failure of Japan's resumption of the gold standard. The inactivity of Nippon's foreign trade is due primarily to the world depression, following the heavy slump of bar silver and the increasing international tariff competition.

The volume of trade, both in exports and imports, decreased abruptly, even more heavily than expected before the actual gold ban lifting, owing to the wane of the purchasing power of not only Japan but also other countries. Still the balance was unfavourable to Nippon. The adverse trade balance of Japan Proper for 1930, however, was much smaller than generally foreseen for the first year of the gold standard, being only ¥76,225,000 against ¥67,621,000 of 1929 and ¥224,859,000 of 1928.

It is rather unreasonable to compare the trade balance of 1930 with that of 1929, because the export was brisk in 1929 while import was avoided in expectation of the gold ban lifting and the consequent advance of the Yen, which is favourable for imports but unfavourable for exports. Thus the trade for 1929 was unusually improved, though it was a temporary phenomenon.

The year under review was also an unusual year, being the first year of

the gold standard. The Japanese Government adopted various manipulations in order to check imports and to promote exports. They were somewhat effective. The tendency is generally good and a further improvement of the trade balance may be expected for 1931, if only the volume of exports increases by a higher rate than that of the imports, following the recovery of the importing countries' purchasing power.

It had been considered in some circles that imports into Japan would increase abruptly in view of the stabilization of the Yen at near the parity point, whereas they had been checked by the lower value of the Yen for a long time.

The decrease of exports from Japan, on the other hand, had also been expected on account of the higher value of the Yen after the gold ban removal, while exports were comparatively active towards the end of 1929 in anticipation of the further advance of the Yen in the next year.

As a matter of fact, imports did not increase so heavily. The largest amount of imports was reached in March and the amount began to fall particularly after July, when the "export season" of Japan usually sets in.

Exports, on the other hand, had been declining since the beginning of the year, as generally expected, up to June, when the bottom was hit. The monthly amount of exports since

## JAPAN AFTER GOLD BAN REMOVAL

July was somewhat irregular, however, being comparatively large.

At the same time it must be noted that the world-wide decline of commodity prices and the advance of the Yen value were responsible for the drop of the total value of imports, and the price fall of the Japanese products for the smaller value of Nippon's total exports.

It was fortunate that the equilibrium of the price fall between imports and exports, and the proportionate decrease of the trade volume on both sides caused the net balance for 1930 to show little difference compared with that for 1929.

For instance, the quotation of raw silk, which was as high as the ¥1,180 level (per 100 kin) at the beginning of 1930, dropped to the ¥500 mark some time later. The prices of cotton yarn, wheat, rubber, refined sugar, etc., all slumped heavily during the year. American raw cotton, which is one of Japan's major imports, gradually declined from 17½ cents to the 10 cent level.

The decrease of the trade volume, however, is evidenced by the fact that the total measurement of exports and imports for the first 10 months of 1930 (latest figures available) was 3,030,599 tons and 8,270,393 tons, respectively, against 3,164,085 tons and 9,286,826 tons for the corresponding period of 1929. Thus exports were smaller by 123,336 tons or 3% and imports by 1,010,633 tons or 11%, while the decrease of their total value was 31%.

Particulars of Nippon's leading exports and imports for the first 10

months of 1930 (quantitative figures are unavailable for November and December), compared with the corresponding period of the previous year, are shown in the following table:

Leading Exports			
Item	Year	Value (Unit ¥1,000)	Quantity (Unit 100 kin)
Raw silk.....	1930	..345,823	368,356
	1929	..663,395	433,143
(Unit 1,000 cubic centimetres)			
Cotton cloth..	1930	..230,450	1,309,059
	1929	..350,833	1,498,143
Silk cloth.....	1930	..85,361	} Difficult
	1929	..126,728	} to compare

Leading Imports			
(Unit 100 kin)			
Raw cotton....	1930	..313,580	7,311,228
	1929	..499,484	9,314,863
Iron.....	1930	..85,566	21,105,448
	1929	..135,423	135,427,668
Mineral oil....	1930	..36,133	} Difficult
	1929	..37,965	} to compare
Fertilizer.....	1930	..72,962	18,515,393
	1929	..85,563	16,893,607
Wool.....	1930	..62,306	720,287
	1929	..89,749	716,600

The decrease of the raw silk and silk textile exports was partly due to the wane of the demand in the United States, following the general depression there. The slump of raw silk and the higher tariff are held responsible for the decline of cotton cloth exports.

Nippon's exports to China for 1930 totalled ¥399,424,000. Compared with the previous year, this was smaller by ¥130,232,000, being largely due to the slump of bar silver and the consequent wane of the Chinese purchasing power.

The decrease of the raw cotton imports is attributed to the inactivity

## JAPAN AFTER GOLD BAN REMOVAL

of the spinning industry in Japan and the consequent curtailment of mill operation. Other raw material imports were rather larger. This means that some speculative imports were made in view of the favourable import prices and some producers were obliged to operate their mills, whereas the curtailment was imperative.

Among the adverse factors for Japan's trade was the adoption of the protective policy by many countries in their foreign commerce, following their return to the gold standard, and the consequent competition in absorbing the world gold. These countries increased their tariff in order to cover a deficit in their national revenues, if the aim of the higher tariff was not the protection of their home industries.

More than 10 countries created higher tariff walls during 1930. Among these countries were the United States (raised in June), Canada (June), Australia (several times since July, 1929, up to August, 1930), British India (May), Egypt (September), Brazil (September), New Zealand (August), Turkey (February) and Mexico (July and November).

Uganda and Tanganyika in eastern Africa also increased their import duties, while China adopted the gold basis in collecting the customs duties, thereby causing the duty payments to become actually higher.

France, Italy, Germany and other European countries conducted a partial increase of their tariffs. Even in Britain, the abolition of the traditional free trade policy was urged.

The increase of the cotton cloth tariff by the Indian Government and the advance of the silk cloth duties in Australia particularly proved to be a serious blow to the Japanese weavers and exporters.

Thus the international tariff competition has caused the markets for these countries' exports to wane, affected by the protective policy of one another, and the world's industries and foreign trade have become inactive.

The total value of Japan's foreign trade for the first 10 months of 1930 decreased by 81%, as already mentioned in an earlier paragraph, Britain's by 16.5%, America's by 27%, Germany's by 15% and France's by 11%, compared with the corresponding period of 1929.

The Commerce and Industry Office, which made a survey of the foreign trade of Japan, Britain and the United States for the first 11 months of 1930 in order to compare the results of the trade of the three countries, emphasises the fact that Japan's trade was markedly recovering in October and November, while Britain's and America's were still unfavourable.

The decreasing rate of Nippon's exports and imports in the fourth quarter was smaller than that in the third quarter, but Britain and the United States witnessed a higher decreasing rate. A rough estimate of the foreign trade of these three countries for the first 11 months of 1930 is shown in the following table, compared with the previous year:

## JAPAN AFTER GOLD BAN REMOVAL

Months	Japan's Exports		Decrease (Unit %)
	1930 (Unit ¥1,000,000)	1929	
Jan.-Mar. ....	401	496	19.3
Apr.-June .....	331	520	36.0
July-Sept. ....	376	597	37.0
Oct.-Nov. ....	246	376	34.6
Jan.-Nov. ....	1,354	1,989	31.9

Months	Japan's Imports		Decrease (Unit %)
	1930 (Unit ¥1,000,000)	1929	
Jan.-Mar. ....	526	659	23.0
Apr.-June .....	450	610	29.5
July-Sept. ....	293	460	36.3
Oct.-Nov. ....	198	298	33.5
Jan.-Nov. ....	1,447	2,057	29.7

Months	Britain's Exports		Decrease (Unit %)
	1930 (Unit £1,000,000)	1929	
Jan.-Mar. ....	139	211	10.4
Apr.-June .....	166	208	20.2
July-Sept. ....	154	208	25.9
Oct.-Nov. ....	105	145	27.6
Jan.-Nov. ....	614	772	20.5

Months	Britain's Imports		Decrease (Unit %)
	1930 (Unit £1,000,000)	1929	
Jan.-Mar. ....	233	306	7.5
Apr.-June .....	233	299	19.7
July-Sept. ....	243	292	16.8
Oct.-Nov. ....	170	218	22.0
Jan.-Nov. ....	954	1,115	14.4

Months	America's Exports		Decrease (Unit %)
	1930 (Unit \$1,000,000)	1929	
Jan.-Mar. ....	1,129	1,420	20.4
Apr.-June .....	947	1,203	21.3
July-Sept. ....	876	1,221	28.3
Oct.-Nov. ....	617	971	35.5
Jan.-Nov. ....	3,569	4,815	25.9

Months	America's Imports		Decrease (Unit %)
	1930 (Unit \$1,000,000)	1929	
Jan.-Mar. ....	898	1,122	20.4
Apr.-June .....	843	1,164	27.6
July-Sept. ....	665	1,074	38.1
Oct.-Nov. ....	453	729	37.9
Jan.-Nov. ....	2,854	4,089	31.0

Although Japan's foreign commerce was adverse throughout the first half of 1930, the trade balance began to show a favourable result, entering

the second half of the year, and the monthly export excess continued for the rest of the year, offsetting the adverse result of trade for the first half to some extent.

The favourable turn of Nippon's foreign trade for the second half is attributed to the following facts:

1. Keen selling competition was conducted overseas among the British, American and Japanese exporters in view of the marked wane of their domestic purchasing power. The Japanese traders carried out their compulsory exports at reduced prices to a considerable amount.
2. A marked increase was witnessed in Japan's exports to Turkey, Egypt and some eastern African countries as a result of the Japanese commercial travellers' successful exploitation of markets there.
3. Exports to China began to increase steadily in November and December in anticipation of China's new statutory tariff enforcement in January, 1931, and the consequent higher duties.
4. The Export Indemnification Law was somewhat effective.

On the other hand, the causes of the smaller imports for 1930 are generally considered to be as follows:

1. The decline of import prices through, not only the advance of the Yen, but also the world-wide fall of commodity prices. This caused the total value of Nippon's imports to become smaller.
2. The wane of the Japanese people's purchasing power, following the decrease of profits of traders,

## JAPAN AFTER GOLD BAN REMOVAL

manufacturers and farmers after the price fall of merchandise. The Government's thrift propaganda was also somewhat effective.

3. The limitation of raw material imports by manufacturers, to a certain extent, following their curtailment programs, was partly responsible.

4. The Government's home industry protection by urging people to use Japanese goods may be also held responsible.

The Finance Office has prepared a comparative list of the 1930 foreign trade of Japan, Britain, America, France and Germany, showing the decline percentage of their exports and imports, compared with the previous year, in accordance with request of Mr. Shigemasa Sunada, member of the Seiyukai Opposition Party, during the 59th session of the Diet. The list is as follows:

Item	Japan		Decline (Unit %)
	1930 (Unit ¥1,000,000)	1929 (Unit ¥)	
Exports ...	1,518	2,217	81.5
Imports ...	1,680	2,888	29.6
Excess of imports ..	162	171	5.5
Britain			
(Unit £1,000,000)			
Exports ...	658	830	14.6
Imports ...	1,045	1,221	21.4
Excess of imports ..	387	382	11.3
America			
(Unit \$1,000,000)			
Exports ...	8,804	5,242	26.6
Imports ...	8,060	4,398	30.4
Excess of exports ..	744	844	7.5

France			
(Unit Frca. 1,000,000)			
Exports ...	42,629	50,139	14.6
Imports ...	52,344	58,220	10.1
Excess of imports ..	9,515	8,081	17.7

Germany			
(Unit Mks. 1,000,000)			
Exports ...	12,085	Unavailable	11.0
Imports ...	10,292	Ditto	25.0
Excess of exports ..	1,743	Ditto available	

Japan's exports, including those of Chosen and Taiwan, registered the heaviest decrease by 31.5%, compared with the previous year, followed by the United States, whose exports declined by 26.6%. The fall in the U.S. imports during 1930 was most remarkable, the decline percentage being 30.4%. Next comes Japan with a 29.6% decrease in her imports.

Particulars of the monthly exports and imports for 1930 are shown in the following table in multiples of ¥1,000:

Month	Exports	Imports
Jan. ....	146,004	182,760
Feb. ....	118,932	160,294
Mar. ....	136,911	182,761
Apr. ....	117,293	148,431
May ....	115,102	155,522
June ....	95,940	128,233
July ....	117,225	104,625
Aug. ....	127,688	95,073
Sept. ....	130,682	92,335
Oct. ....	128,511	102,320
Nov. ....	117,493	95,577
Dec. ....	116,007	98,773

In order to give an idea as to the general tendency of Japan's foreign



## JAPAN AFTER GOLD BAN REMOVAL

trade, the monthly figures of raw cotton imports and raw silk exports, which are the major factors of Nippon's foreign commerce, are shown in the following table in multiples of ¥1,000:

Monthly Raw Cotton Imports	
Month	Amount
Jan. ....	63,779
Feb. ....	48,785
Mar. ....	53,517
Apr. ....	84,813
May. ....	35,718
June. ....	24,596
July. ....	10,726
Aug. ....	10,660
Sept. ....	8,110
Oct. ....	23,871
Nov. ....	26,819
Dec. ....	21,638

Monthly Raw Silk Exports	
Month	Amount
Jan. ....	41,387
Feb. ....	23,425

Mar. ....	27,172
Apr. ....	20,850
May. ....	16,249
June. ....	21,481
July. ....	47,854
Aug. ....	58,351
Sept. ....	58,009
Oct. ....	58,929
Nov. ....	85,691
Dec. ....	85,295

The outlook of Japan's foreign trade for the near future is not so bright, because the first half of the year is generally considered to be the "import season" of Japan. In addition, bar silver is very low. The higher exchange rate of the Yen on Shanghai will cause Nippon's exports to China to decrease and, on the contrary, the Chinese cotton yarn imports into Japan will increase, taking advantage of the favourable exchange rate for the Chinese exporters.

## IV

# Great Change in Money Market

A great change was witnessed in the Japanese money market during 1930. The gold ban removal on January 11, 1930, caused the specie to flow out, the currency to contract, deposits with banks to decrease, the increasing tendency of cash deposits with trust companies to cease, the fixed loans of banks to increase, banks' security holdings to decrease, the interest rate in the money market to advance and the Yokohama Specie Bank to appear in the call money market and the financing of industries to become slow.

On the other hand, the Japanese money markets remarkably shrank during the year, but the Bank of Japan's recovery of the power to control the money market is noticeable as a result of the gold embargo lifting. Consequently the money markets were somewhat stabilized, although the markets were rather inactive.

With the removal of the gold export ban, the conversion of notes into gold was conducted actively. The conversion exceeded ¥50,000,000 early in February and the Bank of Japan's selling of bills reached approximately ¥40,000,000. Thus the gold outflow amounted to ¥180,000,000 in only three months after the lifting of embargo.

The Bank of Japan's specie reserves, which were on the ¥1,000,000,000 level on January 10, one day before the gold ban removal, fell to the ¥800,000,000 mark at the end of

April. The convertible note issue, which was about ¥1,300,000,000 at the corresponding period of the previous year, also dropped to ¥1,185,000,000.

On January 11, 1930, when Japan returned to the gold standard and she found herself on a normal economic basis, the Bank of Japan had specie reserves of ¥1,073,000,000. The specie reserves were as low as ¥825,275,000 on December 23, when this article was written, showing a decrease by ¥247,725,000, compared with January 11.

The decrease of Japan's specie reserves was due to the gold outflow during the period. The National City Bank of New York made the first start by shipping ¥500,000 in gold to the United States on January 18. Particulars of the gold shipments by banks during the period are shown in the following table in multiples of ¥1,000:

### Banks' Gold Shipments

Bank	1st half, 2nd half,		Total
	1930	1930	
National City Bank of New York	97,000	9,200	106,200
Nederlandsch Indische Handelsbank	21,900	9,200	31,100
Hongkong and Shanghai Banking Corporation	17,900	2,000	19,900
Chartered Bank of India, Australia and China	6,000	—	6,000

## JAPAN AFTER GOLD BAN REMOVAL

Nederlandsch Handel-Maatschappij ...	6,500	2,700	9,200
Mitsui Bank	82,000	—	82,000
Sumitomo Bank .....	25,000	—	25,000
Mitsubishi Bank .....	15,000	—	15,000
Mitsui Trust Company ..	4,000	—	4,000
Yokohama Specie Bank .....	—	60,000	60,000
<b>Total .....</b>	<b>225,300</b>	<b>83,100</b>	<b>308,400</b>

Thus the total outflow of gold from Japan was ¥308,400,000 against the total gold conversion of ¥316,000,000, the balance of ¥7,600,000 being for domestic use. The influx of gold from China, Manchuria, and Chosen, however, was witnessed to some extent during the period.

In addition, the Government purchased gold from the gold mines in Japan. Thus gold was received to the amount of ¥66,000,000 up to December 12. This resulted in the ¥250,000,000 actual loss of the Bank of Japan's specie holding.

Leading banks converted their interest free deposits with the Bank of Japan into gold. This resulted in a big decrease of commercial banks' deposits with the Bank of Japan. On the other hand, foreign banks collected their call money invested in the short-term loan markets and converted it into gold.

In order to meet the increased withdrawals of deposits, banks had to dispose of their security holdings, thereby obtaining their working funds. Thus ¥300,000,000 worth of documentary securities were marketed by banks during 1930.

Thus idle funds in the money markets heavily decreased. Deposits with commercial banks, which were on the ¥6,000,000,000 level in January steadily declined to ¥5,852,000,000 at the end of May. Cash deposits with trust companies also witnessed an abrupt decrease by ¥16,000,000 at the end of October, compared with the end of March of the same year, the amount being about ¥1,170,000,000.

Commercial banks' loans increased from ¥5,200,000,000 level to ¥5,327,000,000. This means that their loans began to lock up. In view of the unfavourable tendency, banks did their best to absorb deposits and became cautious about making new loans.

This resulted in an advance of the interest rate. The minimum discount rate for commercial bills, which was from 0.8 sen to 0.9 sen before the gold ban removal, advanced to between 1.2 sen and 1.3 sen. Various commodity and stock markets developed no better and banks became cautious more and more.

The difficulty in the debenture issue was then felt and manufacturing companies became unable to meet their payable promissory notes, which had been drawn in order to finance them and they had accumulated to a considerable sum. Financial help was eventually demanded from all directions.

Representatives of syndicate banks throughout the country met at the Bank of Japan at the end of June and agreed to give their financial support to manufacturing companies in order to enable them to conduct their

## JAPAN AFTER GOLD BAN REMOVAL

financial readjustment. Then a co-operative industrial survey association was formed by these syndicate banks.

The Bank of Japan's rediscount rate-cut was also demanded in order to remove the public unrest about Japan's financial situation and also in view of the constant reduction of the rediscount rates by the central banks in European countries and the United States.

But the Bank of Japan did not reduce its rediscount rate on the ground that the rate-cut was not only unfavourable for the Japanese conditions at that time but it would also cause the gold outflow from Japan to increase.

Thus the gold protection and the high interest policy were continued until July, because some Japanese interests made their investments abroad primarily in purchasing the foreign bonds of the Japanese Government because of their higher yield, compared with the national bonds in the Japanese markets.

The money markets became somewhat steady after July. The Government eventually decided at the end of August to lower the interest rate on the postal savings by 0.6% to 4.2%, whereas the postal savings rate-cut had been pending for a long time from the viewpoint of social welfare.

The reduction was effected on October 1. Savings banks followed the Government's action and they changed their interest rate from 4.8% to 4.2%. Commercial banks in Nagoya, which are affiliated with the Nagoya Bank Clearing House, also reduced

their interest rate on fixed deposits to 4.5% in view of the leading Tokyo banks' lowering of the overdraft rate to 4%, although these Nagoya banks did not take a cooperative action in the past.

The Bank of Japan, on October 6, unexpectedly reduced its rediscount rates by 0.1 sen all round, headed by the new low rate of 1.4 sen for commercial bills. According to the Finance Office authorities, the principal aim of the rate reduction was to meet the world-wide downward tendency of the interest rate.

But it was apparent that the Bank intended to check the rising tendency of the interest rate in Japan and to facilitate the financial readjustment of various manufacturing companies, as there was no more fear of the gold outflow from Japan at that time.

This was, however, ineffective in checking the general upward tendency of the open money market. It is also noticeable that the Yokohama Specie Bank appeared in the short term money market in order to obtain call money, whereas it had been the supplier of call money.

The tendency of the money rates during 1930 is shown in the following table:

Month	Money Rates			
	Call		Discount	
	H'est	L'est	H'est	L'est
	(Unit Sen)			
Jan. ....	1.10	0.45	2.02	1.52
Feb. ....	1.05	0.90	2.00	1.50
Mar. ....	1.05	1.00	2.01	1.55
Apr. ....	1.05	0.90	1.98	1.54
May ....	1.11	0.55	2.04	1.55
June ....	1.40	1.00	2.04	1.58

## JAPAN AFTER GOLD BAN REMOVAL

July .....	1.05	0.90	1.97	1.54
Aug. ....	1.20	1.05	2.00	1.54
Sept. ....	1.05	0.85	2.04	1.62
Oct. ....	1.00	0.85	1.98	1.52
Nov. ....	1.20	0.90	2.03	1.61
Dec. ....	1.50	0.85	2.10	1.65

Compared with the corresponding months of the previous year, these monthly rates, except January, are higher by between 0.3 sen and 0.4 sen. Thus the money was generally tight throughout 1930 and manufacturing companies were placed in an unfavourable situation.

Even a crisis was expected for some time, if the Industrial Bank of Japan did not make its relief loans to traders and manufacturers of medium and small means in accordance with the Government's policy.

The Bank's relief loans are greatly responsible for a marked increase of banks' total loan by more than ¥100,000,000 at the end of October, compared with the corresponding period of the previous year.

On the other hand, the Bank of Japan started making loans to commercial banks. The Bank's total loan reached ¥741,538,000 at the end of November. This was an abrupt increase by ¥82,773,000, compared with January 11, being the largest sum since the time of Japan's financial panic in 1927. This means that the Bank of Japan somewhat recovered the power to control the money markets, whereas it had lost its former influence upon the money markets.

The Bank's total loans, however, were slightly smaller on December 23, when this article was written, being ¥717,062,000. This was due to some collections of loans since. This

may increase again in 1931, because further financial help will be demanded from various directions in order to effect the financial readjustment.

The reduction of the rediscount rate by the Federal Reserve Bank of New York to the unprecedented low level of 2% from 2½% was reported on December 26. It was then reported that the Bank's reduction was to meet the open market tendency, but it was apparent that the Bank intended to promote trade and industry in the United States by means of a low interest policy in view of the marked wane of demand for funds.

No direct effect of the New York Federal Reserve Bank's action upon Japan's finance was expected generally, although some declared that the Bank of Japan also should reduce its official rediaccount rates in order to follow the world-wide downward tendency of the interest rate.

With the approach of the new year, the demand for the Bank of Japan's rate reduction increased in some quarters on the ground that Japanese trade and industry, which have been under depression for a long time, should also be promoted by means of the low interest policy as in the United States and that the financial readjustment of some manufacturing companies should be carried out immediately by supplying abundant funds, bearing lower interest.

The demand for the Bank of Japan's action is not at all hopeless, because the Government has become

## JAPAN AFTER GOLD BAN REMOVAL

somewhat optimistic about the gold situation in Japan since the Bank of Japan reduced its official rediscount rates on October 6.

The Bank of Japan's action then did not result in any outflow of gold from Japan, except the gold shipments purposely conducted by the Yokohama Specie Bank. The bank rate reduction was conducted, taking advantage of the so-called "export season" of Japan.

This can not be, of course, compared with the request for a second reduction by the Bank of Japan in the coming "import season" of Japan. However, the Bank's second reduction of its official rediscount rates, even if it is carried out, may be justified by the fact that Japan will receive a considerable amount of foreign funds in the first half of 1931 as a result of the Nippon Power and the Taiwan Power Companies' expected flotation of foreign loans, which will offset Japan's import excess in no small measure.

The actual foreign payments by Japan will be comparatively small, and there will be no fear about the gold outflow from Japan. Another fear is that a reactional boom may be witnessed as a result of the Bank of Japan's second rate reduction. Judging from the result of the previous rate reduction on October 6, the second reduction will probably not cause stock quotations to advance abruptly without any strong foundation.

Japan's industrial circles might have been affected much heavier than is generally considered and the bank rate reduction may only prove to be a favourable factor for facilitating the financial readjustment of various companies—nothing more than that.

According to the survey made by the Tokyo Bank Clearing House, accounts of banks, affiliated with clearing houses throughout Japan, for January and October, both 1930, and October, 1929, are shown in the following table in multiples of ¥1,000:

### All-Japan Bank Accounts

Item	Jan., 1930	Oct., 1930	Oct., 1929
Fixed deposits .....	8,220,244	8,263,225	8,239,146
Current account .....	782,484	670,258	788,898
Special current account .....	1,211,503	1,153,441	1,173,269
Deposits at call .....	516,502	496,996	540,921
Miscellaneous deposits .....	282,173	276,481	294,081
<b>Total</b> .....	<b>6,012,904</b>	<b>5,860,401</b>	<b>6,036,315</b>
Loans against			
Certificates .....	1,090,261	1,155,900	1,106,376
Bills .....	2,987,901	3,079,417	2,979,467
Overdrafts .....	894,562	417,308	890,959
Discount of bills .....	815,964	809,311	912,580
<b>Total</b> .....	<b>5,288,688</b>	<b>5,461,936</b>	<b>5,389,389</b>
Documentary securities .....	3,830,212	3,145,178	3,832,931
Call loans .....	184,990	201,602	147,348
Gold and silver bullions in vault ..	449,607	442,439	503,149

## JAPAN AFTER GOLD BAN REMOVAL

The Bank of Japan reports the monthly particulars of convertible note issue, specie reserves and its loans in multiples of ¥1,000 as follows:

Bank of Japan's Accounts			
Month-	Convertible	Specie	Loans
end	note issue	reserves	
Jan. . .	1,443,821	1,042,988	685,617
Feb. . .	1,294,914	957,091	691,115
Mar. . .	1,287,300	908,875	696,029
Apr. . .	1,263,156	889,346	707,939
May . . .	1,186,258	870,601	699,476
June . . .	1,291,261	871,366	703,777
July . . .	1,181,737	882,096	687,460
Aug. . .	1,165,424	867,889	717,185
Sept. . .	1,124,903	865,126	676,412
Oct. . .	1,183,721	830,423	695,752
Nov. . .	1,191,337	820,106	741,538
Dec. . .	1,436,295	825,998	754,217
Dec., 1929	1,641,851	1,072,237	679,687

The Tokyo Bank Clearing House announced the result of its survey on bills cleared and dishonoured for the 1930 as follows:

Month	Cleared		Dishonoured	
	Number	Value	Number	Value
	(Unit 1,000 sheets and ¥1,000,000)			
Jan. . .	2,743	4,201	643	299
Feb. . .	2,716	4,246	561	245

Mar. . .	2,923	4,556	692	263
Apr. . .	2,959	4,415	730	258
May . . .	3,213	4,515	850	346
June . .	3,080	4,346	780	313
July . . .	3,165	4,426	874	366
Aug. . .	2,680	4,131	835	349
Sept. . .	2,626	3,775	795	340
Oct. . . .	2,901	3,777	929	348
Nov. . . .	2,825	3,898	794	288
Dec. . . .	3,678	4,938	1,029	429
Dec., 1929 . .	3,810	5,094	760	394

Thus both the number and value of bills cleared during December, 1930, were smaller than the corresponding month of the previous year, while both the number and value of bills dishonoured were larger.

This shows how business was inactive during the year and the scale of trade was smaller than the previous year. It goes without saying that the more dishonoured bills there are it means the worse conditions of financial circles. The comparatively small value of the dishonoured bills was due to the decline of the individual transaction amount.

## JAPAN AFTER GOLD BAN REMOVAL

### V.

## Curtailment And Rationalization of Industries

**T**HE curtailment of operation and rationalization in order to cope with the unfavourable situation were the two important features in the industrial circles of Japan for 1930, as the depression further developed adversely after the removal of the gold export ban.

The world-wide decline of commodity prices, supported by the advance of the Yen exchange, caused the import prices of raw materials as well as manufactures to drop abruptly. This also caused the value of manufacturing companies' holdings of raw materials and manufactures to fall, forcing them to write down the value to some extent.

Despite the price fall, the demand for products decreased steadily, which resulted in an excess of production over demand. The overproduction caused the market quotations of commodities to drop further. Thus manufacturing companies, which had been conducting a tinkering of their weak points, without removing the fundamental defects, were seriously affected.

The Japanese commodity prices were at the highest during 1919 and 1920, following the Government's gold export ban in 1917 and consequent deviation from the international economic level. The prices have been falling since 1920. The downward tendency was accelerated by the Government's announcement of the exact date of its gold ban re-

moval on November 22, 1929, and the actual lifting of the gold embargo on January 11, 1930.

The Wall Street panic in October, 1929, which was a reflection of the unfavourable conditions of the American industries, caused the commodity prices to fall in the United States. Bumper crops of raw cotton and wheat affected the U.S. farmers, as the prices of farm products slumped. In addition, Soviet Russia dumped her bumper crops of wheat and other farm products in the American and British markets, throwing overseas markets into consternation.

Thus the world farming, commerce and industry were affected. This was responsible for the further decline of world commodity prices. Thus Japan was placed in an unfavourable situation in the world price competition, whereas the Japanese traders now reengaged in the international rivalry as a result of the gold ban removal after a long inactivity.

The movement of the wholesale prices in Tokyo and Osaka for 1930 is shown in the following table by index numbers:

### Index of Wholesale Prices

Month	Tokyo	Osaka
Jan. ....	201.40	78.8
Feb. ....	199.80	78.3
Mar. ....	195.90	77.0
Apr. ....	192.80	76.1
May ....	189.40	74.8
June ....	181.30	71.9
July ....	176.60	70.3



## JAPAN AFTER GOLD BAN REMOVAL

Aug. ....	175.60	70.6
Sept. ....	171.50	69.5
Oct. ....	164.60	67.9
Nov. ....	162.20	66.6
Dec. ....	160.80	66.3
Dec., 1929 ...	204.96	80.9

Index numbers for Tokyo were calculated by the Bank of Japan on the basis of 100 for the average of wholesale prices during October, 1900, while those for Osaka were prepared by the Osaka Chamber of Commerce and Industry, calculated on the basis of 100 for the average of wholesale prices in 1920, 1921 and 1922.

The Tokyo wholesale prices fell by 21.6% during one year and the Osaka prices by 18.1%. This means that manufacturing companies have been affected seriously by the price fall of their manufactures.

The retail prices which have a closer connection with the consuming class than the wholesale prices, also declined steadily since the second half of 1929. Particulars of the Bank of Japan's survey for the Tokyo retail prices and the Osaka Chamber of Commerce's investigations for the Osaka retail prices for 1930 are shown in the following table:

### Index of Retail Prices

Month	Tokyo	Osaka
Jan. ....	170	94
Feb. ....	168	93
Mar. ....	163	91
Apr. ....	162	89
May ....	159	88
June ....	156	85
July ....	153	84
Aug. ....	151	85
Sept. ....	151	84
Oct. ....	147	80
Nov. ....	142	76
Dec. ....	140	76
Dec., 1929 ....	171	97

The Tokyo retail index numbers were calculated on the basis of 100 for July, 1914, and the Osaka index numbers were prepared on the basis of 100 for January 17, 1921. The Tokyo retail prices declined by 18.1% during one year and the Osaka retail prices by 21.6%.

The movement of index numbers for three leading products of Japan, namely, rice, raw silk and cotton yarn, for 1930 is shown in the following table:

### Index For 3 Leading Products

Month	Rice	Raw silk	Cotton yarn
Jan. ....	229	150	187
Feb. ....	231	149	178
Mar. ....	231	148	168
Apr. ....	229	144	174
May ....	231	130	188
June ....	231	108	130
July ....	245	90	124
Aug. ....	254	90	136
Sept. ....	240	85	142
Oct. ....	161	73	145
Nov. ....	160	74	149
Dec. ....	151	80	145
Dec., 1929 ..	236	149	198

These index figures were prepared by the Bank of Japan, calculating on the basis of 100 for the average of their wholesale prices in Tokyo during October, 1920. Thus raw silk led other articles in the slump of prices, followed by rice. This means that the blow of depression to the farming district was larger than that to the commercial and industrial region. But the wane of the purchasing power of the farming district affected manufacturing and trading later and they are all in a difficult situation.

Prices in Japan, however, are still higher than those in Britain and the

## JAPAN AFTER GOLD BAN REMOVAL

United States, and there is a probability that the Japanese index number will drop further to the international level in the near future, if no manipulation is adopted. The London index number fell by 22.2% during 1930, while the New York index number was lower by 17.8%, compared with the previous year. The drop of the Tokyo index number during the same period was 21.6%.

Particulars of the monthly index numbers for the Tokyo, London and New York prices during 1930 are shown in the following table, which was prepared, calculating on the basis of 100 for the average of the retail prices in these cities during July, 1914:

Index For Three Cities			
Month	Tokyo	London	New York
Jan. ....	160.1	130.0	132.2
Feb. ....	158.8	127.1	128.9

Mar. ....	155.8	125.5	128.4
Apr. ....	153.8	123.2	125.6
May ....	150.6	121.7	123.7
June ....	144.1	119.0	121.3
July ....	140.4	117.2	120.0
Aug. ....	139.6	114.9	119.7
Sept. ....	136.3	110.5	118.2
Oct. ....	130.9	109.3	115.5
Nov. ....	129.0	107.1	112.9
Dec. ....	127.8	103.7	109.2
Dec., 1929..	163.0	133.3	134.1

In order to check the further downward tendency of commodity prices, almost all industries inaugurated more or less curtailment of operation by means of an agreement of the producers' association. According to investigations made as on November 30, 1930, industries of 13 kinds were observing the output-cut agreement, headed by 53.3% curtailment by the Portland cement producers. Particulars are as follows:

Industry	Agreements of Curtailment	
	Curtailment Rate (Unit %)	Association
Spinning .....	34.4	Japan Cotton Spinners' Association
Spun silk yarn .....	35.0	Spun Silk Yarn Producers' Association
Rayon .....	20.0	Rayon Producers' Association
Raw silk .....	20.0	Japan Central Silk Men's Association
Jute .....	80.0	Ramie Spinners' Association
Superphosphate .....	40.0	Artificial Fertilizer Producers' Association
Bleaching powder .....	45.0	Bleaching Powder Producers' Association
Foreign style paper .....	85.0	Japan Paper Manufacturers' Association
Newsprint .....	10.0	Cooperative Paper Manufacturing Company
Coal .....	22.0	Coal Miners' Association
Portland cement .....	53.3	Portland Cement Producers' Association
Steel materials .....	50.0	Steel Material Producers' Association
Sugar .....	Voluntarily	Sugar Manufacturers' Association

## JAPAN AFTER GOLD BAN REMOVAL

These curtailment rates were reached at the end of November after the constant increase of the rates since the beginning of 1930. They are mostly to be maintained for 1931 or may be somewhat increased.

On the other hand, a cooperative sales agreement was reached among various producers and the control of markets was effected to a certain extent. In this respect, the activity of the Industrial Rationalization Bureau of the Commerce and Industry Office, which was created to meet the situation after the gold ban removal, must be mentioned.

Even the curtailment of operation and the rationalized sales system, however, were still ineffective in coping with the unfavourable situation, and all manufacturing plants were obliged to reduce their workers' income. The movement of index numbers regarding the workers for 1930 is shown in the following table:

### Index For Labour

Month	Number of workers	Regular wages	Actual income
Jan. ....	88.7	98.6	100.4
Feb. ....	87.8	98.4	101.8
Mar. ....	86.9	98.2	102.8
Apr. ....	86.1	97.6	100.6
May ....	84.9	97.1	100.1
June ....	83.1	96.6	98.9
July ....	80.5	95.8	98.5
Aug. ....	78.7	95.3	97.8
Sept. ....	77.9	94.7	97.0
Oct. ....	77.2	94.3	96.2
Nov. ....	Unavailable		
Dec. ....	Ditto		
Dec., 1929 ...	90.1	98.8	109.5

These index numbers were calculated by the Bank of Japan on the basis of 100 for the average of the month-end numbers of workers, the daily regular wages and the daily actual income during 1926.

The average of the male workers' daily wages was ¥1.591 in August, 1929, and that of the female workers, ¥0.862. These daily figures dropped to ¥1.537 and ¥0.82, respectively. The male workers' wages decline was 3.4%, while the female workers' wages decrease was 4.8%.

The actual income of male workers, which was ¥2.248 in August, 1929, dropped to ¥2.137 in August, 1930. That of female workers fell from ¥0.951 to ¥0.873. The decline percentage was 4.9% for male workers and 8.2% for female workers. The regular wages and actual income decline was particularly noticeable among operatives of spinning, weaving and raw silk reeling mills.

The number of workers decreased by 13.5%, compared with August, 1929. Naturally labour disputes occurred constantly in various fields. Particulars of the labour disputes between October, 1929, and October, 1930, are shown in the following table:

### Labour Disputes

Month (1929)	Number of disputes	Number of workers involved
Oct. ....	101	4,139
Nov. ....	123	7,473
Dec. ....	121	22,265

## JAPAN AFTER GOLD BAN REMOVAL

1930)		
in. ....	101	17,908
cb. ....	97	8,862
ar. ....	127	6,900
pr. ....	114	25,881
ay. ....	187	9,540
ine. ....	152	7,700
ily. ....	200	17,287
ug. ....	227	Unavailable
opt. ....	200	Ditto
ct. ....	164	Ditto

These figures were obtained as a result of the survey made by the Social Welfare Bureau of the Home Office. The Office gives the figures concerning the tenant disputes as follows:

### Tenant Disputes

	Number of	
	Month disputes	Number of people involved Landowners Tenants
1929)		
Oct. ...	96	781 3,824
Nov. ...	201	2,175 10,174
Dec. ...	225	2,970 13,718
1930)		
Jan. ...	183	1,252 5,040
Feb. ...	67	823 1,277
Mar. ...	190	815 3,076
Apr. ...	148	434 1,574
May ...	115	229 661
June ...	88	421 1,636
July ...	87	Unavailable
Aug. ...	24	Ditto
Sept. ...	61	Ditto
Oct. ...	90	Ditto

Apart from the industrial rationalisation, it is noticeable that the Cooperative Industrial Survey Association was established by syndicate banks in order to make thorough investigations prior to making loans to manufacturing companies. This was

a new movement for a body of bankers, whereas banks had been individually giving their financial support to the readjustment of various manufacturing companies.

Some life insurance companies established their security companies in order to check the further fall of their stock quotations. Thus all kinds of manipulations available were adopted by manufacturing and trading companies in order to cope with the unfavourable situation.

The dividend rate-cut and the reduction of workers' actual income by the Kanegafuchi Cotton Spinning Company created a great sensation. The Nippon Yusen Kaisha declared no dividend for the first time in its history on account of the unprecedented depression of the world shipping business.

As a result of these manipulations, quotations of cotton yarn, refined sugar and spun silk yarn somewhat stiffened, but the raw silk prices slumped further despite all manipulations. In view of the ineffective result of the cooperative raw silk holding by the dealers, the Raw Silk Price Indemnification Law was enforced on March 8, 1930, in order to maintain the reasonable price of ¥1,250 per 100 kin. Forward delivery fell to ¥57.30 per 10 kin. Then the total stock of 188,000 bales, as a result of the cooperative holding and the Indemnification Law enforcement, rather depressed the markets psychologically.

The maximum amount to be covered by the Raw Silk Price Indemnifi-

## JAPAN AFTER GOLD BAN REMOVAL

cation Law was then increased to ¥29,000,000 in anticipation of a further decline of the market price, and the redemption of the raw silk loans (loans were made to the raw silk dealers by certain banks, designated by the Government, against the security of raw silk on condition that their goods should be stocked for a certain fixed period and the Government would shoulder the loss, to some extent, if the quotations at the time of disposal were lower than the Government's indemnified price) was extended from October 8, 1930, to June 30, 1931, in view of the hopeless prospect of any immediate recovery.

In concluding this article, the market price tables of rice, raw silk and cotton yarn, which are the major products of Japan, and leading shares are given below in order to give a general idea about the movement of Japanese main industries for 1930:

### Rice Quotations

Month	Osaka Exchange		Osaka spot market	
	Highest	Lowest	Highest	Lowest
(Unit Yen)				
Jan. ....	23.24	27.86	28.80	27.40
Feb. ....	23.77	28.27	28.60	27.40
Mar. ....	23.55	28.82	28.50	28.30
Apr. ....	27.55	26.64	27.80	27.60
May ....	23.59	26.95	28.60	27.80
June ....	23.54	26.46	28.60	27.90
July ....	29.87	24.46	29.70	28.30
Aug. ....	23.26	24.05	30.60	30.00
Sept. ....	23.12	18.74	29.50	27.40
Oct. ....	18.50	14.80	26.40	19.70
Nov. ....	18.04	15.23	20.00	18.80
Dec. ....	17.68	15.36	19.40	18.00

The abrupt decline of rice quotations on the Osaka Rice Exchange since October was due to the Gov-

ernment's announcement of the bumper crop estimate for 1930 on October 2.

### Raw Silk Quotations

Month	Yokohama Exchange		Kobe Exchange	
	Highest	Lowest	Highest	Lowest
(Unit Yen)				
Jan. ....	118.00	112.20	117.00	111.10
Feb. ....	116.70	109.40	116.40	109.80
Mar. ....	112.40	105.80	111.00	103.80
Apr. ....	109.50	99.60	106.00	97.10
May ....	108.50	88.20	101.90	88.80
June ....	85.80	70.50	85.80	70.00
July ....	76.50	62.60	75.90	61.40
Aug. ....	74.60	66.40	74.60	66.40
Sept. ....	73.20	57.80	72.90	56.80
Oct. ....	62.90	55.10	63.70	54.30
Nov. ....	64.60	57.00	64.70	56.00
Dec. ....	70.50	61.80	70.80	61.80

### Cotton Yarn Quotations

Month	Osaka spot market			
	Osaka Sampa Exchange	Futures (trade mark, Gold Fish, 30c)		
		(Unit Yen)		
Jan. ....	193.00	185.80	187.00	177.00
Feb. ....	186.80	177.40	177.00	162.00
Mar. ....	176.30	161.20	170.00	155.00
Apr. ....	177.90	163.80	172.00	156.00
May ....	162.90	148.00	187.00	142.00
June ....	147.30	105.00	144.00	104.00
July ....	128.40	108.20	123.00	112.00
Aug. ....	124.70	119.80	138.00	127.00
Sept. ....	132.90	121.20	144.00	134.00
Oct. ....	125.30	116.00	145.00	135.00
Nov. ....	131.30	124.00	143.00	140.00
Dec. ....	123.90	114.10	143.00	140.00

In connection with Japan's cotton industry, it is noteworthy that the British Economic Mission to the Far East visited Japan in October, 1930, in order to study the cotton industry conditions in Nippon and to negotiate with the Japanese cotton men about effecting an agreement on marketing Japanese and British cotton goods in China and India.

## JAPAN AFTER GOLD BAN REMOVAL

### Stock Quotations

Month	Tokyo Stocks, new		Osaka Stocks, new		Kanagafuchis	
	Highest	Lowest	Highest	Lowest	Highest	Lowest
	(Unit Yen)					
Jan. ....	150.80	98.40	58.00	53.20	223.70	213.10
Feb. ....	107.40	100.60	57.40	54.00	225.70	216.90
Mar. ....	103.40	95.80	54.60	50.10	218.00	192.80
Apr. ....	101.60	87.30	50.60	44.80	199.60	172.10
May ....	98.40	87.00	51.80	45.40	180.90	152.70
June ....	92.50	82.20	47.50	35.70	154.50	118.60
July ....	94.50	84.10	50.80	42.50	135.30	119.00
Aug. ....	93.10	87.20	49.80	40.10	139.30	129.90
Sept. ....	91.10	87.60	44.70	38.20	139.40	129.60
Oct. ....	92.80	86.10	43.30	40.00	141.40	130.70
Nov. ....	108.00	92.60	52.40	43.10	166.30	140.10
Dec. ....	112.70	102.50	52.80	47.60	165.90	158.40

These quotations were all registered on the Osaka short-term stock market. They have been generally downward since May and somewhat recovered in November and December, but they are far lower, compared with the beginning of the year.

This means that the Japanese trade and industry are still inactive and there is little hope of early recovery, especially in view of the fact that the slight recovery in November and December was due to the Government as well as the exchange authorities' manipulations.

Conditions of trade and industry will be faithfully reflected on these stock quotations. The recovery of these quotations, therefore, can not be hoped for, unless fundamental defects in the Japanese trading and manufacturing companies are removed and thorough financial readjustment is carried out in all directions. But they will take some time—perhaps some years, and we shall have to defer our hopes for a fundamental recovery of trade and industry to the distant future.

## VI

### Effect of Gold Ban Removal on Japan's Finance

**A** synopsis of Nippon's economic conditions one year after her gold ban removal is herewith presented by means of statistics. Business extension and inauguration, payments called up for stocks and other securities and Tokyo prices were surveyed by the Bank of Japan, Osaka prices by the Osaka Chamber of Commerce and Industry, yield of stocks by the Hypothec Bank, nation-wide commodity stocks by the Mitsubishi Warehousing Company, all-Japan bank accounts by the Tokyo Bank Clearing House and all-Japan trust companies' accounts by the Trust Companies' Association. No figure for January 11, 1931, just one year after the gold ban removal, appears in this table, because that day happened to be a Sunday:

## JAPAN AFTER GOLD BAN REMOVAL

Item	1931 Jan. 10	1930 Jan. 11	Compared
	(Unit ¥1,000)		
Specie holding .....	826,877	1,078,107	— 246,230
Convertible note issue .....	1,117,916	1,253,407	— 135,491
Bank of Japan's loans .....	670,846	658,765	+ 11,581
<b>Y.S.B.'s official exchange rates—</b>			
New York .....	\$49%	\$49%	+ 1/2%
London .....	2/0%	2/0%	+ 1/2%
Shanghai .....	Tls. 157	Tls. 96	+Tls. 59
<b>Bar silver—</b>			
London .....	13% d	21% d	— 7% d
New York .....	29% cents	45% cents	—16 cents
<b>Tokyo money rates—</b>			
	(Unit Sen)		
Overnight .....	{Highest ..... 1.10	1.10	—
	{Lowest ..... 0.80	0.45	+0.35
Spinning bill .....	{Highest ..... 1.40	1.20	+0.20
	{Lowest ..... 1.10	0.90	+0.20
<b>Osaka money rates—</b>			
Overnight .....	{Highest ..... 1.00	1.00	—
	{Lowest ..... 0.60	0.50	+0.10
Spinning bill .....	{Highest ..... 1.30	1.30	—
	{Lowest ..... 0.95	0.80	+0.15
<b>Yield of stocks—</b>			
	Jan. 6	Jan. 4	
Quotation .....	¥64.12	¥73.84	—¥9.72
Dividend .....	9.24%	10.63%	— 1.39%
Yield .....	7.51%	7.75%	— 0.24%
<b>Tokyo price index—</b>			
	Dec., 1930	Dec., 1929	
Wholesale .....	160.8	205.0	—44.2
Retail .....	139.5	171.4	—31.9
<b>Osaka price index—</b>			
Wholesale .....	65.3	80.9	—14.6
Retail .....	76.0	97.0	—21.0
	Dec. 31, 1930	Dec. 31, 1929	
	(Unit ¥1,000)		
Nation-wide commodity stocks ..	356,844	473,254	—116,410



## JAPAN AFTER GOLD BAN REMOVAL

Item	1930	1929	
<b>Foreign trade of Japan Proper—</b>	(Unit ¥1,000)		<b>Compared</b>
Exports .....	1,469,850	2,148,619	—678,769
Imports .....	1,546,075	2,216,240	—670,165
<b>Total</b> .....	<b>3,015,925</b>	<b>4,364,859</b>	<b>—1,348,934</b>
<b>Import excess</b> .....	<b>76,225</b>	<b>67,621</b>	<b>+ 8,604</b>
<b>Business extension and inauguration</b>	456,952	1,042,220	— 585,268
<b>Payments called up for stocks and other securities</b> .....	922,678	1,416,706	— 494,028
<b>Bank clearing—</b>			
Tokyo .....	21,866,615	25,070,553	—3,703,938
Osaka .....	17,888,933	22,374,043	—4,485,110
<b>Bills dishonoured—</b>	(Unit Yen)		
Tokyo .....	606,294	724,531	— 118,237
Osaka .....	289,409	371,466	— 82,057
<b>Raw silk arrivals in Yokohama market</b> .....	(Unit Bale)		
	710,345	746,082	— 35,737
<b>Budgets for general account—</b>	1931-32	1930-31	
	(Unit ¥1,000)		
Revenue .....	1,458,772	1,606,716	— 147,944
Expenditure .....	1,448,528	1,606,716	— 158,188
<b>National loans—</b>	Dec. 31, 1930	Dec. 31, 1929	
	(Unit ¥1,000)		
Domestic .....	4,468,896	4,458,823	+ 10,073
Foreign .....	1,567,326	1,446,895	+ 120,431
<b>Total</b> .....	<b>6,036,222</b>	<b>5,905,718</b>	<b>+ 130,504</b>
<b>All-Japan bank accounts—</b>	Dec., 1930	Dec., 1929	
	(Unit ¥1,000)		
Deposits .....	5,908,194	6,103,091	— 194,897
Loans .....	5,865,541	5,370,677	— 5,136
<b>All-Japan trust companies' accounts—</b>			
Cash deposits .....	1,180,068	1,185,693	— 5,625
Loans .....	900,551	886,420	+ 14,131
<b>Postal savings—</b>	(Unit 1,000 persons and ¥1,000)		
Depositors .....	88,133	37,781	+ 352
Amount .....	2,337,516	2,051,126	+ 286,390

Note: Marks + and — mean increase and decrease, respectively.

VII

**Nippon's Economic Diary Since Lifting of  
Embargo**

**T**HE detailed review of the markets for the first year of the gold standard has already been made. The direct narration of the important incidents in the Japanese financial circles during the year is herewith given in the form of a diary in view of the importance attached to the movement of the economic circles during the period:

## JAPAN AFTER GOLD BAN REMOVAL

### January

11. The removal of the gold export ban was effected.

Mediators in the trouble between the Electric Bureau of the the Osaka Municipal Office and the Daido Electric Power Company in connection with the power supply charges held a meeting for the first time.

The Yokohama Specie Bank raised its official exchange rate both on New York and London by one point each to \$49  $\frac{1}{4}$  and 2/0  $\frac{1}{4}$ .

12. Mr. Tokutaro Hayashi, Director of the Mitsui Bussan Kaisha, passed away.

13. All-Japan cotton piece-goods producers' meeting was held in Osaka and a resolution for standing against the spinners' curtailment and demanding the abolition of the cotton yarn tariff was passed.

The Yokohama Specie Bank decreased its official exchange rate on Shanghai by  $\frac{1}{2}$  to Tls. 97 $\frac{1}{2}$ .

14. The Yokohama Specie Bank increased its official exchange rates both on New York and London by one point each to \$49 $\frac{3}{8}$  and 2/0 5/16, respectively. On the other hand, the Bank lowered its official exchange rate on Shanghai by Tls. 2 $\frac{1}{2}$  to Tls. 95.

15. The Yokohama Specie Bank increased its official exchange rate on Shanghai by Tls. 2 to Tls. 97.

Communications Minister Matajira Koizumi became mediator in the power supply charges trouble of the Osaka Municipal Office.

The fund utilisation committee of the Deposit Department of the Finance Office decided on the utilisation plan for the 1930-31 fiscal year.

16. The Yokohama Specie Bank lowered its official exchange rate on Shanghai by Tl. 1 to Tls. 96.

The Tariff Commission decided on the revision of the tariff.

Female operatives of the Yoshimi Cotton Spinning Company, Yoshimi near Osaka, went on strike and about 500 workers left their dormitory in the Mill compound.

Negotiations for the revision of the Sino-Japanese Commercial Treaty were opened.

17. The Yokohama Specie Bank lowered its official exchange rate on Shanghai by Tl. 1 to Tls. 95 flat.

18. The Yokohama Specie Bank increased its official exchange rate on Shanghai by Tls. 2 to Tls. 97 flat.

The Sugimura Warehouse, in Osaka, burnt down. The loss of raw cotton stored there was reported as ¥600,000.

The Yoshimi Cotton Mill's labour dispute was settled, thanks to mediation by the Chief of the Sano Police Station.

20. Mr. Sanji Muto, President of the Kanegafuchi Cotton Spinning Company and leader of the Kokumin Doshikai (businessmen's political party) left the Company. Mr. Ryokichi Nagao was made President and Mr. Shingo Tsuda, Vice-President.

21. The 57th session of the Diet was reopened and the Lower House was

## JAPAN AFTER GOLD BAN REMOVAL

immediately dissolved. The date of the general election was decided on as February 20.

The actual crop of the 1929 rice was announced as 59,725,000 koku, the plantation area having been 8,210,000 cho. (one koku is equivalent to 4.96 bushels and one cho is equal to 2.45 acres.) Compared with the previous year, the crop was smaller by 577,000 koku, while the plantation area was larger by 18,000 cho.

The Sugar Cooperative Supply Association decided on the selling prices and the marketing quantity for January and February deliveries as follows: Refined sugar ¥21.40, 150,000 piculs; "plantation white" ¥21.10, 80,000 piculs.

22. The Teikoku Nokai (an agriculture society) held a round-table meeting of sericulturists in order to maintain reasonable prices of raw silk.

23. The Japan Cotton Spinners' Association, at an executive committee meeting, decided to adopt a curtailment plan for six months after February 15. The curtailment plan consisted of two holidays per month and sealing of 10% of the spindles. Those spinners, who consumed their yarn in weaving textiles, were allowed to seal only 5% of their spindles.

The Nichiro Fishery Company decided to obtain ¥8,600,000 loan each from the Mitsubishi Bank and Sale & Co.

24. The Cabinet decided to establish the Industrial Rationalization Bureau in the Commerce and Industry Office.

26. The Finance Office issued the "He" Treasury Bills, amounting to ¥40,000,000 in all, payable on March 25, 1930. The issues were over-subscribed immediately.

The Raw Silk Commission decided on a plan to buy up 50,000 bales of raw silk in order to raise the market prices.

28. The Japan Cotton Spinners' Association, at a general meeting, adopted the curtailment plan.

## February

1. Operatives and other employees of the Ikegami Electric Railway, numbering 164, filed a demand for the increase of salaries by 30% but the Company declined it.

The Bank of Japan's gold holding decreased by ¥128,000,000 in only three weeks after the gold ban removal.

2. The Ikegami Electric Railway's operatives went on strike.

The Tokai Cotton Spinning Company was established with an authorized capital of ¥3,000,000.

3. The Finance Office banned the following three local banks against further transactions; the Kurita Bank, authorized capital ¥500,000, in Kusatsu-cho (town), Shiga Prefecture; the Kainan Bank, authorized capital ¥530,000, in Kochi City, and the Yoshida Bank, authorized capital ¥500,000, in Mizuho-mura (village), Yamanashi Prefecture.

Compromise was reached between the Ikegami Electric Railway Com-

## JAPAN AFTER GOLD BAN REMOVAL

- pany and operatives at a 5% increase of salaries.
- The Industry Commission held the first meeting, presided over by Premier Yuko Hamaguchi, in order to cope with the situation after the gold ban removal.
4. The Sugar Cooperative Supply Association decided on the selling prices and the marketing quantity for February delivery as follows:  
Refined sugar ¥21.20, 100,000 piculs; "plantation white" ¥21.10, 80,000 piculs.
  5. Five fertilizer companies in Kanto decided to buy back superphosphate at the rate of ¥1.20 per bale in order to maintain a reasonable market price.  
The Japan Cotton Spinners' Association decided on the minor details of the enforcing of the agreed curtailment plan.
  7. The Joban Anthracite Sales Company was established.  
The actual crop of the Chosenese rice for 1929 was announced as 13,700,746 koku, an increase by 190,021 koku as compared with the previous year.  
The Finance Office issued No. 1 5% Bonds, amounting to ¥30,000,000 in all, in order to cover a part of the funds for the earthquake reconstruction work.  
The Nippon Steel Tube, the Kamafahi Mining and the Fuji Steel Companies established an output agreement.
  8. The Yokohama Specie Bank increased its official exchange rate on Shanghai by TL  $\frac{1}{2}$  to TLs. 101 flat.  
Savings banks in Aichi, Shizuoka, Gifu and Mie Prefectures passed a resolution demanding the reduction of interest rate on postal savings.  
The Spun Silk Yarn Producers' Association adopted a further curtailment plan of increasing two holidays per month, effective from March, 1930.
  10. The Yokohama Specie Bank lowered its official exchange rate on Shanghai by TL 1 to TLs. 100.  
The gold outflow in one month after the ban removal reached ¥66,900,000.
  12. The Industrial Bank of Japan decided to issue No. 181 Debentures, amounting to ¥10,000,000 in all.  
The Chugoku Godo Electric Company decided to issue ¥5,000,000 debentures.  
The Japan Central Weavers' Association held the first meeting of its industrial rationalization committee.  
Mr. Fusakichi Takemura, Executive Director of the Godo Keori Kaisha was summoned to the District Office of Procurators, Tokyo.
  13. The Taiwan Government announced the actual second crop of 1929 rice as 3,628,215 koku or 31,201 koku (0.84%) larger than the previous year.  
The District Office of Procurators, Tokyo, indicted Managing Director Yokichi Kimbara and Executive Director Fusakichi Takemura of

## JAPAN AFTER GOLD BAN REMOVAL

- the Godo Keori Kaisha for the illegal possession of the Company's money.
- The Industry Commission held the first meeting of its special committee on the industrial amalgamation.
- The Osaka Federation of Social Welfare Associations passed a resolution for standing against the cotton spinners' curtailment.
14. The Portland Cement Producers' Association decided to adopt the 40% curtailment for March, April and May and an additional special output-cut by 15% for March only.
15. The Yokohama Specie Bank lowered its official exchange rate on Shanghai by TL 1 to Tls. 99. The Toyo Muslin Company's Kamedo No. 2 Mill was closed. The cotton spinning companies enforced the curtailment agreement of two holidays per month and 10% sealing of spindles.
17. The Bank of Japan announced that it would issue new ¥5 notes on March 1. Mr. Ken-ichi Fujita, President of the Tokyo Chamber of Commerce and Industry, was arrested again by the Police on the charge of destroying evidence in connection with a business scandal.
18. The Teikoku Sanshi Kumiai, at a general meeting, decided on a plan to utilize funds for the cooperative raw silk holding. The Bleaching Powder Producers' Association decided on the further curtailment of 30% for March.
19. The total conversion of notes into gold since the ban removal reached ¥100,705,000. The Taiwan branch office of the Sugar Manufacturers' Association announced the estimate of the Taiwanese sugar crop as 13,029,602 piculs, an increase by 72,171 piculs, compared with the previous year's actual crop.
20. The general election was conducted. The raw silk quotations slumped to the lowest since 1920. The future goods on the Yokohama Raw Silk Exchange fell to ¥111.70. The Yokohama Specie Bank increased its official exchange rate on Shanghai by Tls. 2 to Tls. 101.
21. The Kanto Steel Cooperative Sales Association, at an executive committee meeting, decided to enforce the production pool system in March. The Japan Paper Manufacturers' Association passed a resolution for maintaining the 85% curtailment rate after March. The agreement for the Toho Electric Power Company's absorption of a part of the Okazaki Electric Light Company was signed.
23. The election results were announced as follows: Minseito (Government Party) 273, Seiyukai 174.
24. Peace negotiations of labour dispute in connection with the closing of the Toyo Muslin Company's No. 2 Mill broke up and workers went on strike.

## JAPAN AFTER GOLD BAN REMOVAL

25. The Cabinet decided on the date of opening of the extraordinary session of the Diet as April 21.

The Osaka Kogyo Kumiai issued a statement against the Government's draft plan of the Labour Union Law.

The Coal Miners' Association, at an executive committee meeting, decided on further curtailment of the marketing quantity.

26. The Yokohama Specie Bank increased its official exchange rate on Shanghai by TL 1 to Tls. 102, the highest in the history of the Y.S.B.'s exchange business.

The Habutae producers in Takeuchi (town), Fukui Prefecture, decided to seal one-third of their looms on and after March 2.

President Fujita of the Tokyo Chamber of Commerce and Industry was indicted for the illegal possession of money.

27. The Toyo Muslin Company's financial adjustment plan was drafted.

28. The Yokohama Specie Bank increased its official exchange rate on Shanghai by TL 1 to Tls. 103, breaking the previous record in the Bank's history.

The Government decided to issue ¥13,000,000 5% bonds in order to cover a part of the earthquake reconstruction funds.

The Government announced the total national revenue at the end of 1929 as ¥961,000,000 or ¥121,000,000 smaller than the previous year.

## March

1. Agreement was reached between the Osaka Municipal Office and the Daido Electric Power Company regarding the power supply charges.

The Tokyo Chamber of Commerce and Industry as well as the Japan Chamber of Commerce and Industry recognized the resignation of President Ken-ichi Fujita of both Chambers.

2. An official announcement was made to the effect that 10 mergers of banks took place during February, 13 banks losing their individual status as a result of these amalgamations.

3. The Government of Leased Territory of Kwantung announced a 22% reduction of business tax.

The Finance Office decided to make a ¥50,000,000 loan for the relief of traders and manufacturers of medium and small means, obtaining funds from the Deposit Department of the Office.

The Bank of Japan announced the index number of the average wholesale prices in Tokyo for February as 199.8, calculated on the basis of 100 for October, 1900.

4. The Cabinet decided to enforce the Raw Silk Price Indemnification Law in order to cope with the heavy slump of raw silk quotations. According to the Law, 250,000 bales of raw silk were to be indemnified by the Government, if they were stocked for a fixed time.

5. Cooperative sales agreement was

## JAPAN AFTER GOLD BAN REMOVAL

reached between the Nisshin and the Nippon Flour Companies.

6. Representatives of all stock exchanges, at their meeting, passed a resolution to propose that the Government should make the deflation policy more lenient in view of the marked decline of stock quotations.

The quotation for Kanegafuchi stocks, old, broke the ¥200 level.

The Awaji Bank's financial adjustment plan was drafted.

8. Minor details for enforcing the Raw Silk Price Indemnification Law were decided on at the second meeting of the Raw Silk Commission; indemnified price, ¥1,250 per 100 kin.

10. The Yokohama Specie Bank, at a general shareholders' meeting, decided to declare the ordinary dividend of 10% and the special dividend of 6% in commemoration of the Bank's jubilee.

Weavers in Otsu-cho (town), Sempoku-gun, Osaka Prefecture, numbering 260 in all, closed their mills for six days until March 15.

11. Amalgamation of the Nisshin and the Nippon Flour Companies' Sales Departments was effected.

The Japan Central Silk Men's Association decided to establish an organization to control the silk markets.

12. The interest rate on banks' loans, in accordance with the Raw Silk Price Indemnification Law, was decided on as 1.6 sen per ¥100 per diem.

The Shipping Department of the Mitsui Bussan Kaisha, the Kawasaki, the Yamashita and the Taiyo Kaiun Shipping Companies formed the Pacific Lumber Freight Conference.

Provisional agreement was reached regarding the Sino-Japanese tariff negotiations.

13. The Bleaching Powder Producers' Association decided to increase the curtailment rate by 5% to 35%.

15. The Finance Office opened a meeting of its high officials in order to study the budget for the 1930-31 fiscal year. The total expenditure was estimated at ¥1,606,800,000.

The Silk Weavers' Association declined the demand of the Fukui weavers to abolish the rayon curtailment agreement.

17. The establishment of a Portland cement sales pool was proposed.

The Government disapproved the Kobe Bean-Cake Exchange's application to handle the Chilean salt-petre and other fertilizers of 21 kinds.

Shipowners throughout Japan met in Kobe and passed a resolution for forming a compulsory shipowners' association and reserving a cooperative relief fund (3 sen per ton).

The amalgamation of the Nagoya Electric Railway Company and the Mino Electric Company was effected.

The Teikoku Nokai decided to propose that the Government should



## JAPAN AFTER GOLD BAN REMOVAL

- withdraw its plan of increasing the sulphate of ammonia tariff.
19. The minor details of the Raw Silk Price Indemnification Law were announced in the Official Gazette.
- The tariff committee of the Finance Office decided not to change the tariff for iron, dyestuffs, pulp, incandescent electric-bulbs and condensed milk for the time being.
- The final decision of the Finance Office was reached regarding a ¥20,000,000 relief loan to farmers, traders and manufacturers of medium and small means.
20. The Rice Commission, at a plenary meeting, passed a draft plan, on the control of markets and the regulation of prices, which was to be submitted to the Government.
- The Coal Miners' Association, at an executive committee meeting, decided to continue the original curtailment rate of 5% until the end of 1930.
- More than 20 Mompka weaving mills in Sennan-gun, Osaka Prefecture, decided to have six holidays per month, effective from March 21.
21. The compulsory cooperative holding of raw silk in the Yokohama and the Kobe markets was effected.
- The date of enforcing the Raw Silk Price Indemnification Law was decided as March 24.
- The Railway Office decided to establish a committee for drawing world tourists to Japan.
24. The Kansai Savings Banks' Syndicate decided on a plan to make petty loans without any security.
25. The Cabinet decided to disburse ¥1,120,000 as the Central Government's subsidy to the local governments' new enterprises for relieving the jobless.
- The fund utilisation committee of the Deposit Department decided on conditions, on which the relief loans to farmers, traders and manufacturers of medium and small means were to be made.
- The executive committee for the Portland Cement Sales Pool drafted a marketing schedule.
- The Cabinet decided on the working budget for the 1930-31 fiscal year and the additional budget for the year.
26. Tokyo celebrated the completion of its reconstruction work.
- The Koga Bank in Shiga Prefecture was closed.
27. The All-Japan Meisen Silk Weavers' Association was formed.
28. The ¥400,000 budget for the newly established Industrial Rationalization Bureau of the Commerce and Industry Office was approved by the Cabinet.
- Banks agreed to the Deposit Department's conditions, on which the relief loans to farmers, traders and manufacturers of medium and small means were to be made.
- The electric committee of the Communications Office adopted a draft plan for establishing the Hydro-Electric Power Act.
- The Osaka Machinery Works' trouble among Directors was settled.

## JAPAN AFTER GOLD BAN REMOVAL

29. A joint application of three rice exchanges in Kansai for adopting a temporary classification system was approved by the Government after some revision.
1. The All-Japan Pawnshops' Association started a movement standing against the projected extension of the Public Social Welfare Pawnshop Act.
- The Matsudo Agricultural and Commercial Bank in Chiba Prefecture was closed.
- Regulations governing the organization of the Kokusai Kanko Kyoku (Board of Tourist Industry, official name) of the Railway Office were decided on.
3. The Bank of Japan announced that the average of wholesale prices in Tokyo for March declined by 1.9%, compared with the previous month.
4. The Cabinet decided on the establishment of a commission to enquire into the increase of the Japanese population.
5. The Kanegafuchi Cotton Spinning Company announced the abolition of the War time allowance (between 60% and 70%) of its staff members and operatives and the establishment of the special allowance system (80%). Some troubles were then expected.

The Deposit Department of the Finance Office decided to make a ¥10,000,000 loan to the Government Iron Works in Yawata.

### April

1. The Home Industry Commission's reply to the Government's enquiry on the fuel problem was drafted.
- The Tochigi Bank was closed.
- Delegates to the International Labour Conference were officially decided on.
- The draft of the Shipping Association Act was made out.
- The Roryo Ringyo Kaisha (a company engaged in the lumber business in Russian territory) was dissolved.
2. The Finance Office announced the gold outflows from Japan for the first three months of 1930 as ¥176,000,000.
- Weavers in Banshu district in Hyogo Prefecture decided to suspend operations for two months.
6. The Rosui Kumiai (an association of Japanese companies engaged in fishery in the Russian waters) decided on its two fundamental policies to cope with the Soviet fishermen and it filed a petition with the Government asking for support.
7. The Tariff Commission decided not to change the tariff for dyestuffs and pulp for the time being.
- Parliamentary Vice-Ministers and Councillors, at their regular meeting, decided to appropriate the surplus fund, which was obtainable as a result of the naval reduction, to the relief of the jobless and the lowering of the taxes.
- The Home and the Finance Offices notified the local governments of the extension of the maximum

## JAPAN AFTER GOLD BAN REMOVAL

- amount of the total loans to be made by the public social welfare pawnshops.
8. The Cabinet decided on the establishment of an organization for investigating Japanese domestic products, the use of which should be urged on the Japanese people. Executive committees of the Osaka Dojima Rice Exchange tendered their resignation in connection with a problem to revise the classification of rice. Representatives of fertilizer companies filed a petition with the Agriculture Minister regarding the Government's fertilizer supply improvement plan.
9. The committee for studying the Silk Industry Act decided on measures for controlling the mulberry plantation. The Canned Crab Producers' Association decided on the measures to cope with the depression. The Government approved a plan to make a ¥1,500,000 loan for the relief of the Japanese emigrants to Brazil.
10. Regulations governing the organization of the Population and Food Commission and the Board of Enquiry on Economic Problems were abolished by the Imperial Ordinance. Mr. Sakura Okamoto became Vice-President of the Tokyo Gas Company. Negotiations among the members of the Portland Cement Producers' Association for further curtailment ended in failure.
11. The Tokyo Stock Exchange was temporarily suspended. The Commerce and Industry Office authorities met leading exporters in order to study the rationalization of their sales system. The Hinode Cotton Spinning Company announced the reduction of its operatives' income.
14. The All-Japan Sericulturists' Meeting passed a resolution for asking the Government to apply the Raw Silk Price Indemnification Law to the new silk.
15. The Osaka Machinery Works was closed due to a labour dispute. Workers of the Kubota Iron Works went on strike. The reopening of the Matsudo Agricultural and Commercial Bank was decided as on April 18. The Cabinet approved a plan to submit an additional budget of ¥185,700 for the encouragement of the Japanese product consumption among the Japanese people. The Osaka Dojima Rice Exchange's troubles, in connection with the resignation of all executive committees, were settled.
16. The Japan Federation of Stock Exchanges started a movement to get the "gensen" (tax on companies' payable dividends) taxation system adopted, instead of the tax on the individual dividend income. The Privy Council approved the Government's plan to establish the Foreign Trade Bureau with a warning to the Cabinet.

## JAPAN AFTER GOLD BAN REMOVAL

7. Regulations governing the rice spot markets were promulgated.

The All-Japan Fuji Silk Producers' Association was formed.

The Privy Council approved the Sino-Japanese Tariff Agreement with a warning to the Government.

The Japan Chamber of Commerce and Industry made a proposal to the Government regarding the use of the surplus fund, which was obtainable as a result of the naval reduction.

8. The Government redeemed ¥5,000,000 worth of 5% national bonds by buying them in the market.

The Cabinet decided on a plan to make a rebate of the railway freight as a means to promote exports.

Regulations governing the executive committee of the Board of Tourist Industry were decided on.

The Government adopted the reply of the Electric Commission, which was made to the Government's enquiry regarding the improvement of the electric power industry in Japan.

19. The Yokohama Raw Silk Exporters' Association passed a resolution for effecting a thorough policy to support the raw silk prices.

Conditions, on which the 53rd National Bonds were to be issued, were decided on by the Banks' Syndicate.

A mediation plan regarding the Shokawa Power Plant's trouble was drafted.

The Coal Miners' Association decided on the reduced marketing quantity for 1930.

20. Operatives of the Tokyo Municipal Electric Tramway went on strike.

21. The extraordinary session of the Diet was opened.

22. Operatives of the Kobe Municipal Electric Tramway went on strike.

23. A cooperative sales agreement was reached among the steel producers, being effective on June 1. Representatives of Japan in the Bank of International Settlements were decided on.

The Export Indemnification Law Bill, the amendment of the Compulsory Primary Education Fund Act and the amendment of the Tariff Act were introduced in the Diet.

24. The special committee of the Industry Commission approved the minor committee's plan for the improvement of the financing system for the manufacturers of medium and small means.

The Yokohama Raw Silk Exporters' Association decided on a 20% curtailment, the limitation of marketing quantity (both on the part of reelers) and the postponement of the new silk dealing by one month.

The new classification system of the Kyoto, the Osaka and the Kobe Rice Exchanges was sanctioned.

Negotiations for the Toho Electric Power Company's ¥30,000,000 foreign loan flotation were started.

## JAPAN AFTER GOLD BAN REMOVAL

25. The strike of the Tokyo Municipal Electric Tramway operatives was settled.

Mr. Benjiro Mori was made President of the Chosen Yusen Kaisha.

The Social Welfare Bureau of the Home Office announced the total number of the unemployed standing on March 1 as 851,500.

26. Heated discussions took place in the Diet regarding the alleged violation of the Supreme Command by the Government in the London Naval Negotiations.

28. The Finance Office announced its working budget for the 1930-31 fiscal year as ¥1,606,000,000.

The total conversion of notes into gold after the gold ban removal reached ¥200,000,000.

The Japan Central Weavers' Association decided to file a petition with the Diet for the abolition of the textile excise.

The strike of the Kobe Municipal Electric Tramway operatives was settled.

29. The Osaka Iron Works decided to discharge 91 workers.

30. The Privy Council, at the plenary meeting, approved the new Sino-Japanese Tariff Agreement and the establishment of the Foreign Trade Bureau.

The Tokyo Stock Exchange postponed the opening of the morning session and compromises were reached among bears and bulls.

The Kanegafuchi Hyogo Mill's strike was settled.

## May

1. The Minscito introduced a proposal for the stabilisation of cocoon prices in the Diet session.

2. Sales Manager Nobuo Tateishi of the Government Iron Works in Yawata was appointed Chief of the Foreign Trade Bureau (newly established) of the Commerce and Industry Office.

The Nippon Yusen Kaisha, at a Directors' meeting, decided to declare the dividend rate of 5% (8% lower) for the first half of 1930.

3. The Japan Canned Crab Producers' Association decided to organize their cooperative sales association for Japan.

The Sugar Manufacturers' Association decided on a plan for the allotment of the centrifugal sugar supply for the second half of 1930.

4. The Home Office decided to create a tax on "shohin kitte" (merchandise tickets or exchange cheques), which had been pending for many years.

5. The Budget Bill passed the plenary session of the Lower House.

The Mitsubishi's Nagasaki Dockyard enforced a plan for its labourers, working for one week and taking one week's holiday, alternating with each other.

6. The official signing of the New Sino-Japanese Tariff Agreement took place in Nanking.

## JAPAN AFTER GOLD BAN REMOVAL

The additional Budget Bill for the 1930-31 fiscal year passed the plenary session of the Lower House.

Regulations governing the organization of the Railway Conference were promulgated and immediately enforced.

The Home Office's regulations for the necessity of indicating the weight of all freights were promulgated.

Baron Seinosuke Go, financial leader in Japan, accepted the offer to become President of the Tokyo Chamber of Commerce and Industry.

7. The Compulsory Primary Education Fund Act Bill and the Export Indemnification Law Bill passed the Lower House.

The Central Government notified the local governors to enforce the emergency relief measures for the unemployed.

The Japan Central Silk Men's Association, at an executive committee meeting, decided to demand from the Government the low-interest loan for the relief of the sericulturists.

The Mitsubishi Company discharged more than 200 miners employed at the Yoshioka Mine in Okayama Prefecture.

Operatives of the Kanegafuchi's Hyogo Mill approached the Mill authorities again regarding the improvement of their treatment.

The Osaka Enamelled Ware Manufacturing Company was closed and all workers were discharged.

8. Dr. Tokuso Fukuda, authority on political economy and professor at

the Tokyo University of Commerce, passed away.

The All-Japan Cooperative Cocoon Desiccating Warehouses' Association passed a resolution demanding low-interest loans from the Government.

The Tokyo Stock Exchange increased the minimum sum of the warrant money for dealing in 20 issues, the market quotations of which reactionally advanced.

9. A plan for the reorganization of the Tokyo Electric Light Company was signed.

The Nagoya Stock Exchange filed a petition with the Government that the latter should lower the interest rate on postal savings in order to cope with the continued depression.

Negotiations for the conversion of the Japanese Government's Sterling and Dollar bonds in London and New York were concluded and the documents were duly signed.

Quotations for other Japanese bonds slumped in the London market in view of the comparatively high yield of the new issues.

10. The Agriculture and Forestry Office announced the stock of the domestic rice standing on May 1 as 81,870,000 koku or 1,850,000 koku smaller than the corresponding date of the previous year.

The 23rd meeting of the Dai Nippon Rice Society was held in Fukuoka City.

The Agriculture and Forestry Office estimated 8,320,000 spring silkworm egg-cards brushed at the

## JAPAN AFTER GOLD BAN REMOVAL

end of April, 1930. This was 2.8% larger than the previous year.

The Kanegafuchi's Yodogawa Mill discharged 44 operatives.

The Railway Office's freight rebate system was enforced.

12. New Japanese bonds, \$50,000,000 in New York and £12,500,000 in London, were over-subscribed.

13. Several groups in the Upper House introduced in the Diet a plan for the relief of manufacturers of medium and small means and the jobless.

The executive committees of the Osaka Stock Exchange tendered their resignation.

15. The 58th session of the Diet adjourned. All bills regarding economic problems, which were introduced by the Government, were passed.

Finance Minister Junnosuke Inoue, at a meeting of the Bank Clearing Houses' Association, urged bankers' support to the financial readjustment and the industrial rationalization of various manufacturing companies.

The Osaka Keizaikai passed a resolution demanding that the Government appropriate the surplus fund, following the naval reduction, for lightening the people's tax burden.

The Asano Portland Cement Company tentatively decided to reduce its authorized capital to ¥6,310,000.

The Portland Cement Producers' Association decided on the further curtailment to 51.5% for the period from June to September.

The Nippon Nitrogenous Fertilizer Company, at an extraordinary shareholders' meeting, decided to issue new ¥6,000,000 debentures.

16. Regulations governing the organization of the Industrial Rationalization Bureau of the Commerce and Industry Office were decided on at the Cabinet meeting.

The Bleaching Powder Producers' Association agreed to increase its curtailment rate by 8% to 45% for June.

The New Sino-Japanese Tariff Agreement was enforced.

17. A tentative agreement was reached regarding the cooperation between the Onoda and the Oita Portland Cement Companies.

18. The Statistics Bureau of the Cabinet announced the increase of the Japanese population during 1929 as 815,000.

19. The Yokohama Specie Bank declined to make a loan against the security of special coarse yarn.

President Kenkichi Kagami was re-elected as President of the Japan Shipowners' Association.

The Tokyo Dento Big Shareholders' Association, headed by Mr. Momosuke Fukuzawa, passed a resolution demanding the Company's readjustment.

20. The Home Office's regulations regarding the adjustment of the local governments' finance were promulgated.

The labour dispute of the Yuasa Copper Works, Osaka, was amicably settled, thanks to the applica-

## JAPAN AFTER GOLD BAN REMOVAL

- tion of the Labour Dispute Mediation Act for the first time in Japan. The Osaka office of the National City Bank of New York conducted gold conversion, amounting to ¥4,000,000, at the Bank of Japan's Osaka branch.
21. Home Minister Kenzo Adachi urged the necessity of using the Japanese products at the Gubernatorial Conference. The Railway Office announced a decrease of its revenue by ¥110,000 since the beginning of the 1930-31 fiscal year, compared with the corresponding period of the previous year.
22. The Federation of Manufacturers' Associations in Tokyo, Osaka, Nagoya and Yokohama started a movement, standing against the Government's Labour Union Law Bill.
23. The Government decided to introduce the Labour Union Law Bill in the next session of the Diet despite the strong opposition of the Capitalists' organizations. The allotment of loans, which were to be made to traders, manufacturers and farmers of medium and small means with the ¥200,000 funds of the Deposit Department, was decided on by the fund utilization committee of the Finance Office. The Nippon Yusen Kaisha, at a Directors' meeting, decided to reduce the bonus for the sectional chiefs by 80% and that for the ordinary staff members by 20%.
24. The decision on the amalgamation of the Keihan (Kyoto-Osaka) and the Shin-Keihan (new Kyoto-Osaka) Electric Railway Companies was announced.
25. The Kansai branch of the Japan Central Silk Men's Association passed a resolution for opposing the curtailment of new raw silk.
26. Finance Minister Junnosuke Inoue, at an extraordinary meeting of the Japan Chamber of Commerce and Industry, which was held in Osaka, urged the necessity of continuing the deflation policy. The Public and Private Financial Retrenchment Commission decided on a propaganda plan for the encouragement of using the Japanese products.
27. The All-Japan Savings Banks' Meeting was held in Osaka. The Yokohama Customs House, in reply to the Finance Office's enquiry, proposed to increase the import duties on motorcar parts. The Unemployment Prevention Commission held its first meeting.
28. The Finance Office decided to reduce the sundry expenditure by 30% for the 1931-32 fiscal year, and to maintain the total expenditure budget at the ¥1,500,000,000 level. The joint committee of the Finance Office and the Bank of Japan finished the draft of the Bank of Japan reorganization plan. The Hypothec Bank, at a Directors' meeting, decided to absorb the agricultural and industrial banks of Iwate and Saitama Prefectures. The Japan Chamber of Commerce and Industry, at an extraordinary



## JAPAN AFTER GOLD BAN REMOVAL

meeting, passed a resolution demanding that the Government use the surplus fund, following the naval reduction, for lightening the people's tax burden.

29. The Federation of Economic Bodies in Osaka decided to propose the revision of the Government's Labour Union Law Bill.

Conditions for the Tokyo Municipal bond issue, amounting to ¥15,900,000 in all, were decided on. According to the Bank of Japan's accounts brought forward to May 29, the Bank's convertible note issue was ¥1,107,780,000 or ¥150,000,000 lower than the corresponding date of the previous year.

31. The Finance Office issued Treasury Bills, amounting to ¥80,000,000 in all, redeemable after two months. They were welcomed in the bond market.

### June

1. The total amount of the local bond issues during the 1929-30 fiscal year was announced as ¥178,000,000.

The Government decided on the reduction of commission payable to the local distributors (something like wholesale dealers) of tobacco and cigarettes.

2. The newly established Industrial Rationalisation Bureau of the Commerce and Industry Office started functioning.
3. The shipping companies, engaged in the transportation of goods be-

tween Hokkaido and Japan Proper, started a movement, standing against the Railway Office's freight rebate system adopted for the Hakodate-Aomori ferry service.

4. Finance Minister Junnosuke Inoue reported at the Cabinet meeting that the amount of expenditure was reduced by ¥40,000,000 as a result of the commodity price fall.

A committee of the Minseito agreed to a plan of appropriating a ¥398,000,000 surplus fund, following the suspension of the capital ship construction, for the reduction of the people's tax burden.

6. The Teikoku Nokai proposed a plan to revise the land tax system.

7. The executive committee of the Kogyo Club, which was against the Government's Labour Union Law Bill, decided to promote the welfare of labourers.

The Finance Office decided on the unification of the tobacco quality and the rationalization of the Monopoly Bureau.

The Finance Office started the investigations of the revision of regulations governing the savings banks and mutual credit business.

The Superphosphate Producers' Association decided to maintain the curtailment rate of 80% after July.

8. The Superphosphate Producers' Association discussed a plan for the prevention of foreign sulphate of ammonia imports.

## JAPAN AFTER GOLD BAN REMOVAL

9. Advisors to the Industrial Rationalisation Bureau, at a meeting, decided to establish four minor committees and to start a movement for urging the people to use the Japanese products.

Chambers of commerce and industry in Kansai agreed to start a movement against the Government's Labour Union Law Bill.

10. A bill for the revision of regulations governing the Railway Conference passed the Cabinet meeting.

The period of validity for applying for the Government's special loans in accordance with the Raw Silk Price Indemnification Law expired. The National City Bank of New York conducted the gold conversion, amounting to ¥2,500,000.

The Overseas Office sanctioned the revision of regulations governing the organization of the South Manchuria Railway Company.

The raw silk stock in the Yokohama market reached 228,000 bales, the highest in the history of the market.

11. The Government estimated a ¥70,000,000 decrease in its revenue for the 1930-31 fiscal year.

12. The Home Office issued an order to the local governments to effect a retrenchment in their expenditures.

The Social Welfare Bureau of the Home Office sent enquiries to large factories throughout Japan regarding the nutritive conditions of labourers.

The Dai Nippon Sanshikai (a sericulturists' association) estimated the 1930 crop of spring cocoons as 53,000,000 kan or 3,000,000 kan larger than the actual crop for the previous year.

13. The executive committee of the Tokyo Bank Clearing House agreed to support the continuance of the Government's deflation policy.

The Yokohama Specie Bank increased its official exchange rate on Shanghai to Tls. 130.

The call money rate advanced to 1.5 sen due to the active demand for the new spring silk funds.

Some 200 mills, affiliated with the Osaka Sempoku Weavers' Association, decided to suspend operation, commencing from June 20.

The White Cotton Cloth Producers' Association in Chita, Aichi Prefecture, agreed to stop work for two weeks from June 15.

The South Manchuria Railway Company conducted the adjustment of the staff on the largest scale ever attempted and discharged 876 clerks.

The Iwaki and the Chichibu Portland Cement Companies increased their selling price to ¥3.70.

Raw silk slumped and the break of the ¥80 level was feared.

14. The Industry Commission decided on its reply to be made to the Government's enquiry regarding the protection of the home industry.

## JAPAN AFTER GOLD BAN REMOVAL

The Government Iron Works in Yawata decided on the output-cut of steel materials.

The Toyo Kisen Kaisha won the suit in connection with the Bill of Lading trouble with the Mitsubishi Bank.

Mr. Naozo Igarashi, former Director of the Yokohama Specie Bank, became Director of the Tokyo Electric Light Company.

The Portland Cement Producers' Association decided not to change the selling price for the time being.

15. The Izumi Cotton Spinning Company's two mills reduced the workers' income by 7%.

16. The cotton spinners' 10% curtailment of operation was effected. The sericulturists in Kyoto Prefecture agreed to a plan to cope with the unfavourable situation.

The Bleaching Powder Producers' Association decided on the 45% curtailment for July.

Quotations on the raw silk exchanges broke the ¥80 level.

17. The Cabinet approved the abolition of the tobacco and cigarette distributing agent system.

The Commerce and Industry Office decided to devote its efforts for the rationalization of steel and five other industries.

The Tokyo Prefectural Government decided to create a jobless prevention committee.

Some 80 economic bodies in Tokyo and Yokohama agreed to start a cooperative movement against the

Government's Labour Union Law Bill.

Finance Minister Junnosuke Inoue announced his view on the demanded reduction of the interest rate on postal savings.

The Social Welfare Bureau of the Home Office approved the Japan Central Silk Men's Association's plan to shorten the working hours for female and juvenile operatives.

Quotations for spring cocoons dropped further.

The Cotton Operatives' Union filed a demand with the Japan Cotton Spinners' Association for the abolition of the curtailment.

The Keihan Electric Railway Company, at an extraordinary shareholders' meeting, approved its amalgamation with the Shin-Keihan Electric Railway and the new debenture issue, amounting to ¥20,000,000.

A plan was formulated for disposing of 200,000 bales raw silk stock accumulated in the market.

18. The Osaka Chamber of Commerce and Industry's reply to the Government's enquiry regarding the revision of the Commercial Code was decided upon.

The Kanda Bank, which had been closed for a long time, started re-funding deposits.

19. Baron Seinosuke Go and Baron Takuma Dan, both financial leaders in Japan, filed a petition with the Finance Minister in connection with the relief of financial circles.

## JAPAN AFTER GOLD BAN REMOVAL

The Kokumin Doshikai issued a statement, standing against the reduction of interest rate on postal savings.

Representatives of the Japan Central Silk Men's Association asked the Agriculture Minister to postpone the period of validity for applying for the Government's special loans in accordance with the Raw Silk Price Indemnification Law.

The Government Iron Works in Yawata announced its plan for the reduction of the steel material output.

The Wakayama Umbrella and Parasol Manufacturers' Association agreed to effect the two months' curtailment.

The readjustment plan of the Oita Portland Cement Company was decided upon.

The Osaka Iron Works' further discharge of labourers was announced, dismissing as many as about 1,000 workers since the beginning of 1930.

20. The Nagano Prefectural Government planned to issue bonds for the relief of the sericulturists.

Some 800 weaving mills in Hamamatsu suspended their operation simultaneously.

The Hishu Lumber Company, which had been in trouble with the Nippon Electric Power Company regarding the latter's Shokawa Plant, brought a lawsuit against the Governor of Toyama Prefecture, in which the Power House is located.

General Motors Japan Ltd. adopted the five days a week plan in order to cope with the depression.

The revision of the power supply charges agreement between the Daido Electric Power Company and the Osaka Municipal Office was signed.

21. The Kyoto Municipal Bus operatives went on strike.

Movements against the abolition of the tobacco and cigarette distributing agent system were started in various places.

The Central Government issued an order to the local governments for observing the "Japanese products' week."

According to the Bank of Japan's accounts brought forward, its specie reserves were larger by ¥582,000, being ¥869,498,000.

The beer breweries in Tokyo agreed on the prevention of selling competition.

The Finance Office tentatively decided on the reduction of the Monopoly Bureau's selling prices of domestic salt.

New shares of the Tokyo Stock Exchange fell to ¥84, the lowest since 1914.

22. The Hoshi Drug Manufacturing Company's labour dispute was settled after 22 days.

23. The Tokyo Prefectural Government introduced the expenditure budget for the relief of the jobless in the Prefectural Assembly.

The flour mills in Kanto reduced their selling price by 3 sen.

## JAPAN AFTER GOLD BAN REMOVAL

- The Bank of Chosen won the suit regarding the Bill of Lading trouble between the Bank and the Taiwan Sugar Company.
24. The Japanese consuls in China filed a protest with the Chinese Government regarding China's double imposition of customs duties on imports.
- The Steel Material Producers' Association decided on the 50% reduction of the round steel bar output.
- The revision of minor regulations of the Factory Law for shortening the working hours for the female and juvenile workers was decided.
- The Kawasaki Factory of the Asano Portland Cement Company discharged some 200 workers.
25. The executive committee of the Tokyo Municipal Assembly approved the expenditure budget of ¥2,540,000 for the relief of the jobless.
- The allotment of the Deposit Department's relief loans to sericulturists was decided on.
- The stock exchanges in Kyoto, Osaka and Kobe agreed to form a syndicate for investing in stocks.
- The Rayon Producers' Association adopted the 20% curtailment plan for July.
- Commercial travellers to be sent abroad by the Cotton Textile Export Promotion Society were appointed.
26. The Nagoya Weavers' Association adopted a plan to effect one month suspension and the 80% reduction of wages.
- The cotton spinners adopted the one shift system for their operation.
- President Ryokichi Nagao of the Kanegafuchi Cotton Spinning Company retired and Vice-President Shingo Tsuda was promoted President.
- Pongee producers in Fukui decided to suspend operation for one month after July.
- Iyo-Kasuri (a kind of cotton textiles) weavers agreed to stop operation for two months.
28. The Government authorities, together with leading bankers, studied the financial situation.
- The names of the men to serve as Directors of the Tokyo Electric Light Company were decided on.
- The inauguration of the Kobe Municipal Bus Service was sanctioned.
- The Hachioji Weavers' Association decided to stop operation for three weeks.
- Directors of the Osaka Shosen Kaisha decided not to declare any dividend for the current term.
- The Mitsubishi Trading Company joined the canned crab cooperative sales agreement.
- The Daido Electric Power Company, at a general shareholders' meeting, decided to issue ¥30,000,000 debentures.
29. The Tokyo Prefectural Assembly approved the expenditure budget for the relief of the jobless.

## JAPAN AFTER GOLD BAN REMOVAL

80. The Finance Office announced the total import excess for the first six months of 1930 as ¥218,000,000 or ¥60,000,000 smaller than the previous year.

The call money dropped to 1 sen per ¥100 per diem in view of the quiet term-end settlement.

The reduction of the interest rate on postal savings by 0.6% was tentatively decided.

The Toyo Muslin Company, at a general shareholders' meeting, decided to reduce its authorized capital to one-tenth.

### July

1. Communications Minister Matajiro Kozumi introduced in the Cabinet meeting his plans to expedite the extension of the telephone service and to change the Government's financial policy.

The Commerce and Industry Commission was abolished.

The Industrial Rationalization Bureau of the Commerce and Industry Office selected 100 kinds of superior quality Japanese products and announced their names.

Trust companies in Kansai suggested the formation of a bank for financing the industrial rationalization.

The Fukuyama Mill of the Fukushima Cotton Spinning Company reduced their operatives' wages to one half.

The Government Iron Works in Yawata closed three factories.

The Steel Material Production Pool was effected.

The Nippon Yusen Kaisha, the Osaka Shosen Kaisha and the Harada Kisen Kaisha enforced the new system of collecting freight on the Japan-Tsingtao service on the basis of the Yen, instead of the Tael.

The umbrella manufacturers' association in Gifu decided to stop work for July and August.

2. The names of members of the Railway Conference, according to the new regulations, were announced.

Mr. Katsutaro Tajima, Director of the Fukuoka Mining Superintendent Office, succeeded Mr. Yone-matsu Mitsui as Vice-Minister of Commerce and Industry.

The Osaka Chamber of Commerce and Industry decided on its measures to cope with the depression.

The Mitsui Bank started giving loans to salaried men.

The Teikoku Nokai planned to give support to the settlement of farmers' debts.

The Government decided on a subsidy to be given to the Showa Steel Works.

3. The Government invited leading businessmen to a party and asked them to use Japanese products in accordance with the Government's policy of the industrial rationalization.

Advisors to the Industrial Rationalization Bureau, at a meeting, de-

## JAPAN AFTER GOLD BAN REMOVAL

vided to create a committee for promoting the cooperative sales system among various producers.

The allotment of the Deposit Department's relief loans among various associations was announced.

The Dai-ichi Bank decided to reduce its dividend rate by 1%.

Mr. Masusaburo Uchata, Chairman of the Osaka Stock Exchange, announced his plan to create a stock investment company.

The temporary increase of the Portland cement curtailment rate by 2% was decided.

4. The establishment of the Telegraph and Telephone Commission was decided.

All banks in Fukui Prefecture, affiliated with the Fukui Bank Clearing House, decided to reduce their dividend rates by 1%.

The labour dispute of the Fuji Gas Spinning Company was settled.

The Osaka Shosen Kaisha decided on a plan to reduce the total payment to its employees.

5. The index of the average wholesale prices in Tokyo during June fell to 181.8, calculated on the basis of 100 for October, 1900. This was the lowest since the end of 1921. Finance Minister Junnosuke Inoue invited leading Portland cement producers to a party and urged them to effect a merger.

The discharge of the Kawasaki Dockyard Company's workers was announced.

Quotations for steel materials dropped all round.

6. Applications of the local governments and municipal offices to obtain the Central Government's sanction for the jobless relief loan flotation numbered seven during the first week of July, the total amount being about ¥7,800,000.

7. The Nagoya syndicate banks decided to maintain their previous dividend rates.

Some sericulturists, at a round-table meeting, agreed to effect a voluntary production-cut of summer and autumn cocoons.

The Japan Cotton Spinners' Association decided on the voluntary curtailment for July and August.

Quotations of spinning shares slumped further and Kanegafuchis fell below the ¥120 level.

The Yokohama Specie Bank announced the reduction of the value of raw silk held or to be held as security against its loans.

8. The Commerce and Industry Office selected foreign goods, the import of which into Japan should be checked, and announced their names.

The Bank of Japan revised the style of its weekly report.

The Kyoto, Osaka and Kobe exchanges jointly announced their plan to establish an investment corporation.

The Silk Goods Dealers' Association, at an executive committee meeting, adopted a plan to improve the quality of Fuji silk.

## JAPAN AFTER GOLD BAN REMOVAL

- The Daido Electric Power Company reduced its employees' income by 10%.
- The agreement to raise the sugar prices was reached among the six leading companies.
- The silk reellers' association in Kofu decided to suspend operation for 15 days and to reduce female operatives' wages.
9. The Home Office drafted the Labourer's Accident Relief Act.
- The San-en Dupion Silk Reellers' Association, in Shizuoka Prefecture, decided to suspend operation for one month.
- The Spun Silk Yarn Producers' Association increased its curtailment rate to 30%.
10. Japan's foreign trade for the first 10 days of July resulted in an excess of exports over imports by ¥2,950,000, being the first favourable balance since the beginning of 1930.
- Representatives of farmers in Saitama Prefecture visited the Cabinet Offices, asking for the Government's help for their difficulties.
- The Wakayama 43rd Bank decided to hand over its main office and branches to the 34th and other banks on account of financial conditions.
- The Nippon Electric Power Company won the lawsuit in connection with the troubles with the Hishu Lumber Company.
- The Foreign Office filed a strong protest with the Soviet authorities regarding the latter's high-handed action upon the Japanese companies engaged in fishing in the Russian eastern waters.
- The Fuji Gas Spinning Company decided to increase its monthly holidays.
- The Agriculture and Forestry Office announced the stock of rice, standing on July 1, as 21,840,000 koku.
- Raw silk quotations slumped further, forward delivery reaching the new low level of ¥62.60.
11. The Commerce Minister announced at the Cabinet meeting that approximately ¥600,000,000 worth of imported goods may be substituted by the Japanese products.
- The Social Welfare Bureau of the Home Office decided on measures to cope with the unemployment of the day-labourers.
- The 15th Bank's stocks, numbering more than 160,000 shares, became null and void on account of non-payment by shareholders.
- The Agriculture and Forestry Office sent instructions to the local governors to urge the sericulturists to limit the summer and autumn silkworm feeding.
- The Daisan Club in Sawa decided to stop operation for two months.
- The minimum export price of canned crab was decided.
- The value of raw silk, both yellow and white, as security against loans was reduced below ¥300.
12. The Chosen Development Bank issued the 96th Debentures, amounting to ¥5,000,000 in all.



## JAPAN AFTER GOLD BAN REMOVAL

The total insured amount of the postal insurance as on July 12 exceeded ¥2,000,000,000.

The Teikoku Sericulturists' Association, at a Directors' meeting, issued a statement, standing against the limitation of the summer and autumn silkworm feeding.

The Tokyo Electric Light Company announced the discharge of 130 clerks.

The Toho Electric Power Company purchased the Isahaya Electric Light Company in Nagasaki Prefecture.

The Bihoku Silk Reelers' Association, in Aichi Prefecture, agreed to stop work for two months.

The Rice Commission decided on the release of the Government's rice holding.

14. Japan's specie reserves increased by ¥5,000,000 since the beginning of July.

The Kobe Raw Silk Conditioning House decided to increase its conditioning capacity to more than 10 times that of July 14.

The Japan Cotton Spinners' Association decided to effect the strict classification of cotton yarn from August 1.

15. The Tokyo Chamber of Commerce and Industry drafted measures to cope with the depression.

The International Raw Silk Company was established in Kobe.

The Agriculture and Forestry Office announced its decision to release its old rice holding to the extent of 500,000 koku.

The Government Iron Works in Yawata decided to reduce the selling prices of steel materials.

16. Representatives of the Hachioji textile weavers filed a petition with the Government to reduce the textile excise.

The silk reelers' associations in Toyama and Aichi Prefectures decided to stop work for some time.

The Gifu Silk Reelers' Association decided to suspend operation for two months.

The quotation of spun silk yarn registered a big reaction advance by ¥20.

17. Operatives of the Okatani Reeling Mill proposed the voluntary reduction of their wages in view of the Mill-owner's difficult situation.

The quotation of electro-copper reached a new low level of ¥63.95.

The Kanto Steel Material Cooperative Sales Association reduced the selling price of round steel bars by ¥4.

18. The Industry Commission completed drafting an extensive plan to rationalize Japan's shipbuilding industry.

The Cabinet decided to reduce the amount of the working budget for the 1930-31 fiscal year by ¥60,510,000.

General Motors Japan Ltd. announced the suspension of its work for one week.

19. The Tokyo Bank Clearing House announced that bills dishonoured during June numbered 780, the

## JAPAN AFTER GOLD BAN REMOVAL

amount being ¥312,500, which was larger than the same month of the previous year by 234 bills and ¥2,833.

The Kobe Municipal Office issued bonds, amounting to ¥2,000,000 in all.

The Tokyo Electric Company discharged 60 employees.

The silk reelers in Suwa decided to seal 20% of their boilers after August 1.

The Tokyo Mulin Company fired 359 operatives.

Simultaneous reactional advances were witnessed on the stock exchanges, Tokyo Stocks, both old and new, rising by ¥5.

The Flour Producers' Association lowered its selling price to ¥2.95.

21. The site of the Showa Steel Works was decided on as Shingishu.

All workers of the Nikka Cotton Spinning Company went on strike.

The Asano Portland Cement Company decided to reduce its capital by buying its shares in the market.

22. The Kanegafuchi Cotton Spinning Company, at a general shareholders' meeting, decided to reduce its dividend rate after unprecedented heated discussions.

Tokyo Stocks, new, jumped to the ¥94 level in the short-term market in view of the uneasy political situation.

23. The reduction of officials and clerks' salaries and the revision of the pension system were decided on at the conference of town and village masters throughout Japan.

The Kishiwada Cotton Spinning Company enforced the 15% reduction of its operatives' wages.

24. The Government railways' income for June amounted to ¥34,440,000, a decrease by ¥3,760,000, compared with the corresponding month of the previous year.

The Finance Office announced the excess of gold and silver exports over imports by ¥226,000,000 for the first half of 1930.

President Seibei Kawanishi of the Nihon Keori Kaisha submitted the woollen goods cooperative sales company establishment plan to the Industrial Rationalization Bureau of the Commerce and Industry Office.

The Sano Towel Manufacturers' Association in Sennan-gun, Osaka Prefecture, decided to adopt a plan to have six holidays per month.

Workers of the Tokyo Electric Company's Kawasaki factory went on strike.

The Kanto Steel Material Producers' Association decided to reduce the production of round steel bars by 50%.

The Government released 500,000 koku out of its old rice holding.

25. The special committee of the Board of Tourist Industry decided to disburse ¥1,000,000 as publicity funds in order to attract world tourists to Japan.

The Yen exchange rate on New York weakened to \$49  $\frac{1}{4}$  for October and later deliveries.

## JAPAN AFTER GOLD BAN REMOVAL

The Japan Shipowners' Association, at an executive committee meeting, decided to make loans out of its reserves to shipowners in order to enable them to tie up their idle ships.

The Railway Office completed drafting the motorcar service plan for the 1930-31 fiscal year.

The Ship Insurance Association decided to reduce the premium for ships, which are tied up.

The Kishiwada Cotton Spinning Company decided to lower the rent of its houses for operatives in order to cover the reduction of the latter's wages.

The Dai Nippon Raw Silk Society estimated the decrease of the early autumn silkworms by between 20% and 30%.

Baron Seinosuke Go, financial leader in Japan, started promoting the merger of fishery companies, which are engaged in fishing in the northern seas.

Silk reelers in five prefectures of Kanto decided to stop work for one month.

The Daimaru Department Store of Kyoto decided to reduce its employees' wages by 10%.

Raw cotton quotations dropped by between ¥0.30 and ¥0.50 due to the increased selling.

26. The Agriculture and Forestry Office planned to introduce into the next session of the Diet a bill to enforce the farming insurance.

Operatives of the Tokyo Muslin Company started a go-slow.

A movement, standing against the gold standard of the Nippon Yusen Kaisha, the Osaka Shosen Kaisha and the Harada Kisen Kaisha in collecting the freight for Tsingtao, was started by some shippers.

The Asano Portland Cement Company's Kawasaki factory started discharging its workers.

Export contracts of cotton cloth were concluded to a considerable quantity, taking advantage of the higher silver quotation.

Quotations on rice exchanges dropped to the ¥28 level, affected by the Government's release of its rice holding.

Raw silk futures broke the ¥77 level due to unfavourable conditions at home and abroad.

27. The Yokohama Specie Bank declined the petition of the Raw Silk Exporters' Association to admit the postponement of payment of interest on the latter's loans from the Bank against the security of raw silk.

Stock quotations, which had shown an upward tendency some time ago, again became weak, affected by the lower exchange rates and other adverse factors.

The Nippon Dyestuff Manufacturing Company enforced the new system of two holidays per week (Saturday and Sunday).

Operatives of the Keisei Electric Railway went on strike.

A movement standing strongly against the Yasuda Bank's attack

## JAPAN AFTER GOLD BAN REMOVAL

ment on the ships of the Hashimoto Kisen Kaisha was started.

28. The Osaka Association for Liberty of Trading urged the opening of the international tariff reduction conference.

The syndicate banks in Tokyo studied the plan to establish a financial organization for promoting industrial rationalization.

The Arima Bank in Hyogo Prefecture was ordered, in accordance with the new Banking Act, not to undertake new transactions.

The Yokohama Specie Bank reduced its official exchange rate on London to 2/0 5/16.

The Tokyo Muslin Company ordered its 1,800 female operatives to return to their native places.

Meisen (a kind of silk textile) weavers in Ashikaga, numbering 300, went on strike.

Quotation on the rice exchange reached the new high level of ¥29.53 for recent months, stimulated by the activity of bulls.

29. The Home Office decided to suppress the farmers' movement to postpone the payment of their taxes.

The syndicate banks in Osaka studied the plan to establish a financial organization for promoting industrial rationalization.

The Portland Cement Producers' Association studied measures to rationalize the Portland cement industry but no decision was reached.

The Commerce and Industry Office decided on the plan to en-

courage the mergers of motorcar manufacturers.

30. The Seiyukai organized several parties for investigating economic conditions in various districts of Japan.

Presidents of local agriculture societies throughout Japan, at a meeting held in Tokyo, passed a resolution demanding that the Government use the surplus funds, obtainable by the naval reduction, for relieving the farm villages.

The Sumitomo Bank decided to reduce its dividend rate by 1%.

The Agriculture and Forestry Office decided on the plan to control the silk industry.

Retail price of cleaned rice was raised by 7 sen per 10 kilograms in Tokyo.

31. A party of local agriculture society presidents visited Premier Yuko Hamaguchi and proposed measures to cope with the depression in farm villages.

## August

1. The Export Indemnification Law was enforced.

Regulations, governing the improvement of the fertiliser supply system, were put into force.

Yen exchange rates advanced due to the favourable trade balance for the last 11 days of July.

Gold influx into Japan during July amounted to ¥2,635,000.

The Tokyo Electric Light Company decided to hand over its supply dis-

## JAPAN AFTER GOLD BAN REMOVAL

tract in Nagoya to the Toho Electric Power Company.

According to the survey made by the Mitsui Bussan Kaisha, idle ships tied up throughout Japan totalled approximately 250,000 tons as on July 22.

The Commerce and Industry Office announced the average index of commodity prices in 13 leading cities in Japan during June was lower than the previous month by 4.4%.

2. The Bank of Japan announced that the number of banks, which reduced their dividend rates during the first half of 1930, reached 206.

The Industrial Rationalization Bureau decided on the plan to rationalize the striped cotton cloth weaving industry.

4. The Government decided to disburse ¥135,000,000 out of the Deposit Department's funds for the purpose of relieving the farm villages of financial difficulties.

The Government tentatively decided to extend the period of the Raw Silk Price Indemnification Law enforcement by six months.

Three plans for improving the wool industry were adopted.

5. Mr. Taro Kimimori, Financial Commissioner stationed in China, was appointed as Director of the Industrial Bank of Japan.

The National City Bank of New York converted ¥3,500,000 notes into gold in Japan.

- The Japan Cotton Spinners' Association announced that the cotton

yarn production for July was 177,800 bales, the lowest record since 1928.

The Nitrogenous Fertiliser Co-operative Sales Association was dissolved.

The executive committee of the Japan Cotton Spinners' Association decided to abolish the two shift system.

The establishment of the Imahara Export Cotton Cloth Weavers' Association was sanctioned.

The Tokyo Municipal Market reduced its retail price of cleaned rice by 7 sen per 10 kilogram.

According to the survey made by the Bank of Japan, the average index for wholesale prices during July was lower than the previous month by 2.5%.

6. The Hypothec Bank announced that the average yield of leading stocks was 7.75% as on August 1, showing a decline by 0.56%, compared with July 1.

Banks tentatively decided to make loans for a further six months in accordance with the Raw Silk Price Indemnification Law.

The Mitsubishi's Nagasaki Dockyard discharged about 900 workers.

The establishment of a cooperative sales organisation in connection with thin steel sheets was decided.

The plan to rationalize the striped cotton cloth weaving industry was adopted.

The Osaka Municipal Market reduced its retail price of cleaned rice by 0.5 sen per kilogram.

## JAPAN AFTER GOLD BAN REMOVAL

7. The Kyoto Gas Company filed a petition with the Commerce and Industry Office to approve its plan to reduce the supply charges. Charges for conditioning woollen textiles were reduced.

Baron Takahide Shijo, former Vice-Minister of Commerce and Industry, was appointed President of the Teikoku Hemp Company.

8. The Unemployment Prevention Commission, at a general meeting, approved the plans to start construction works in Tokyo, Osaka, Yokohama and Yamanashi in order to aid the jobless.

The Tokyo Agricultural and Industrial Bank issued debentures, amounting to ¥2,000,000 in all.

Forestry men in Mie and three other prefectures studied measures to cope with the depression at the Mie Prefectural Assembly Hall.

9. The National City Bank of New York converted ¥3,000,000 notes into gold at the Bank of Japan.

The Kyushu Hydro-Electric Power Company issued debentures, amounting to ¥27,000,000 in all.

The Karafuto Kogyo Kaisha decided to convert its old debentures, amounting to ¥3,000,000 in all, into new issues.

The Japan Cardboard Manufacturers' Association decided on the 50% curtailment for September.

The Rice Commission, at its 26th meeting, decided to make the

second release of the Government's old rice holding to the extent of 500,000 koku.

11. Market quotations of national bonds slumped by from ¥2 to ¥3.

12. According to the Social Welfare Bureau's estimate, the number of the unemployed as on May 1 was 378,515.

Foreign banks converted notes into gold as follows: National City Bank of New York ¥2,500,000, the Hongkong & Shanghai Banking Corporation ¥2,000,000 and the Nederlandsch Indische Handelsbank ¥1,700,000.

Mr. Kankichi Yukawa, Chairman of the Sumitomo Interests, retired from his post and Mr. Masatsune Ogura succeeded Mr. Yukawa.

Contract for the annual delivery of 40,000 ton shale oil was concluded between the South Manchuria Railway Company and the Navy Office.

13. The Industrial Rationalization Bureau announced the result of its first selection of superior quality Japanese products.

The Nederlandsch Indische Handelsbank converted ¥400,000 notes into gold.

The Tokyo Federation of Businessmen's Associations decided on a plan to finance traders and producers of medium and small means and proposed the plan to the Government.

The Nippon Yusen Kaisha decided to reduce the first class pas-

## JAPAN AFTER GOLD BAN REMOVAL

senger fares of the Taiyo Maru and the Shinyo Maru.

The Portland Cement Producers' Association decided on the 53.3% curtailment for September-November.

The Toho Electric Power Company, at a Directors' meeting, approved the transfer of the Tokyo Electric Light Company's supply district in Nagoya to the Toho.

14. The interest rate on postal savings was reduced to 4.2%, effective on October 1.

The Nederlandsch Indische Handelsbank converted ¥800,000 notes into gold.

The Tokyo Muslin Company's labour dispute was settled.

According to the Agriculture and Forestry Office's survey, the brushing of summer silkworm egg-cards and autumn silkworm egg-cards was smaller than the previous year by 11% and 22%, respectively.

The Underwriters' Pool decided on the new premium rate on the Hokkaido special products.

According to the Tokyo Stock Exchange's survey, the total value of documentary securities at the end of July, 1930, was smaller than the corresponding period of 1929 and 1928 by ¥4,000,000,000 and ¥9,000,000,000, respectively.

The Dai Nippon Silk Society completed the draft of the silk industry improvement plan.

16. According to the Bank of Japan's accounts brought forward, the convertible note issue amounted to ¥1,029,000,000, the lowest record since May, 1921.

The Government decided to disburse ¥3,000,000 for the consecutive period of five years in order to protect the Japanese motorcar industry.

17. The Ishiwara Sangyo Kaisha purchased six boats from the Kokusai Kisen Kaisha and other shipping companies in view of the constant fluctuation of the charterage.

The steel material market was thrown into a chaotic condition and the quotations fell to the new low level of ¥60 per ton.

The Japanese exporters commenced marking the country of origin upon goods shipped to the United States.

18. The Bleaching Powder Producers' Association decided to maintain the curtailment rate for September at 45%.

The rubber quotation in Tokyo dropped to the new low level of ¥0.1875 for immediate delivery in view of the continued decline in the oversea markets.

19. The Social Welfare Bureau announced that the funds to be used for the relief of the jobless during the 1930-31 fiscal year were ¥37,302,000.

The Cabinet decided to disburse ¥70,000,000 for the relief of the

## JAPAN AFTER GOLD BAN REMOVAL

farm, fishing and other agricultural villages.

The Mie Agricultural and Industrial Bank started making low-interest loans (¥1,000 per lot as capital for traders and producers of medium and small means).

20. The Hypothec Bank decided to issue debentures, amounting to ¥10,000,000.

The Mitsubishi Bank decided not to revise its dividend rate for the current term.

The Banshu Hosiery Producers' Association enforced the suspension of operation for an indefinite period and some 2,000 operatives lost their jobs.

Cotton mill owners, at their regular periodical luncheon, agreed to increase the curtailment rate.

21. The Industrial Rationalization Bureau announced the result of its second selection of the superior quality Japanese products.

Three banks in Nagoya notified the promoters of the Cooperative Industrial Survey Association that they would not participate in the plan.

The Hokkai Colliery Steamship Company decided to stop operation of one of its mines.

The Daido Match Company's Hirano factory in Kobe was closed.

The flour quotation for forward delivery advanced by 2 sen.

The Kanto steel producers reduced their selling price of round steel bars by ¥2.

22. The establishment of the Agriculture and Forestry Commission was decided.

The Industrial Rationalization Bureau started the control of the enamelled ware industry.

Workers of the Kawanishi Flying Machine Works went on strike.

23. Mr. Gentaro Shimura, President of the Central Producers' Association, passed away.

Representatives of the Japan Federation of Forestry Associations filed a petition with the Government, asking for the low-interest loan in order to convert the high-interest old loan.

The Communications Office decided on the plan to give a subsidy for deep-sea navigation.

The Oita Portland Cement Company asked the Mitsui Bussan Kaisha to sell the Oita's products.

24. Workers of the Murao Dockyard Company started a strike.

The Tsurumi Gas Company decided to reduce its capital by ¥250,000.

The lumber quotations dropped all round.

The Osaka Municipal Market reduced its retail price of cleaned rice by 0.5 sen per kilogram.

25. An exhibition of Japanese products, comparing with imported goods, was opened in order to promote the use of the Nippon manufactures in Japan.
26. The Mitsui Bank planned to make loans to traders and manu-



## JAPAN AFTER GOLD BAN REMOVAL

facturers of medium and small means.

The Nederlandsch Indische Handelsbank converted ¥600,000 notes into gold.

The Government conducted the second release of its old rice holding to the extent of 500,000 koku.

27. The Deposit Department of the Finance Office created the new post of inspector.

According to the Bank of Japan's accounts brought forward, its specie reserves amounted to ¥866,000,000, the lowest since the War time. The Kanagawa Agricultural and Industrial Bank issued debentures, amounting to ¥1,000,000 in all.

The Japan Cardboard Manufacturers' Association decided on the prevention of dumping.

28. The call money market tightened and rate advanced to 1 sen, causing the Osaka banks to decide on the increase of the agreed call rate.

The Showa Spun Silk Yarn Manufacturing Company reduced the wages of its operatives by 20%.

The Toyo Muslin Company decided to postpone the redemption of its old debentures.

Bond quotations slumped all round.

29. The Commerce and Industry Office prohibited producers to paste the label of "Selected by the Commerce and Industry Office" on any product, because such action will unfavourably affect other manufacturers.

According to the Commerce and Industry Office's survey, the index for the average wages in the 13 leading cities during July was lower than the previous month by 1.7%.

The Bank of Japan purchased ¥300,000 gold bullion, the total gold purchase since the gold ban removal reaching ¥30,000,000.

The Bank of Japan's convertible note issue increased abruptly, exceeding the ¥1,100,000,000 level.

The establishment of the Kita-Kyushu Hosiery Producers' Association was sanctioned.

The Ishiwara Sangyo Kaisha again made purchases of old ships.

The Toho Electric Power Company discharged 220 workers.

30. The export excess for the last 10 days of August decreased to ¥8,000,000.

The smaller export excess and the tight money caused stock quotations to slump.

The Government decided to issue bonds, amounting to ¥20,000,000 in all, in order to cover the funds for the railway construction and repair works.

The Yokohama Specie Bank received silver shipments, amounting to Tls. 700,000, from its branch office in Shanghai.

According to the Bank of Japan's accounts brought forward, commercial banks' deposits with the Bank of Japan, bearing no interest, amounted to ¥80,000,000, the lowest since 1929.

## JAPAN AFTER GOLD BAN REMOVAL

Overnight call money rate advanced to 1.8 sen.

The executive committee of the Japan Shipowners' Association approved the plan to make loans to its members to enable them to tie up their boats.

The inaugural meeting of the No. 2 Toyo Muslin Company was held.

### September

1. The Finance Office purchased ¥19,000,000 worth of old national bonds in order to redeem them.

The Oita Agricultural and Industrial Bank issued debentures, amounting to ¥1,000,000.

2. Labour dispute of the Kawanishi Flying Machine Works was settled.

The Cabinet approved the plan to lower the interest rate on the Deposit Department's loans to commercial banks.

Syndicate banks' Cooperative Industrial Survey Association was established.

The Kanegafuchi Cotton Spinning Company decided to close its Kofu flature in January, 1931.

The market quotation of platinum slumped by ¥2.

Stock quotations slightly advanced in view of the uneasy political situation.

3. The life insurance companies' group decided to establish their cooperative investment company, thanks to the Finance Minister's encouragement for the plan.

The minimum interest rate on the overdrafts was reduced by the first class banks in Kanto and Kansai.

The Agriculture and Forestry Office gave a subsidy of ¥150,000 in all to the local marine products associations in order to promote the raising of salmon and trout.

Six leading steel companies in Kanto reduced their buying price of scrapped iron.

5. The establishment of the Export Ink Producers' Association was sanctioned.

Nine sugar companies decided on the voluntary holding of 200,000 picul centrifugal sugar in all in order to check the fall of the market price.

The Nippon Yusen Kaisha's tied-up boats exceeded the 100,000 ton level.

The Toho Electric Power Company planned its financial readjustment. The Nagoya Electric Railway Company absorbed the Mino Electric Railway Company.

Miscellaneous shares slumped.

Cotton yarn quotations dropped in view of the unsatisfactory result of curtailment.

The Mitsubishi Trading Company obtained the sales right from the Nippon Steel Tube Company.

6. The Hypothec Bank issued "discount" debentures, amounting to ¥10,000,000 in all.

The Osaka-Ya Trading Company's capital reduction and its severance

## JAPAN AFTER GOLD BAN REMOVAL

of relations with the Nomura Gomei Kaisha were announced.

The Toyo Muslin Company, at an extraordinary shareholders' meeting, decided to increase its capital.

The Osaka Shosen Kaisha filed a petition with the Government, asking not to check the dumping of foreign soda ash in Japan.

8. The Yokohama Specie Bank lowered its official exchange rate on London to 2/0 %.

The Mitsubishi Trading Company concluded flour sales contract covering 500,000 bags with the Soviet State Mill.

9. The Cabinet decided not to fill the vacancies, which have been created by the retirement of officials, in order to save salaries.

The Nederlandsche Indische Handelsbank converted ¥2,000,000 notes into gold.

The Federation of Kanto and Kansai Agricultural Warehouses decided on a plan to establish the Federation of Rice Cooperative Sales Associations.

10. The Association of All-Japan Salaried Men was established in Osaka.

The Statistics Bureau of the Cabinet announced that the natural increase of Japan's population for the first quarter of 1930 was 372,500.

The Bank of Japan's buying was conspicuous in the bond market.

The Towns and Villages' Loan Adjustment Committee was formed

jointly by representatives of the agriculture societies, the Association of Town and Village Masters and the Central Association of Reelers.

The open market exchange rate on London declined to 2/0 11/32.

According to the Bank of Japan's accounts brought forward, its specie reserves amounted to ¥865,626,000, the lowest since October, 1919.

The call money rate dropped to 1.05 sen.

Mr. Ryohel Okada, ex-Education Minister, and Mr. Tetsujiro Shidachi, ex-Governor of the Industrial Bank of Japan, were recommended as President of the Central Producers' Association and the Central Silk Men's Association, respectively.

Insurance companies filed a petition with the Government, asking for the withdrawal of the Government's plan to enforce the State infants' life insurance system.

The Kurashiki Cotton Spinning Company reduced its operatives' income by 10%.

Rice quotations on exchanges slumped and forward deliveries fell to new lows.

11. Mr. Shimakichi Suzuki, Governor of the Industrial Bank of Japan, resigned his post and Mr. Toyotaro Yuki, Vice-President of the Yasuda Bank, succeeded Mr. Suzuki.

The ¥40,000,000 relief loan to manufacturers and traders of

## JAPAN AFTER GOLD BAN REMOVAL

medium and small means was decided on by the Government.

The opening of the Soviet Far Eastern Bank's Kobe office was temporarily sanctioned by the Japanese Government.

The establishment of the Asahigawa Spot Rice Market, Hokkaido, was tentatively sanctioned.

Mr. Naosaburo Minorikawa, who contributed much to the promotion of the Japanese silk industry, passed away.

12. The executive committee of the Osaka Association For Liberty of Trading passed a resolution for standing against the projected increase of the import tariff on soda ash.

Overnight call money dropped to a new low level of 0.8 sen.

The establishment of commercial and industrial credit unions was decided on for the purpose of financing traders and manufacturers of medium and small means.

The meeting of promoters of the Life Insurance Security Company was held and the Articles of the Company were approved.

The proletarian members of the Osaka Municipal Assembly decided to introduce a bill into the Assembly, demanding the reduction of the electric light supply charges of the Hanshin and the Keihan Electric Railway Companies and the Osaka Municipal Office.

The Shochiku Cinema Company enforced 20% reduction of its employees' income.

The go-slow strike of General Motors Japan Ltd. workers spread further.

13. According to the Bank of Japan's accounts brought forward, its convertible note issue eventually broke to the ¥900,000,000 level.

The Agriculture and Forestry Office announced the 1930 spring cocoon output as 5,489,000 kan, an increase by 4.6% as compared with the previous year.

The Government decided to release 250,000 koku of old rice in order to clear its holding.

15. The International Statisticians' Conference was opened in Tokyo.

The Agriculture and Forestry Office distributed the Government's subsidy, amounting to ¥240,000, for the first period cooperative equipment for forestry industry, among the prefectures throughout Japan.

Mr. Sutesaburo Hashizume, Vice-President of the Kanegafuchi Cotton Spinning Company, passed away.

The amalgamation of the Keihan and the Shin-Keihan Electric Railway Companies was announced.

The Bleaching Powder Producers' Association decided to maintain the 45% curtailment rate for October.

16. The Cabinet decided to reduce the expenditure on the special account for the 1930-31 fiscal year by approximately ¥6,250,000.

The enterprisers' associations in Hokkaido issued a joint statement,

## JAPAN AFTER GOLD BAN REMOVAL

standing against the Government's draft plan of the Labour Union Law.

The Industrial Bank of Japan issued debentures, amounting to ¥10,000,000 in all.

A meeting was held at the Agriculture Minister's official residence in order to study the plan to extend the period of the Raw Silk Price Indemnification Law enforcement.

The Japan Shipowners' Association officially decided to make loans to its members in order to enable them to tie up their boats.

The Japan Central Silk Men's Association decided to adopt the conditioned weight system in cocoon transactions.

17. The Sino-Japanese Telegraph Conference was opened in Nanking.

The Japan-Dutch East Indies Society was established.

The South Manchuria Railway Company decided to issue debentures, amounting to ¥20,000,000 in all.

According to the Bank of Japan's accounts brought forward, its convertible note issue was ¥983,000,000, showing a margin for further issuance for the first time since the gold ban removal.

18. Vice-Minister of Finance Misao Kawata and Vice-Minister of Commerce and Industry Katsutaro Tajima, at a regular meeting of Vice-Ministers, delivered an opti-

mistic address each, reporting that there were signs of business recovery.

Mr. Yoshitaro Hayakawa, President of the Hayakawa Bill-Broker Bank, was recommended as Chairman of the Tokyo Rice Exchange.

Miscellaneous shares slumped all round in view of the stabilization of the political situation, although some operators expected a change of the Cabinet.

The Government conducted the third release of its old rice holding.

19. The Government created the short-term payment system for the postal pensions.

The Sumitomo Bank took over two branch offices of the Asada Bank.

The Taiwan Electric Power Company decided to resume the construction work of its Nichigetsutan Power Plant by the end of September.

The Japan Cotton Spinners' Association decided on the minor regulations governing the extension of the curtailment rate.

Mr. Hachizo Yamaguchi, Executive Director of the Kanegafuchi Cotton Spinning Company, became Vice-President.

The stock market took a favourable turn in anticipation of the stabilization of the Chinese civil war situation.

20. The Commerce and Industry Office made the announcement of the result of its third selection of superior quality Japanese products.

## JAPAN AFTER GOLD BAN REMOVAL

22. Shipbuilders filed a petition with the Government, asking for the increase of the subsidy amount.

The Life Insurance Security Company decided to have 32 life insurance companies as its members out of 40 companies throughout Japan.

The Nippon Electric Power Company won the lawsuit regarding the supply charges controversy between the Company and the Ujigawa Electric Power Company.

The Suiyokai failed to obtain a unanimous agreement about buying back superphosphate, which was sold at unreasonably low prices, and the Kanto producers alone decided to repurchase it at a figure below ¥1.10.

Rice futures slumped to the ¥20 level.

Quotations for various fertilisers fell all round in view of the smaller demand.

The executive committee of the Dumping Commission recognised that the British and German producers were dumping their goods in Japan.

28. The number and the value of bills discounted by banks affiliated with the Tokyo Bank Clearing House during the month ending September 20 were the lowest figures since 1917.

25. The Overseas Office sanctioned the South Manchuria Railway Company's ¥20,000,000 debenture issue.

The allotment of the Deposit Department's low-interest loans to the local districts was announced.

The Dai Nippon Brewery's Suita Factory discharged about 100 workers.

The Shochiku Cinema Company's 200 workers became members of the Japan Federation of Labour.

The Coal Miners' Association increased its curtailment rate for November and December to 22%.

The Japan Central Silk Men's Association decided on its raw silk price stabilization plan.

The stock market witnessed the simultaneous slump of industrial issues in view of the low quotations for rice and raw silk.

26. The Yokohama Specie Bank conducted a ¥5,000,000 gold shipment to the United States.

Bond quotations registered a further decline.

Operatives of the Toyo Muslin Company went on strike.

Peace negotiations between the Godo Keori Kaisha's Directors and operatives were commenced.

The retail prices of cleaned rice continued to fall.

The Government of Chosen prohibited the import of foreign rice until the end of December.

The Yokohama raw silk futures broke below the ¥60 level.

27. The Finance Office decided to convert its old Treasury Bills, amounting to ¥75,000,000 in all.

## JAPAN AFTER GOLD BAN REMOVAL

The Railway Office, at a meeting of the local divisional chiefs, decided to reduce the expenditure for the 1930-31 fiscal year by ¥4,530,000.

The Japan Cotton Spinners' Association finally decided upon the third increase of its curtailment rate.

29. The Shakai Minshyuto (a proletarian party) issued a statement, standing against the Government plans of the steel merger and the establishment of the telegraph and telephone company.

The Umebachi Iron Works in Sakai reduced the wages of its workers by 10%.

Flour futures slumped to the 40 sen level.

30. The Kanegafuchi Cotton Spinning Company's plan to reduce the interest rate on its employees' deposits with the Company was sanctioned by the Government.

## October

1. The Yahagi Electric Power Company stopped its power supply to the Toho Electric Power Company.

The Toho Electric Power Company reduced its capital to ¥130,000,000.

The quotation of electro-copper slumped and the domestic goods were quoted at ¥38.20.

The reduction of interest rates on the postal savings and the Deposit Department's loans was effected.

The Osaka Savings Bank lowered its interest rates.

The Raw Silk Commission decided on the extension of the period for the enforcement of the Raw Silk Price Indemnification Law and the increase of the maximum amount of the loan.

The Japan Central Silk Men's Association filed a petition with the Government, asking it to sanction the sericulturists' postponement of the repayment of their low-interest loans to the Government.

2. The Home Office announced the result of its selection of excellent Japanese drugs.

The Agriculture and Forestry Office announced the official estimate of the 1930 rice crop as 66,860,000 koku, the largest in the history of Japan, and the forward delivery on the rice exchanges slumped to the ¥16 level.

3. The Sugar Manufacturers' Association decided on the production ratio among the member producers for the next sugar year.

The establishment of an export textile weavers' association in Kasai-gun, Hyogo Prefecture, was sanctioned.

Transactions of rice exchanges throughout Japan were temporarily suspended.

The Teikoku Nokai decided on two measures to cope with the slump of rice quotations, viz., the export of rice and the Government's purchase of rice.

The inaugural meeting of the Co-operative Industrial Survey Association was held.

## JAPAN AFTER GOLD BAN REMOVAL

4. The appointment of Mr. Yoshitaro Hayakawa, President of the Hayakawa Bill-Broker Bank, as Chairman of the Tokyo Rice Exchange was decided upon.

Members of the Shipbuilding Commission were appointed.

The Yokohama Specie Bank conducted the second gold shipment, amounting to ¥7,500,000.

The amalgamation of the two largest banks in Okayama Prefecture, namely, the Sanyo Bank and the Dai-ichi Godo Bank was tentatively decided.

The liquidation of the Omi Bank was completed.

The syndicate banks tentatively decided to make a cooperative loan to the Keihan Electric Railway Company.

6. Rice quotations were stabilized and exchanges throughout Japan, which had been closed since October 8, were reopened.

The Agriculture and Forestry Office decided on several measures to cope with the rice situation, and the export of 100,000 bales out of its old rice holding as the first step.

The Tokyo public market reduced its retail price of cleaned rice.

7. Members of the Shipping Commission were appointed.

The inaugural meeting of the Life Insurance Security Company was held and Mr. Kunizo Hara, President of the Aikoku Life Insurance Company, was made Chairman of the Board of Directors.

The Bank of Japan reduced its interest rate by 0.1 sen all round.

The effect of the Bank of Japan's rate reduction upon the markets was comparatively small.

The Central Depository of Producers' Associations reduced the interest rate on its rice and fertilizer loans to the local associations.

The Yokohama Specie Bank conducted the third gold shipment, amounting to ¥5,000,000, the total of the Bank's shipments since the gold ban removal amounting to ¥17,500,000.

The All-Japan Portland Cement Cooperative Sales Association plan was drafted.

According to the Agriculture and Forestry Office's estimate, the 1930 summer and autumn cocoon production was 11.1% smaller than the actual output for 1929.

The Osaka public market reduced its retail price of cleaned rice.

8. The call money rate dropped to 0.7 sen, the lowest since May, 1930. Rice shipments, amounting to 3,000 tons, conducted from Kobe.

9. The Osaka Keisai Koshinkai passed a resolution for standing against the second prohibition of gold export from Japan.

Banks in Toyohashi district reduced their agreed interest rate on deposits from 5% to 4.7% per annum.

Spot quotations of bonds advanced by from ¥0.95 to ¥1.30 all round.



## JAPAN AFTER GOLD BAN REMOVAL

The Osaka Municipal Market reduced its retail price of cleaned rice.

The Commerce Office appointed additional commercial travellers.

10. The All-Japan Labour Survey was conducted.

The Central Depository of Producers' Associations decided to reduce the interest rate on its loans to farmers for purchasing fertilizer by 0.3%.

Syndicate banks officially decided to make their cooperative relief loan to the Keihan Electric Railway Company.

The Bank of Chosen reduced its interest rates by 0.1% all round.

Workers of the Hoshi Drug Manufacturing Company organized a party to control the Concern in view of the non-payment of wages by the Company.

The Communications Office tentatively decided on a draft plan to create a semi-official telegraph and telephone company.

12. The Finance Office announced that the customs revenue for the first five months of the 1930-31 fiscal year decreased by ¥14,000,000, compared with the corresponding period of the previous fiscal year.

The Japan-Turkish Commercial Treaty was concluded.

The Japan Central Silk Men's Association decided on its permanent silk industry relief policy.

13. The Kinki Federation of Producers' Associations passed a re-

solution for standing against the Government's draft Labour Union Law.

14. The Yokohama Specie Bank conducted ¥5,000,000 gold shipments, the total for this Bank since the gold ban removal being ¥22,500,000.

Bond quotations soared.

The Toyo Muslin Company discharged 180 operatives, who had been on strike.

The Osaka Municipal Market reduced its retail price of cleaned rice.

15. The Japan Chamber of Commerce and Industry issued a statement, standing against the gold ban removal at a new parity point.

The Rice Commission held the fifth meeting.

The Finance Office issued new Treasury Bills, amounting to ¥65,000,000 in all.

The Bank of Taiwan reduced its interest rates.

The Sumitomo Bank closed its Hankow office.

The Kawakita Electric Machine Works closed its Kyoto factory.

The Bleaching Powder Producers' Association decided on the 45% curtailment for November.

The association of export striped cotton cloth weavers was established.

Operatives of the Joto Electric Railway went on strike.

Rice quotations on the exchanges fell to the ¥14 level.

## JAPAN AFTER GOLD BAN REMOVAL

- The average retail price in Tokyo became 2.7% lower than the previous month.
16. The basic rice price plan of the Agriculture and Forestry Office was referred to the special committee of the Rice Commission.
- The "Ko" 5% National Bonds advanced to the ¥90 level.
- The Agriculture and Forestry Office decided to make a ¥60,000,000 low-interest loan as one of measures to cope with the unprecedented slump of rice quotations.
- The executive committee of the Central Silk Men's Association decided on the minor regulations for effecting the curtailment of operations.
- The Toho Electric Power Company reduced its electric light supply charges in Nagoya district.
- The Chugoku Bank was the name decided upon for a new bank to be formed as a result of the amalgamation of the Okayama Dai-ichi Godo Bank and the Sanyo Bank.
- The Kanto Steel Material Producers' Association agreed on the selling price of round steel bars for December delivery.
17. The Yokohama Specie Bank conducted a shipment of gold, amounting to ¥5,000,000.
18. Bond quotations slumped reactionally.
- The establishment of the spot rice market in Asahigawa was officially sanctioned.
- The Calned Crab Producers' Association decided on the 200,000 case production figure for 1931.
19. Weaving mills in Sempoku-gun, Osaka Prefecture, increased their operatives' wages by 20%.
20. Bond quotations registered further decline.
- The Coal Miners' Association decided on the increase of the curtailment rate to 22%.
- The flotation of a domestic loan amounting to ¥11,980,000, by the Osaka Municipal Office for the purpose of conducting the underground railway construction for the second period was sanctioned by the Government.
- The Rice Commission decided on the increase of the import tariff on foreign rice and the extension of the period for the enforcement of the rice import restriction.
21. The Yokohama Specie Bank conducted the sixth gold shipment abroad, amounting to ¥5,000,000.
- The Mitsuda Bank in Toyama City suspended its business.
- Applications for the Government's low-interest loans from farm and fishing villages reached the ¥200,000,000 level.
- Minor details of the nitrogenous fertiliser cooperative sales agreement were settled.
- The Japan Paper Manufacturers' Association passed a resolution for sealing some machines and reducing the monthly output of newsprint.

## JAPAN AFTER GOLD BAN REMOVAL

- The increase of the Nikka Banzai Life Insurance Company's capital was sanctioned.
- The cooperative selling price of pig iron was decided as ¥88 per ton.
- The Tokyo Municipal Market reduced its retail price of cleaned rice.
22. The opening of a meeting of the all-Japan agriculture society presidents was decided on in order to study measures to cope with the unfavourable rice situation.
- Negotiations for the Nippon Electric Power Company's £1,500,000 foreign loan flotation were concluded.
- The Japan Shipowners' Association filed a petition with the Government, asking for the increase of the Government's subsidy for the deep-water service.
- The Commerce and Industry Office notified the Communications Office that it was against the projected infants' life insurance.
- The Murao Dockyard Company's strikers dissolved their organization, which was formed in order to deal with the Company.
- The increase of the phosphorous fertilizer curtailment rate to 40% and the enforcement of the new agreement on November 1 was decided on.
- Mr. Taueo Seki, Chairman of the All-Japan Mutual Financial Aid Association, resigned.
- The dissolution of the Nippon Electric Security Company was decided on.
- 23 The maximum issue amount of the Industrial Bank of Japan's short-term "discount" debentures was increased to ¥75,000,000.
- The maximum issue amount of the Treasury Bills was increased to ¥200,000,000.
- The Ensulko Sugar Company's readjustment plan was approved by its creditor banks.
- Minor details regarding the cooperative holding of raw silk by reelers were settled.
- The Government Iron Works in Yawata tentatively decided to reduce the production of steel bars by 20%.
- The Superphosphate Producers' Association decided on the 10% curtailment.
- The amalgamation of the Yamate and the Shibuya Electric Railway Companies in Tokyo was effected.
- President Kawakami of the Nippon Shintaku Ginko (Japan Trust and Banking Corporation) tendered his resignation.
- The Mitsubishi Dockyard Company received orders from Soviet Russia for the construction of two tankers.
- Lumbermen in Hokkaido filed a petition with the Government, asking for the increase of the import duty on foreign lumber.
- The enforcement of the Foreign Rice Import Restriction Act in Karafuto on November 22 as in Japan Proper was decided.
24. The Social Welfare Bureau of the Home Office announced the

## JAPAN AFTER GOLD BAN REMOVAL

total number of the unemployed at the end of July, 1930, as 878,400.

The meeting of representatives of steel companies was held for the first time in order to study the nation-wide steel merger plan.

25. Minor details of the release of the Government's old rice holding to social welfare corporations were settled.

The Yokohama Specie Bank conducted a shipment of gold, amounting to ¥7,500,000, the total shipments since its first export after the gold ban removal reaching ¥40,000,000.

The Koriyama Godo Bank was closed.

The Overseas Office sanctioned the resumption of the Taiwan Electric Power Company's Nichigetsutan Plant construction.

The labour dispute of the Toyo Muslin Company further developed adversely and the workers clashed with the police.

26. The Nippon Electric Power Company-Tokyo Municipal Office contract for the supply of power, approximately 9,000 kilowatts, at rate of 1.5 sen per kilowatt was concluded.

27. The Yokohama Specie Bank conducted a ¥5,000,000 gold shipment.

The control of the Kyoto Electric Apparatus Manufacturing Company's two factories by the workers was effected.

Reelers, affiliated with the Nagano Reelers' Association, decided to stop operations for the whole month of March, 1931, cooperating with each other in reeling as well as business management.

28. The charges of the Tokyo Electric Light Company's power supply to the Railway Office were tentatively decided at 2.12 sen per kilowatt.

The Tokunaga Glass Works in Osaka enforced the eight working hours a day and six days a week system.

The Portland Cement Producers' Association decided to increase its selling price by from ¥0.20 to ¥0.80.

29. The Ryoetsu Bank in Toyama was closed.

The establishment of the Awa Export Cotton Textile Producers' Association was sanctioned.

The Tokyo Municipal Market reduced its retail price for cleaned rice to the ¥1 level per 10 kilograms.

30. Three Imperial Ordinances were promulgated regarding measures to cope with the unfavourable rice situation.

The Nippon Yusen Kaisha decided to discharge approximately 400 employees.

Mr. Kasuji Iio, President of the Godo Cotton Spinning Company, assumed the additional post of the President of the Doko Cotton Spinning Company.

## JAPAN AFTER GOLD BAN REMOVAL

31. Governor Toyotaro Yuki of the Industrial Bank of Japan invited leading security brokers to the Bank in order to study measures regarding the promotion of the security market.

The Agriculture and Forestry Office drafted a plan governing the compulsory classification of raw silk.

### November

1. The conference of all-Japan agriculture society presidents was held in order to study measures to cope with the unfavourable situation of farm villages.

The Osaka Chamber of Commerce and Industry, at a general meeting, decided on a plan to propose that the Government should establish a special act for controlling labour disputes.

The revision of regulations regarding the Government's subsidy to the soda ash industry was announced.

White cotton cloth weavers in Sempoku-gun, Osaka Prefecture, suspended their operation. The suspension of operation was to be continued for half a month.

A committee of the export cotton crepe weavers was established for studying the measures to improve the industry.

The establishment of two spot rice markets in Ibaraki Prefecture was tentatively sanctioned.

The sanction for the reopening of the Shokawa Power Plant of the

Nippon Electric Power Company was decided on.

A plan for the establishment of a cooperative power plant (generating power by means of steam when water is short in winter) was drafted.

The allotment of the marketing quantity among the participating countries of the International Nitrogenous Fertiliser Agreement was decided on.

Brunner, Mond & Co. proposed to establish a marketing agreement with the Japanese producers in view of the adverse developments of the soda ash dumping issue.

Stock markets throughout Japan were placed in chaotic conditions following big fluctuations.

4. The allotment of the Government's relief loans to farm, fishing and other agricultural villages was decided on and the local governors were notified.

5. The Privy Council, at a plenary session, approved the bill of establishing the age-limit for stokers.

The Industrial Bank of Japan issued debentures, amounting to ¥15,000,000.

The Itsukakai (an association of banks and trust companies for studying the money situation) was organized.

The reduction of the gas supply charges by the Kyoto Gas Company was sanctioned.

A large merger of weavers in Enshu Province (Shizuoka Prefecture) was effected.

## JAPAN AFTER GOLD BAN REMOVAL

The unification of the Portland cement sales in Kanto was decided and a cooperative sales association was established.

The Government's rice, amounting to 11,200 sacks, packed for export, was shipped for Hongkong through the medium of the Mitsubishi Trading Company.

Representatives of steel producers, at their regular meeting, decided not to change the selling prices of steel materials for November and December deliveries.

7. The Yokohama Specie Bank conducted a ¥7,500,000 gold shipment, the total exports since the gold ban removal reaching ¥52,500,000.

The Commerce and Industry Office notified the British soda ash producers of conditions on which the Japanese producers may effect a compromise in connection with the British producers' dumping in the Japanese markets.

The Kita-Karafuto Oil Company's oil sales contract with Soviet Russia was concluded.

The Nippon Yusen Kaisha, at its Directors' meeting, decided not to declare any dividend for the business term ending September 30, 1930.

8. The Japan Cotton Spinners' Association decided to continue the existing curtailment rate for six months after January, 1931.

Negotiations for the merger of the Toyo and the Godo Cotton Spinning Companies were concluded.

9. Mr. Soichiro Asano, aged businessman and President of the Toyo Kisen Kaisha, having connection with a score of companies as Director, passed away.

10. The Treasury Bills, amounting to ¥70,000,000 in all, were issued.

The Government decided to make the second loan, utilizing the reserves of the postal insurance.

The Tokyo Gas Company, at its Directors' meeting, approved a plan to lower the gas supply charges.

The establishment of the Gifu Federation of Porcelain and Pottery Manufacturers' Associations was sanctioned.

11. The creation of the Political and Financial Administration Commission was approved at the Cabinet meeting.

The Cabinet approved the new budgets for the 1931-32 fiscal year.

The Imperial Ordinance to convene the 59th session of the Diet on December 24 was promulgated.

The second official estimate of the 1930 rice crop was announced.

Mr. Bunji Suzuki, President of the Japan Federation of Labour, issued a statement on his resignation.

The scope of the rice loans to be made by the Central Depository of Producers' Associations was extended.

The syndicate banks for financing the Keihan Electric Railway Company made their first cooperative loan, amounting to ¥3,000,000.

## JAPAN AFTER GOLD BAN REMOVAL

The Tokyo Gas Company submitted its plan for the reduction of the gas supply charges to the Commerce and Industry Office for the Office's approval.

The Rayon Producers' Association decided on the curtailment rates of 15% for January, 1931, and 10% for February-March.

All Directors of the Karafuto Industrial Company tendered their resignations.

The appointment of Mr. Momosuke Fukuzawa, former "Electric King" of Japan, as the President of the Hokoku Portland Cement Company was tentatively decided.

12. The Industrial Rationalization Bureau of the Commerce and Industry Office announced the result of its fourth selection of Japanese products of superior quality.

The special committee of the Unemployment Prevention Commission approved a plan to shorten the working hours as a means of preventing dismissals.

The Immovable Property Association proposed the Immovable Property Trust Debenture (a kind of mortgage bond) Act plan.

The Phosphorous Fertilizer Producers' Association tentatively decided on a plan for the unification of the fertilizer industry.

The Industry Commission, at a general meeting, approved the draft of its reply to the Government's enquiry regarding the unification of the Japanese steel industry.

The Superphosphate Producers' Association, at an extraordinary meeting, decided on the increase of the curtailment rate by 15% to 55% from November 20 to the end of February, 1931.

The quotation of Tokyo Stocks, new, regained the ¥100 level.

13. The Industrial Rationalization Bureau drafted a plan to control the export cotton crepe weaving industry.

The Tokyo Marine and Fire Insurance Company tentatively decided to take over the Tatsu-uma Marine and Fire Insurance Company.

The San-en Dupion Silk Producers' Association in Shizuoka Prefecture decided to stop reeling operations for 40 days from December 29.

14. Premier Yuko Hamaguchi was assaulted by a youth belonging to a reactionists' group.

The Finance Office redeemed national bonds of ¥45,000,000 face value by buying up floating issues in the market.

The Yokohama Specie Bank conducted a ¥7,500,000 gold shipment.

The Osaka Portland Cement Co-operative Sales Association was established.

15. Foreign Minister Baron Kijuro Shidehara was made Premier ad interim.

The Bleaching Powder Producers' Association decided to maintain the curtailment rate of 45% for December.

## JAPAN AFTER GOLD BAN REMOVAL

The Raw Silk Classification Commission held a meeting in Yokohama.

The liquidation of the Yachiyo Life Insurance Company was completed.

The Mitsubishi Dockyard Company announced the discharge of 2,600 employees.

The Chiba Prefectural authorities advised the local farm villages to effect voluntary and autonomous holding of unhulled and uncleaned rice.

Quotations of miscellaneous shares advanced simultaneously and Tokyo Stocks, new, reached ¥106.50, the highest figure since February, 1930.

The revised regulations governing the rebate of freight on export goods were enforced.

17. The Association of Agricultural Warehouses passed a resolution demanding the Government's rice purchase based on the actual cost of production.

According to the Bank of Japan's survey made on November 15, the average index of the Tokyo retail prices was abruptly lower than the previous month's figure by 8.3%.

The Shinshu Silk Reelers' Association in Nagano Prefecture passed a resolution for reducing the female operatives' wages and filed a petition with the Prefectural authorities for the approval of the resolution.

The establishment of the Marusan

Weavers' Association in Ishikawa Prefecture was sanctioned.

The spun silk yarn market witnessed a strong undertone.

18. The Government decided to enforce the reduction of the interest rate on the emergency loans to sericulturists.

The Deposit Department of the Finance Office tentatively decided to take over new debentures of the Hokkaido Development Bank, amounting to ¥5,000,000.

Syndicate banks for financing the Tokyo Municipal Office decided to make a cooperative loan of ¥5,000,000 to the Office.

The Portland Cement Producers' Association decided to maintain the curtailment rate of 53.3% after December.

Basic Articles of the Kansai Kyo-do Karyoku Hatsuden Kaisha (a cooperative power company for generating current by means of steam when water is short in winter) were drafted.

The Japan Cardboard Exporters' Association was organized.

The appointment of Mr. Taijiro Asano as President of the Asano Portland Cement Company was tentatively decided.

Mr. Usaburo Yanagitani assumed the post of the Chairman of the Cooperative Industrial Survey Association.

The appointment of Mr. Hiroso Matsumoto, Director of the Industrial Bank of Japan as President



## JAPAN AFTER GOLD BAN REMOVAL

of the Karafuto Industrial Company was tentatively decided.

The Tokyo Municipal Market reduced its retail price of cleaned rice by 7 sen per 10 kilograms all round.

19. Banks decided on the conditions under which they would make loans to canneries in order to enable the latter to hold 200,000 cases of canned crab.

The All-Japan Agricultural and Industrial Banks' Meeting was opened in Tokyo.

The Deposit Department of the Finance Office decided to make a ¥30,000,000 loan to enable farmers to hold unhulled rice.

Mr. Ichizo Hayashi, Chairman of the Osaka Rice Exchange, tendered his resignation.

The Teikoku Nokai decided to promote the export of rice to Europe.

20. The 28th meeting of the Rice Commission was opened.

Mr. Jiro Yasuda, Vice-President of the Industrial Bank of Japan, tendered his resignation.

The labour dispute of the Toyo Muslin Company was settled.

The Rice Commission decided to purchase 2,000,000 koku of new rice during December.

21. The total production of sugar by various sugar manufacturing companies in Taiwan for the next year was estimated at 12,650,000 piculs.

The Nippon Electro-Chemical Industry Company discharged 400 workers.

Rice quotations advanced simultaneously in various places in view of the Government's decision to purchase 2,000,000 koku of new rice.

Nine paper manufacturing companies, affiliated with the Japan Paper Manufacturers' Association effected the increase of their selling prices.

Representatives of six Offices of the Cabinet, at their joint meeting, approved the large steel merger scheme.

Gas shares slumped simultaneously in view of the gas supply charges reduction by the Kyoto and the Tokyo Gas Companies and the projected reduction by many other gas companies.

The Japan Central Silk Men's Association decided on a plan to conduct a silk campaign in the United States at the expense of ¥1,500,000.

22. The Government decided to issue bonds for relieving the jobless for the next fiscal year.

The Waterworks Bureau of the Tokyo Municipal Office discharged 178 employees.

The Government Iron Works in Yawata decided to effect further curtailment of operation.

The Tobata Iron Foundry in Fukuoka Prefecture discharged 148 workers.

The Nippon Electric Power Company's Sterling loan flotation negotiations, to the amount of £1,500,000, were officially concluded.

## JAPAN AFTER GOLD BAN REMOVAL

- The Spun Silk Yarn Producers' Association decided to continue the existing curtailment rate of 85% for some time.
23. The Tokyo Municipal Market raised its retail price of cleaned rice by 7 sen per 10 kilograms.
- The Foreign Trade Bureau of the Commerce and Industry Office drafted a plan to authorize the Government to adopt the flexible tariff.
24. The Industrial Rationalization Bureau decided on a plan to establish regulations governing the unification of industries.
- The Kinki Federation of Mutual Credit Companies held a general meeting in Osaka.
- The reduction of the gas supply charges by the Nagaoka Gas Company was sanctioned by the Government.
- The Steel Material Producers' Association decided to maintain the existing curtailment rate of 50% for some time.
25. The general meeting of the Japan Chamber of Commerce and Industry was held in Tokyo.
- The final plan for the financial readjustment of the Ensuiko Sugar Company was drafted.
- Mr. Usaburo Yanagitani accepted the offer of the post of Chairman of the Cooperative Industrial Survey Association.
- The Osaka Cereal Dealers' Association announced the classification of the 1930 rice crop.
26. A comparatively heavy earthquake occurred in Izu district but its effect on markets was rather small.
- The Yokohama Specie Bank increased its official exchange rate on Bombay by  $\frac{1}{2}$  to Rs. 137 $\frac{1}{4}$ .
- The joint committee of the Teikoku Nokai, the Central Producers' Association and the Town and Village Masters' Association drafted a plan for readjusting farmers' debts.
- The Commerce and Industry Office issued a statement, explaining the new calorific system for the gas supply charges.
- The contract of the Kita-Karafuto Oil Company's oil sales to the Soviet Russia was signed.
27. Some 300 jobless in Kyoto City conducted a demonstration parade.
- The Hypothec Bank decided to make a loan, amounting to ¥3,000,000, to the Hidachi Engineering Works.
- New members of the Board of the Karafuto Industrial Company were selected.
- Director Keizo Kamitani of the Toho Electric Power Company tendered his resignation, following internal trouble in the Company.
- The Nippon Steel Tube Company started constructing a steel billet factory.
28. The call money market somewhat stiffened and the rate advanced to 1.2 sen.
- The general shareholders' meeting of the Nippon Yusen Kaisha approved the plan to declare no divi-

## JAPAN AFTER GOLD BAN REMOVAL

end for the business term, ending September 30, 1930.

29. The Finance Office decided to issue bonds, amounting to ¥20,000,000, for the relief of the jobless.

The Artificial Fertilizer Producers' Association decided on a policy to control the sulphate of ammonia markets throughout Japan.

Mr. Tokusaburo Inoue, Chairman of the Osaka Sampin Exchange Brokers' Association, tendered his resignation.

The Civil Engineering Bureau of the Tokyo Municipal Office discharged 70 employees.

## December

1. The Government redeemed the No. 2 4% Sterling Bonds of the Japanese Government by buying them up in the market to the extent of the £1,934,500 face value.

The Industrial Products Classification Commission, at its plenary meeting, approved 19 proposals regarding the classification.

The Japan Central Silk Men's Association decided on minor details about the enforcement of the supply control plan.

The Electric Bureau of the Osaka Municipal Office effected the reduction of its power and heat supply charges.

The quotation of Tokyo Stocks, new, witnessed heavy fluctuations.

2. The Commerce and Industry Office sanctioned the establishment of the

Gifu Export Rayon Textile Weavers' Association.

The Toyo and the Godo Cotton Spinning Companies, at their general shareholders' meetings, approved the plan to effect the merger of the two Companies.

The South Manchuria Railway Company decided on the curtailment rates of its Fushun coal marketing quantity as follows: 22% for December and 20% for and after January.

Rayon cloth prices continued to advance.

3. The Oriental Development Company approved the Chosenese farmers' plan to refund their loans to the Company with unhulled rice instead of money by the annual instalment system.

The banks' cooperative ¥4,600,000 loan to the canneries was officially decided.

The Toho Gas Company's calorific charges system was sanctioned.

Mr. Ryozo Asano assumed the post of the Asano Portland Cement Company's Vice-President.

The Government announced the minor details about its purchase of 2,000,000 koku of new rice.

The quotations of spun silk yarn soared by from ¥5 to ¥10.

4. The downward tendency of wholesale prices was somewhat checked and the decline rate for November, compared with October, was only 1.5%.

The Industrial Bank of Japan decided to make a ¥7,600,000 loan

## JAPAN AFTER GOLD BAN REMOVAL

to the Tokyo Stock Exchange Brokers' Association.

5. The Rice Commission, at its special committee meeting, approved the plan to adopt the "proportionate" rice price system temporarily, the "proportionate" system being the calculation of a reasonable rice quotation, based on the index numbers of the average rice quotations for many years in proportion to the average index numbers of general merchandise.

Regulations governing the Treasury Bill issue by the tender system were promulgated.

The Central Depository of Producers' Associations decided on its low-interest loan to Izu district devastated by the earthquake.

The Unemployment Relief Bond issue, to the amount of ¥34,000,000, was approved by the Cabinet.

The amalgamation of three flour mills in Matsumoto, Nagoya, and Nitta was tentatively decided.

The compromise regarding the labour dispute of the Godo Keori Kaisha was reached.

The Daido Kaiun Kaisha, (a shipping company) was established.

Mr. Michiyoshi Sugawara, member of the Upper House, assumed the post of the Governor of the Oriental Development Company.

The total value of the listed shares on the Tokyo Stock Exchange registered a ¥100,000,000 advance, according to a survey made on December 1, compared with one month before.

The Government Iron Works in Yawata decided not to change its selling prices of steel materials for January and February deliveries.

The quotations of rayon textiles witnessed a reactional decline on account of the previous heavy advance.

Rice quotations assumed an upward tendency.

6. The short-term cooperative loans of the Mitsui Bank and other banks to the Tokyo Electric Light Company and the Nippon Electric Power Company was decided.

According to the survey made by the Teikoku Nokai, the net production cost of the 1930 crop rice was ¥27.29 per koku, the loss per koku, compared with the actual selling price, being ¥10.07.

7. The Yasuda Hozensha (a holding company) decided to lower the land rent in Tokyo and seven other cities.

8. The Statistics Bureau of the Cabinet announced that the total population of Japan Proper was 64,400,000, according to the National Census conducted on October 1, 1930.

The Finance Office decided to issue new Treasury Bills amounting to ¥5,500,000, and with this projected issue the maximum amount of the Treasury Bill issue was reached.

9. According to the Unemployment Survey conducted on October 1, 1930, the total number of the jobless throughout Japan Proper reached 822,527.

## JAPAN AFTER GOLD BAN REMOVAL

The Railway Office decided on its budgets for the 1931-32 fiscal year. The Finance Office approved the Immovable Property Trust Debenture Act draft plan.

The reply of the unification committee of the Industrial Rationalization Bureau to the Government's enquiry regarding the unification of industries was decided.

The tentative agreement between the British and the Japanese producers about the alleged soda ash dumping in the Japanese market was reached.

Stock markets witnessed buoyant business and Tokyo Stocks, new, exceeded ¥111.

10. The Yokohama Specie Bank increased its official exchange rate on Shanghai.

The Daido Electric Power Company decided to establish the Nankai Electric Power Company with an authorized capital of ¥3,000,000.

The Japan Central Silk Men's Association, at its general meeting, recommended Viscount Tada-atsu Makino as President of the Association.

The copper producers' association in Japan received advice from the U.S. association to join the International Copper Output Curtailment Agreement.

The Government announced its buying price of the new crop rice.

11. The Statistics Bureau of the Cabinet announced that the total number of the Japanese population

was 90,890,000, according to the National Census conducted on October 1, 1930.

The separation of the Cotton Spinning Department of the Toyo Muslin Company from the Company was decided.

Rice quotations on exchanges slumped to the ¥16 level, discouraged by the Government's buying price.

The Kanto Steel Material Producers' Association decided to maintain the selling price for the February delivery at ¥65 per ton.

12. The Nippon Striped Cotton Cloth Exporters' Association filed a petition with the Government, asking to revise the regulations governing the unification of the striped cotton cloth weaving industry.

The merger of the Keijo Stock Market and the Jinsen Rice Exchange, both located in Chosen, was provisionally signed.

Stock quotations slumped reactionally.

13. The Rice Commission, at its plenary meeting, decided to adopt the "proportionate" rice price system as a means to fix the reasonable rice quotation temporarily.

The names of warehouses, at which the delivery of rice purchased by the Government was to take place, were announced.

15. The Suiyokai (an association of copper producers and dealers in Japan) studied the American advice to participate in the Interna-

## JAPAN AFTER GOLD BAN REMOVAL

tional Copper Output Curtailment Agreement and decided on the monthly copper output-cut after January, 1931, as 12%, calculating on the basis of the October production.

The Teikoku Nokai filed a petition with the Government, asking for the Government's further purchase of rice.

16. The Railway Office decided to start some projects for the purpose of relieving the jobless.

The 32nd meeting of the fund utilization committee of the Deposit Department was opened and several plans for the fund utilization were adopted.

Communications Minister Matajiro Koizumi explained the semi-official telegraph and telephone company plan at the Cabinet meeting.

17. The Harbour Commission adopted a plan to repair the harbours in Sakata, Fushiki and Wakayama.

The Finance Office drafted a plan to revise regulations governing the savings banks and mutual credit companies.

18. The executive committee of the Legislative Commission finished the draft for revising the Commercial Code of Japan.

The Bank of Chosen's Vladivostok office was closed, following the Soviet Government's interference with the Bank's Ruble exchange business.

The shipbuilding committee of the Industrial Rationalization Bureau

decided on a plan to rationalize the shipbuilding industry of Japan.

Canneries, engaged in fishery in the northern waters, cooperatively decided to reduce their canned crab output for 1931.

The Kansai Enamelled Ware Exporters' Association was established.

The Tokyo Municipal Assembly approved the plan of the Electric Bureau of the Municipal Office to lower the light and power supply charges.

Brunner, Mond & Co. (Japan) Ltd. announced the increase of the sulphate of ammonia price by ¥3 per ton.

19. The Finance Office announced that ¥290,935,000 in gold flowed out of Japan for the first 11 months of 1930.

Railway Bonds, amounting to ¥8,800,000, and Chosen Enterprise Bonds, amounting to ¥3,881,650, were issued.

The names of the members of the Financial Commission were announced.

Mr. Hisama Oyama, Vice-President of the Tokyo Chamber of Commerce and Industry, tendered his resignation.

20. The sentence was given by the Court in connection with the Echigo Railway and the Yamate Express Electric Railway scandals.

Governor Keizaburo Kato of the Bank of Chosen issued a statement in connection with the

## JAPAN AFTER GOLD BAN REMOVAL

Soviet authorities' high-handed action affecting the Bank's Vladivostok office.

The agriculture society in Takaoka City passed a resolution to postpone the payment of 50% of the year-end accounts for some time.

The establishment of two spot rice markets in Ibaraki Prefecture was officially sanctioned.

The Artificial Fertilizer Producers' Association was established.

Applications for the Government's purchase of the 2,000,000 koku of new rice were closed.

21. The round-table meeting of the Labour and the Capital representatives was held at the official residence of the Home Minister in connection with the draft plan of the Labour Union Law.

The Chugoku Bank was established as a result of the amalgamation of the Dai-ichi Godo Bank and the Sanyo Bank in Okayama Prefecture.

22. Mr. Masatake Nakano, Vice-Minister of Communications, resigned and the appointment of Mr. Keijiro Nakamura in succession to Mr. Nakano was tentatively decided.

The Commerce and Industry Office drafted the Commercial Association Act.

The Sohara Bank in Gifu Prefecture began to refund petty deposits.

Mr. Tsuneo Kanemitsu was recommended as Vice-President of the Tokyo Chamber of Commerce and Industry.

The result of the Government's purchase of the new crop domestic rice was announced.

The rebate of the freight on the Indian raw cotton was decided as ¥1.40 per bale.

23. Some 700 labourers, who had been employed in the State Highway construction in Yamanashi Prefecture for the purpose of relieving the jobless, were dismissed suddenly.

The Financial Commission approved the draft plan of the Immovable Property Trust Debenture Act and three other plans.

The Shinano Bank, which had been closed, announced that it would refund petty deposits.

The Yokohama Raw Silk Exporters' Association passed a resolution demanding the restriction of the reelers' marketing quantity.

The trouble among the Directors of the Osaka Electric Railway Company was settled.

24. The 59th session of the Diet was convened.

The executive committee of the Kogyo Club decided to continue the anti-Labour Union Law movement. Banks decided to maintain the existing interest rate on loans against the security of immovables for the first half of 1931.

The site for the Municipal Central Market in Sapporo and five other cities was designated by the Government.

The incorporation of the Asuma Cannery Company, with a capital

## JAPAN AFTER GOLD BAN REMOVAL

of ¥1,882,000, by the Yagi Shoten, the Toyama, the Showa and the Nippon Cannery Companies, which are engaged in fishing in the eastern sea of Karafuto, was decided upon.

The Tokyo Electric Traders' Association drafted a plan for preventing unfair competition and submitted the plan to the Industrial Rationalisation Bureau.

The inaugural meeting of the Dai-do Kaibun Kaisha was held.

The Agriculture and Forestry Office announced the result of its survey on the prices of farm products.

The establishment of the Japan Federation of Rice Dealers' Associations was decided on.

The Government's buying prices of salt and camphor and their selling prices were announced in the Official Gazette.

25. The Wakayama Sangyo Kaisha (an industrial company) was created as a means to promote the financial readjustment of the Wakayama 48rd Bank.

The party of operatives, which controlled the Kyoto Electric Apparatus Manufacturing Company's two factories on account of the non-payment of wages by the Company, was eventually dissolved.

26. The Education Office decided to lower the starting salary of the middle school teachers.

The syndicate of banks for financing the Tokyo Electric Light Company, consisting of the Mitsui, the

Mitsubishi, the Dai-ichi and the Sumitomo Banks, made their co-operative loan to the amount of ¥8,140,000.

The Tokyo Fire Insurance Company's new insurance business of five kinds was sanctioned by the Government.

The freight on the Taiwan sugar from Taiwan to Japan Proper was decided as ¥0.17 per picul.

27. The allotment of the Central Government's subsidy to the local governments for carrying out the State Highway construction with a view to relieving the jobless was decided on.

The Tondabayashi Bank, which had been closed, decided to make the repayment of deposits to the extent of 5% all round.

The allotment of the Central Government's low-interest loans to the local governments for making the rice purchase, amounting to ¥30,000,000 in all, was decided on.

The Ryoetsu, the Mitsuda and the Fushiki Banks decided to refund petty deposits.

The total number of banks (head offices only) throughout Japan decreased to 897, whereas the all-Japan banks numbered 1,163 at the beginning of 1929.

29. Marquis Kin-ichi Komura, Vice-Minister of Overseas, passed away.

The Bank of Japan's convertible note issue exceeded ¥1,400,000,000.

According to the Hypothec Bank's survey, the payments called up for



## JAPAN AFTER GOLD BAN REMOVAL

stocks and other securities during 1930 amounted to ¥1,085,000,000, the lowest since 1916.

80. The Sino-Japanese Telegraph Agreement was provisionally signed.

81. Mr. Zenjiro Horikiri, Former Mayor of Tokyo, assumed the post of Overseas Vice-Minister.

According to the Bank of Japan's account brought forward, the convertible note issue was on the ¥1,600,000,000 level.

The Government's order was issued to the Bank of Chosen's Vladivostok office staff members to withdraw from that City immediately.

### January

1. Mr. Sadahiko Nakane was reelected Director of the Bank of Japan.

4. The Soviet Government declined to consider the Japanese Government's protest in connection with the trouble concerning the Bank of Chosen's Vladivostok office.

6. All the Japanese residents in Vladivostok decided to withdraw from that City.

The introduction of the Local Tax Act Bill and the Local Tax Restriction Act Bill in the 59th session of the Diet was decided upon.

The Yokohama Specie Bank increased its official exchange rate on Shanghai by Tls. 8 to Tls. 145 in view of the heavy slump of bar silver in London.

The Bank of Japan's convertible note issue contracted to ¥1,810,000,000.

The first transactions for 1931 were conducted in exchanges throughout Japan, but business on these counter markets, excluding raw silk exchanges, was inactive.

The Nitrogenous Fertilizer Producers' Association decided to increase its selling price by 1 sen.

The Finance Office announced that exports and imports of Japan Proper for 1930 were ¥1,469,850,000 and ¥1,546,075,000, respectively, the excess of imports being ¥76,225,000.

7. The Yokohama Specie Bank increased its official exchange rate on Shanghai to Tls. 149 in view of the unprecedented slump of the London bar silver, spot, by 7/16 to 13 11/16d.

8. The Bank of Japan's convertible note issue shrank to the ¥1,100,000,000 level.

The Government's sanction of the rice transactions as to kind on the Tokyo and the Osaka spot markets was tentatively decided.

The Japan Central Silk Men's Association, at its classification committee meeting, decided to adopt the proposed classification system.

The Finance Office announced that Japan's trade with China during 1930 resulted in an excess of exports over imports by ¥121,500,000, which was approximately ¥40,000,000 smaller than the previous year.

## JAPAN AFTER GOLD BAN REMOVAL

9. The Railway Office decided on the use of ¥77,060,000 railway improvement funds for the 1931-32 fiscal year.

The Finance Office decided on plans and allotment for converting the high-interest loans, which were floated during 1930-31, into low-interest ones.

The Finance Office announced that it would issue new Treasury Bills, amounting to ¥100,000,000, by the tender system.

Japanese sugar shares simultaneously soared in anticipation of the successful conclusion of the World Sugar Curtailment Agreement.

10. The Yokohama Specie Bank increased its official exchange rate on Shanghai to Tls. 157.

The Finance Office tentatively decided to increase the maximum amount of the Treasury Bill issue from ¥150,000,000 to ¥230,000,000.

The meeting of the Azuma Cannery Company's promoters was held and the purchase of the participating companies' assets was decided on.

An agreement was reached between foreign and Japanese nitrogenous fertilizer producers.

The foreign trade of Japan Proper for the first 10 days of January witnessed an unusual excess of exports over imports by ¥7,091,000, although January is considered the "import" season.

11. Sunday. Just one year after the gold embargo was removed.

## VIII

### Study of Demanded Devaluation of Yen

**T**HE Government's gold ban removal at the original parity point of \$49% on January 11, 1930, was criticized in the 59th session of the Diet in view of the fact that one year has already elapsed since the epochal financial experiment of Nippon was conducted and general business is still in the depths of continued depression.

Was it premature to remove the gold ban? Was the embargo lifting at the parity point of \$49% improper to meet the situation? The study of this question is very interesting. The solution of such a problem, however, is very difficult—almost impossible unless an opportunity is given to the Opposition to enable the Party to conduct the gold ban removal at a new parity point, that is to say, to effect the devaluation of the Japanese currency in the foreign exchange, and the results of both cases are then compared with each other.

So far as the study is concerned, the author has great interest in analyzing the views of some oppositionists on the gold ban removal at the original parity point of \$49%, as he has already reviewed the economic conditions of Japan since her gold embargo lifting.

Mr. Chuso Mitsuchi, ex-Finance Minister of the Seiyukai Cabinet, in a book entitled "Correct View of Conditions in Economic Emergency" (in Japanese)\*, writes as follows:

"The Government carried out the lifting of the gold embargo without

any preparation to cope with the situation thereafter, except the manipulation to raise the Yen's exchange quotations in the open market, having been unaware of the facts that the world depression would develop further adversely and the bar silver quotations would register the unprecedented slump.

"In other words, the ban was removed, selecting the worst time, as the actual conditions after the big financial event proved, because Nippon's export has been seriously affected. There is no means of relieving the continued depression at present.

"The gold ban removal at a new parity point has several virtues as well as defects, although such action is demanded in some quarters from the Government. I am not the absolute admirer of a new parity point, but it is somewhat indifferent, I think, to ignore the question by declaring, like Finance Minister Junnosuke Inoue, that the demand is nonsense and that it would lead the Japanese financial circles to an ultimate failure.

"It is rather a serious problem and the adoption of such a plan will be unavoidable, if no other means is effective in restoring Nippon's economic conditions and a certain measure for so doing is imperative."

Thus Mr. Mitsuchi is not an absolute oppositionist to the gold ban removal at the parity point of \$49%,

\* Page 118-129

## JAPAN AFTER GOLD BAN REMOVAL

but he attacks the Finance Minister on the fact that preparations were insufficient for carrying out such a big financial experiment.

It is rather unreasonable, however, to blame the Government for the fact that the gold ban removal was conducted at the worst time, because nobody anticipated that unprecedented slump of the bar silver quotations would occur several times during one year after the ban lifting and the world depression would develop further adversely.

Many American economists predicted that the business recovery would be witnessed in the autumn of 1930 but their predictions came to nothing. Japan, therefore, was unfortunate to see such an unfavourable international situation after the realization of her long cherished desire of resuming the gold standard.

As good luck would have it, she is still "surviving" despite the gold ban removal at the worst time. Nippon may be rather congratulated on this fact of "surviving" instead of bankruptcy, which might have been the destiny of Japan, had the embargo been lifted without any preparation to cope with the situation thereafter.

Mr. Sanji Muto, President of the Kokumin Doshikai (a businessmen's political party), who is an absolute admirer of a lower exchange rate for the Yen, in his publication on the subject of "Illusion of Finance Minister Inoue" (in Japanese), says that the stabilization of the Yen's exchange rate at a lower point than at present, after conducting a second prohibition

of the gold export, is the fundamental remedy for the economic depression of Nippon, although he does not consider the devaluation of the Yen absolutely necessary.\*

The stabilization of the Yen's external value, without adopting any manipulation, is the basic idea of Mr. Muto, that is to say, the gold export will be prohibited for some time in order to see what is the actual external value of the Yen and then the parity point will be fixed at the stabilized rate. He writes further as follows:<sup>1</sup>

"The patronage of Japanese products, the industrial rationalisation, and other idealistic measures will not remedy the recent unfavourable situation of the Japanese economic circles.

"The only remedy for this situation, I think, is the alteration of the Government's financial policy, in accordance with which the gold ban removal was carried out at the original parity point of \$49%. I do not demand from the Government its second prohibition of the gold export thoughtlessly like some other oppositionists.

"What I urge on the Government is that the the Yen's exchange rate of \$49%, which was realized by the Government's manipulations, should be reduced to the international actual value of the Yen, which may be considered natural and reasonable from the viewpoint of the normal foreign exchange.

"I do not, however, insist on the fact that the parity point should be reduced. The lowering of the Yen's exchange rate to a certain extent and

\* Page 79-82

## JAPAN AFTER GOLD BAN REMOVAL

the stabilization of the rate at a lower point than  $\$49\frac{7}{8}$  is imperative in order to enable the Japanese industries to preserve competitive power against the foreign industries as well as to check the abrupt decline of the commodity prices at home.

"In order to know what is the actual external value of the Yen, the temporary prohibition of the gold export will be necessary. Prior to effecting the second prohibition of the gold export, however, the Government will have to listen to the views of the authorities on this problem.

"I may suggest," Mr. Muto goes on, "that the Government, the Bank of Japan, the Yokohama Specie Bank, and other exchange banks should co-operatively carry out this important financial experiment.

"When the world depression is over or it is nearing the end or a proper time comes, the Government should remove the gold ban at the original parity point of  $\$49\frac{7}{8}$  or at a new parity point a little bit lower than the original parity point, or establish the gold exchange basis permanently. This should be decided on in accordance with the conditions at home and abroad at that time."

The recovery of the original parity point of  $\$49\frac{7}{8}$  by the Government's manipulations has caused the commodity prices to slump heavily and the financial circles are generally affected, according to Mr. Muto.

For instance, the borrower of  $\text{¥}1,000,000$  has to refund the loan, obtaining  $\text{¥}1,000,000$  by disposing of

merchandise or property, which had the value of  $\text{¥}1,500,000$  before the gold ban removal. This is a heavy blow to the borrower. Even the creditor will be affected, if the debtor is unable to refund the loan on account of the decline of the value of the debtor's assets.

It must be mentioned, however, that the second prohibition of the gold export, although Mr. Muto demands it, would cause the external value of the Yen to fall abruptly, also having a considerable effect upon the financial circles of Japan, whereas the markets have been somewhat stabilized or have become accustomed to the higher exchange rate, following the resumption of the gold standard at the original parity point.

What is the actual external value of the Yen, then? Is there any actual external value of the Yen without permitting the free export of gold? There will be no justified external value of the Yen, judged from the theoretical viewpoint, when the gold export is prohibited. It is impracticable, therefore, to find out the actual international value of the Yen, though Mr. Muto would do so, by prohibiting the gold export for some time.

The actual external value of the Yen will be witnessed only when the free export of gold is permitted, because the Yen's external value is equal to the actual value of gold. The legal parity point, however, may be reduced, if the lower exchange rate is desired in order to check the fall of the commodity prices.

## JAPAN AFTER GOLD BAN REMOVAL

Then the actual external value of the Yen or gold will be against the natural tendency on account of the manipulation of reducing the legal parity point, unless it is followed by the lowering of the grain of gold for the Yen. This is, however, a great loss on the part of the national finance, particularly Nippon's international accounts, although the commodity prices may go up to some extent.

In that event, the question will remain as to whether Japan should appreciate the value of the currency or the value of commodities. Shortage of gold is constantly felt in Japan and Nippon will be nearer than ever to bankruptcy if the gold exchange rate is fixed at the lower point. Judging from these facts, Mr. Muto's view is far from practical.

Mr. Kamekichi Takahashi, one of the leading economists of Japan, is a conspicuous opponent to the gold ban removal at the original parity point of \$49 $\frac{1}{2}$  and he has so far published his views on this problem several times in daily and monthly journals.

He believes that the second prohibition of the gold export is imperative, judging from the present economic conditions of Japan. He favours the further removal of the ban at a new parity point of about \$40 as a means to cope with the continued depression and the relief of the jobless.

In a book entitled "Essay on Second Prohibition of Gold Export" (in Japanese)\*, Mr. Takahashi writes as follows:

"If the Government conducts the prohibition of the gold export and removes the ban after a proper time at a new parity point of about \$40, it will be able to obtain new financial resources and to carry out its constructive measures in order to promote trade and industry and also to relieve the jobless.

"For instance, according to the Bank of Japan's accounts brought forward on August 2, 1930, its specie reserves amounted to ¥880,000,000. This will become ¥1,056,000,000, calculated on the basis of about \$40 per ¥100 or the Yen's devaluation by about 20%. Then the Government will be able to obtain the new financial resources to the extent of ¥176,000,000.

"According to the Bank accounts on the same day, the total of its convertible note issue and the commercial banks' deposits with the Bank of Japan was ¥1,425,000,000. The rate of the specie reserves against the note issue and deposits, therefore, was 61.75%. If this percentage is to be maintained for some time, even after the gold ban removal at the new parity point, the Bank will be able to issue the convertible notes and to receive the commercial banks' deposits to the total amount of ¥1,710,000,000.

"Then the Bank of Japan will be able to take over new national bonds to the extent of ¥285,000,000, because its financial power will not be affected at all by shouldering such a heavy burden. The Central Government has so far issued ¥4,498,000,000 worth of national bonds and the local governments have issued bonds to the extent

\* Page 2-12

## JAPAN AFTER GOLD BAN REMOVAL

of ¥1,278,000,000. As a result of the devaluation of the Yen by about 20%, the actual value of these national and local bonds will fall by ¥900,000,000 and ¥256,000,000, respectively.

"If the present rate of the bond issue is to be maintained for some time, new bonds may be issued within the amount of the total devaluation, that is to say, ¥1,156,000,000. The actual burden of the people will not change at all, even if so many new bond issues are made by the Central Government and the local governments in order to cope with the unfavourable situation."

Would the Government be able to obtain such new financial resources by conducting the devaluation of the Yen? The author has doubts about Mr. Takahashi's view on this point. If the value of the Yen were reduced by about 20%, the quotations of commodities would advance by about 20% from the theoretical viewpoint, although the actual rise would be much smaller than 20%.

At the same time, the Bank of Japan's loans would be depreciated by about 20%. As the actual value of the money is its purchasing power, there would be no change in the total value of Nippon's currency, even if the number of notes and coins were increased as a result of the reduction of the value of the unit, while the quotations of commodities were advanced.

Would the people receive the surplus funds from the Central Government or the local governments if the devaluation of the Yen were effected?

No, never. On the contrary, they would lose their assets by about 20%, although their debts might be written off by about 20%. It is rather a misconception of Mr. Takahashi, the author considers, that the people would be able to shoulder more burdens due to the devaluation of old bonds.

This is not a real inflation of currency, because the total actual value of currency is unchanged, compared with before the devaluation, but it would have an effect similar to the inflation of currency upon various markets. It would be impracticable to expect the realization of several constructive measures, including the relief of the jobless, although Mr. Takahashi does not think so.

To go on in detail, the author considers it convenient to summarize the viewpoints of various oppositionists and analyze them straight to the point without mentioning the name of the individual essayist and also without making direct quotations of their views.

According to the oppositionists, the maintenance of the present gold standard (parity at \$49%) will lead Nippon to a financial panic, the climax of an industrial crisis. They further point out the unfavourable effects of Japan's gold ban removal at the original parity point of \$49% on her finance as follows:

1. Abrupt decline in the market value of commodities, shares, and immovable property.
2. Heavy decrease in quantity as well as value of sales of these commodities.

## JAPAN AFTER GOLD BAN REMOVAL

ties, shares and immovable property, following the wane of the public purchasing power.

3. Marked shrinkage of public credit on account of the forced reduction of capital and increase of debts in order to cover the loss, following the preceding two facts.
4. Difficulty of collecting loans, on the part of creditor banks. Difficulty of paying even interest, on the part of borrowers.
5. Decrease of the Bank of Japan's specie holding, following the continued gold outflow. Decrease of commercial banks' deposits with the Bank of Japan, because these commercial banks have had to withdraw their deposits with the National Bank in order to cover the shortage of their working funds, following the unsatisfactory adjustment of their credits and loans.
6. Steady decrease of the commercial banks' working funds. Shift of deposits from small banks to large banks. Thus small banks are facing a crisis.

The small banks are now on the verge of a critical situation, according to the oppositionists. They declare that a tremendous financial panic will occur in Japan, if the present unfavourable situation develops a step further.

For instance, banks will have to dispose of mortgages (both documentary securities and immovable property), which are held against their loans, at unreasonably low prices if they are asked to refund deposits and

do not have sufficient working funds through failure to collect their loans.

The continued disposal of mortgages by banks will cause the depositors to become uneasy about their money. The consequent runs on banks will finally lead the financial circles to a panic.

The Japanese financial circles are now apparently quiet, according to the oppositionists, thanks to the successful veiling of the actual situation by the Government's constant financial relief of the commercial banks.

These unfavourable facts, which were pointed out by the oppositionists, are not solely due to the gold ban removal at the original parity point, the author believes, but we may assume that the lifting of the gold embargo at the parity of \$49% is partly responsible for the aforementioned results. At least, it accentuated the declining tendency of the commodity prices, to the great disappointment of producers.

Some young members of the Seiyukai, Opposition Party, in 1930, passed a resolution demanding from the Government an immediate ban on gold export, in view of the continued outflows, and the later removal of the embargo, after a proper time, at a new parity point because they considered that the gold ban removal at a new parity point (lower than \$49%) was the only way to relieve the Japanese industrial, commercial and financial circles from the present depression.

This view is somewhat misleading, because the world-wide depression



## JAPAN AFTER GOLD BAN REMOVAL

was greatly responsible for the aforementioned unfavourable results. It is doubtful that Nippon would be able to escape the prevailing depression by adopting a new parity point instead of the original parity point of \$49%.

These new parity supporters do not take the expected unfavourable effects of the second prohibition of the gold export on Nippon's finance into consideration, although the embargo may be effected for only a short time. This is very serious and the new parity supporters should recall the unfavourable situation before the gold ban removal prior to demanding the second prohibition of gold export from the Government.

As the gold ban removal has already been effected, it should be continued for some years until a definite judgment of the results of the financial experiment has been made, even if the lifting of the embargo at the original parity point may seem, to some oppositionists, a failure.

In this respect, Mr. Mitsuchi is wiser than other oppositionists, it seems, to the author, as he says the second prohibition of gold export should be avoided as long as possible until it becomes an ultimate measure to cope with the situation, because he knows what will happen after the second gold ban.

What are the remedies offered by the new parity then? According to the new parity supporters, the market value of documentary securities, commodities and immovable property will reactionally advance by about

20%, compared with the present quotations.

This will cause the value of holdings of raw materials and manufactured goods to rise by about 20%, thereby greatly relieving the producers from difficulties following the slump of the market quotations, according to the new parity supporters. Banks will also become somewhat easy about their loans, because the market value of mortgages against which their loans were made will become higher by about 20%.

Loans made by banks and trust companies and their documentary security holdings totalled about ¥18,900,000,000 at the end of 1930. The application of the 20% recovery theory on one half of the amount, if it is too much to assume that the market value of all the mortgages would advance by about 20%, will make the value of mortgages increase by as much as ¥1,890,000,000.

The increase of the value of mortgages may be far larger than ¥1,890,000,000, because the original value of mortgages, against which the ¥18,900,000,000 loans were made, should be greater than the total value of the loans from a commercial viewpoint.

The new parity supporters further declare that banks and trading companies will be able to see favourable results, equal to their financial adjustment by the reduction of capital, dividend, payable loans and export prices by about 20%, without making the actual reduction, if the gold ban is removed at a new parity point of about \$40. In addition, these

## JAPAN AFTER GOLD BAN REMOVAL

banks and trading companies apparently can maintain their capital and dividend rate.

The remedies of the new parity are further divided into three kinds, that is to say, permanent or continual remedy, temporary remedy and momentary remedy. The items to be included in the permanent or continual remedy are as follows:

1. About 20% reduction of debts.
2. About 20% reduction of capital and dividend rate. (The equivalent of such reduction; no actual lowering takes place.)
3. Reduction of taxes, railway fares, postal and telegraphic charges and rent for land.
4. Some reduction of wages and salaries.

Under the heading "temporary remedy" the following two items may be included:

1. Some reduction of wages and salaries.
2. Reduction of the prices of raw materials produced in Japan or to be used in Japan.

The momentary remedy includes:

1. Advance of the prices of raw materials imported and goods manufactured with the imported raw materials.
2. Comparatively low prices of raw materials produced in Japan and low cost of manufacturing goods from them for export.

In short, the remedies claimed for the new parity are the advance of the commodity prices by about 20% and the natural reduction of debts

by about 20%, following the devaluation of the Japanese currency by about 20%.

In this case, however, the grain of gold for the Yen must be lowered, otherwise the unit value of gold in Japan will become far lower than other countries and Nippon will be placed in an unfavourable situation.

Not only the prices of raw materials imported but also the quotations of raw materials produced in Japan will advance by about 20%, from the theoretical viewpoint, as the author remarked in an earlier paragraph, if the devaluation of the Japanese currency by about 20% takes place, that is to say, not only the external value but also the internal value of the Yen is reduced by about 20%.

The commodity price advance and the natural debt depreciation are considered to be effective in checking temporarily, if not permanently, the coming financial panic. This view is partly true and effective in checking the difficulties of the industrial and financial circles.

What will become of their receivable loans, even if the value of their mortgages advances? It must not be overlooked that the actual value of their receivable loans will drop in proportion to the rise of the mortgage value.

Isn't it all the same, if the actual value of mortgages falls by about 20% (when they are converted into money), although the market quotation of mortgages may rise by about 20%? Regarding the dividend, the shareholders will be clever enough to

## JAPAN AFTER GOLD BAN REMOVAL

notice that the purchasing power of their receivable money is much lower than before the devaluation, even if the amount of the receivable money and the rate of dividend may be the same, compared with before the devaluation.

It is somewhat unreasonable, the author considers, to declare that the exporters will be greatly benefited by the reduction of export prices by about 20% as a result of the devaluation, because the advance of the quotations of raw materials and manufactures by about 20% will offset the expected reduction of the foreign exchange rate by about 20% from the theoretical viewpoint, although the price advance may be less than the exchange rate fall. There will be no benefit of the devaluation, except the stabilisation of the external value of the Yen in the export business.

The stabilisation of the foreign exchange has already been realized as a result of the gold ban removal at the original parity point of \$49½. What is more favourable is that the external value of the Yen is now stabilized at a comparatively high quotation of \$49%. There is then no necessity of effecting the devaluation of the Yen.

How do they figure out the new parity point of the Yen? Their views are roughly divided into three, that is to say, the stabilized quotation for a considerable time, the reduction of the original parity point by between 15% and 20% and the lowering of the legal external value of the Yen by between 85% and 40%. Mr.

Takahashi belongs to the supporters of the second measure, while Mr. Muto favours the first plan.

Further measures as to the gold ban removal are proposed by the new parity supporters as follows:

1. The prohibition of gold export should be declared by the promulgation of a law or by the Emergency Imperial Ordinance. In both cases, immediate action is imperative so that the foreign exchange will not rise abruptly before the prohibition is declared.
  2. The Government should issue a statement that it will lift the gold embargo at a reasonable exchange rate.
  3. The Government should take steps to maintain the exchange rate at, say, between \$41 and \$42, if the Yen begins to fall below a reasonable rate.
  4. The legal external value of the Yen or the new parity point should be fixed as slightly below the market quotation, which would be stabilized for about one year, while the internal price level and wages were adjusted. At the same time, the gold embargo should be removed at the new parity point.
- The new parity supporters further say that the restriction of foreign investments, payment of foreign loans and import of foreign capital by the Japanese commercial and industrial companies is imperative. On the other hand, the Government is advised to give up its deflation policy.
- These are rather slipshod measures. Several inconsistent facts will be

## JAPAN AFTER GOLD BAN REMOVAL

found in studying the proposed measures for the removal of the gold ban at a new parity point.

No manipulation is to be adopted in connection with the Yen quotation, according to Item I of the proposed measures. Then the quotation is supposed to move at about \$41 or \$42, for instance, in accordance with the Government's announcement that it will stabilize the Yen at between \$41 and \$42. In that event, the quotation will never become markedly higher or lower than the hoped for new parity point.

According to Item 3, however, the Government must use manipulation to maintain the Yen quotation at between \$41 and \$42, if it fluctuates violently, contrary to expectation, whereas no artificial measure was to be adopted in connection with the foreign exchange.

The domestic price level is supposed to rise in accordance with the decline of the foreign exchange, while the world commodity prices, even the commodity prices of the silver standard countries, are supposed to be stabilized, according to the new parity supporters.

Thus Items 1 and 3 are inconsistent, while the supposition that the world commodity prices, even the prices in the silver standard countries, will be stabilized during the period, is impracticable. These new parity supporters seem to base their views on the theory of the purchasing power parity, which is to be decided in accordance with the index numbers of two countries' commodity prices.

This is somewhat idealistic and impracticable, particularly for Japan, because Nippon has many exclusive commodities such as rice, miso and shoyu, the prices of which cannot be compared with the prices in Occidental countries. The purchasing power parity theory may be adopted between the Occidental countries, or between the Oriental countries, because the necessities in these countries are almost the same or much alike.

In addition, the commodity prices in other countries are supposed to be stabilized forever, according to these new parity supporters, while the prices in Japan alone are to advance as a result of the devaluation of the currency.

The purchasing power parity point of the Yen may be fixed at \$41 when the index number of the average commodity prices in Japan is 150 and that in the United States is 124. When the U.S. index number falls further to 114, while Japan's index number is supposed to be stationary, the purchasing power parity point of the Yen will become about \$37. Contrary to this, the purchasing power parity point of the Yen will advance to \$44½, when the U.S. index number rises to 134, while Japan's index number is supposed to be stationary.

Admitting that the commodity prices in the two countries are on the same tendency, the purchasing power parity point will not yet be stabilized, because the rate of fluctuation will differ between the two countries.

Particularly in Nippon, the higher commodity prices are desired, accord-

## JAPAN AFTER GOLD BAN REMOVAL

ing to the new parity supporters, hence the lifting of the gold embargo at a lower parity point is demanded, while the world tendency of commodity prices is downward.

Where is the virtue of the gold ban removal at a new parity point, if the stabilization of the foreign exchange is not realized? Commodity prices are mostly subject to the foreign exchange. Do they now still expect the higher prices of commodities to last forever?

Thus the fluctuations of the commodity prices and the consequent difference of the index numbers between two countries by 20 will cause the purchasing power parity point to change by  $7\frac{1}{2}\%$ . The foreign exchange, therefore, will undoubtedly become an object of speculation and the Government will not be able to maintain the intended reasonable quotation of the Yen unless it endures heavy losses in exchange operations. In addition, the new parity point will prove to be artificial, which is far from the actual external value of the Yen.

Will the new parity cause the domestic prices to rise? This is the most important problem, because the new parity supporters intend to relieve the Japanese business circles of price decline. The Yen quotation in June, 1929, was \$44, whereas it was \$49 in March, 1927. This is a decline by 10%. The commodity prices in Japan witnessed an average fall by 2.2% during the period, while they should register an advance, according to the theory of the new parity supporters.

The prices of imported goods alone rose by 4% during the period, but the

percentage was smaller by 6%, compared with the expected advance, following the fall of the exchange rate by 10%. The decline of commodity prices by 5% in the United States between 1928 and 1929 was partly responsible for the comparatively small advance of the import prices in Japan.

The recent Yen quotation has been \$49%, whereas it was as low as \$44 in June, 1929, the increase percentage being about 12%. The decline of commodity prices during the period was as heavy as 19.3%. The drop of the export prices was sharper, being 41.2%. The decline of the import prices was also acute, being 34.5%.

Taking the 13% drop in the U.S. commodity prices during the period into consideration, the advance of the Yen by 12% should cause the import prices to fall by 25%, but the actual decline was 34.5%.

Thus it is now found that the 20% reduction of the parity point would not cause the advance of the domestic prices by the same rate as the new parity supporters expect.

How about the documentary securities? Will the quotations of bonds and debentures advance abruptly as a result of the devaluation of the Yen. No, they will not, because they have not so far witnessed such a sharp decline as stocks on account of the fact that they are something like cash, the periodical payment of interest and the refunding of the principal having been assured.

The payment of the principal and interest, however, will be made in the new money (lower value), whereas the

## JAPAN AFTER GOLD BAN REMOVAL

loans were obtained in the money of higher value. This is equivalent to the reduction of the principal and interest payment, on the part of the borrowers, and the borrowers alone will be benefited by the devaluation. The quotation of these securities may rather be inclined to fall in view of the devaluation.

Will the market quotations of stocks advance? Yes, but temporarily, because the favourable effects of the lower exchange rates and the consequent higher commodity prices on the earning power of the companies will not last long.

Then the stock quotations will make a reactional decline. These quotations are to be stabilized in accordance with the business results of their respective companies for some time, at least for one business term. The increase percentage of the stock quotations after the realization of a new parity point, therefore, will be much smaller than the actual advance of the commodity prices.

In addition, the financial conditions of the Japanese commercial and industrial companies mostly have been unfavourable due to the long spell of the "inflation period," many companies having been established during the period of the War boom and having neglected to write off the value of their assets. The actual value of their capital, therefore, is now rather smaller than during the "inflation period."

Supposing that the average drop of the stock quotations since June, 1929, was 50%—although some stock quo-

tations recovered remarkably at the end of 1930—the Japanese Government's gold ban removal, which includes the preparatory measures adopted since July, 1929, was not solely responsible for the drop of stock quotations at all.

The inflation of the currency in the past several years and the maladjustment of business conditions during that period should be held responsible for the abrupt fall of the stock quotations, instead of the gold ban removal at the original parity point of 849%.

The recovery of the stock quotations to the level of January, 1929, will not be realized by reducing the parity point of the Yen by 20% or so, but a drastic cut by between 75% and 80% will be necessary. Can Japan endure such a drastic reduction of the parity point for the sake of the stock quotations? Should Japan stabilize the share market at such heavy expense of the foreign exchange?

No, absolutely not. There is no need of reducing the value of the Yen. The world admits it. So far as the stock quotations are concerned, the devaluation of the Yen is unnecessary, because the quotations will rise by improving the financial conditions of various companies or by other financial policies of the Government instead of by the devaluation of the Yen.

For instance, the stock quotations generally were higher in December, 1930, compared with the previous months, due to the low interest rate in the open market and the consequent reduction of the official rediscount rate by the Bank of Japan and also

## JAPAN AFTER GOLD BAN REMOVAL

the Government's relief loans to the commercial banks, which have financed the commercial and industrial companies.

According to the new parity supporters, the reduction of debts by about 20% will be effected as a result of the devaluation of the currency. This is very serious, because it might cause the Japanese financial circles to be upset.

In the feudal days, such a policy was adopted by the Government in order to relieve the borrowers of their financial difficulties from the social welfare viewpoint. The relation between the creditors and the debtors was very simple at that time, but the recent extensive connections among them do not allow such unreasonable high-handed adjustment of accounts.

Such forced reduction of loans, at the expense of the creditors, is something like Communism and it is undesirable in time of peace. The public will become uneasy about credit and the stability of the money market will be constantly affected.

Depositors with banks and trust companies, holders of postal savings, bonds, debentures and insurance policies will suffer a heavy loss if the internal value of the Yen is reduced permanently, though the borrowers will be relieved of their debts in accordance with the rate of reduction.

Banks, trust and insurance companies, and other financial organizations will not suffer any great loss, because the reduction of their receivable sums will be covered by that of the payable amounts.

Manufacturing and trading companies will be most benefited by the reduction of the internal value of the Yen, because they may be able to recover their business, following the invisible reduction of their capital, dividend and payable loans and the consequent adjustment of their accounts.

The purchasing power of the people, however, will be stationary, if it does not fall, and it will by no means cause these companies to become active. What is the favourable effect of reducing the debts on the market then? Is the reduction of debts absolutely necessary for present day Japan?

There is no reason at present that debts should be reduced at the expense of the public uneasiness. The proposed reduction of the internal value of currency for the sake of the financial readjustment of commercial and industrial companies alone is quite unreasonable, because there are other means than the devaluation of the currency in order to place them on a sounder financial basis.

It is not too much to say that the devaluation of the currency in accordance with the proposed measures is something like "civilized terrorism," especially if the Government dares to do such thing when the actual internal and external value of the currency is not so low.

The author, however, is not absolutely opposed to the measure of devaluation, because the adoption of such measure should be made in accordance with the situation—not only

## JAPAN AFTER GOLD BAN REMOVAL

the domestic conditions but also the world circumstances.

The devaluation of the currency of a country regardless of world conditions will be followed by disastrous results, although it is a valuable move from a theoretical viewpoint.

So far as Nippon's present financial conditions are concerned, the author considers it wiser not to adopt such a measure, because Japan can go without the help of a currency reform for a longer period.

A more serious question is how long she will be able to maintain the gold standard. She will undoubtedly find it difficult to keep the gold standard in the future—maybe in the distant future—in view of her small gold holding, compared with the United States, France and Britain, the limited gold supply to Japan and her annual unfavourable trade balance.

It is unfortunate for Nippon that she has had to adopt the gold standard in accordance with other Powers, although she is greatly handicapped in financial resources, particularly in acquiring gold.

The world competition in acquiring gold is getting keener and keener, although the "gold fetishism" is opposed by many economists. This may be unavoidable as long as great importance is attached to the metal.

The abnormal accumulation of gold in some parts of the world, the consequent partial world circulation of gold, and the expected decrease of the new world gold supply are partly responsible for the continued world depression, according to the survey

made by the Gold Delegation of the Financial Committee of the League of Nations.

In addition, the slump of the bar silver value and the increasing tariff competition are great obstacles in the way of world economic reconstruction. Therefore drastic measures, the author considers, are imperative in order to relieve the world trade of the present depression.

The drastic measures, which should be internationally adopted as otherwise they will be ineffective, are the abolition of tariff and the consequent freer trade, the remonetization of silver as a result of the adoption of bimetallism or the abolition of the gold standard and the total disarmament of the Powers for some years, say five years, or the outbreak of a war between the advanced manufacturing countries, although the last case is undesirable and should be avoided as long as possible.

The author considers that the study of these questions is more imminent for Nippon than the demand for the devaluation of the currency, because we must think of Japan's situation in the world finance of a distant future instead of considering only the tinkering with the present unfavourable situation. This is the fundamental problem, not only for Nippon but also for other countries.

The author will not give his further view on these problems in this article, because he believes that there will be another opportunity for so doing and he thinks it his duty to present these questions for the public consideration at this time.



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