

JUDGMENT

INTERNATIONAL MILITARY TRIBUNAL FOR THE FAR EAST

PART B

CHAPTER IV

THE MILITARY DOMINATION OF JAPAN

AND

PREPARATION FOR WAR

SURPLUS

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CHAPTER IVTHE MILITARY DOMINATION OF JAPAN ANDPREPARATION FOR WARINTRODUCTORY

In dealing with the period of Japanese history with which this Indictment is mainly concerned it is necessary to consider in the first place the domestic history of Japan during the same period. In the years from 1928 onwards Japanese armed forces invaded in succession the territories of many of Japan's neighbours. The Tribunal must deal with the history of these attacks and with the exploitation by Japan of the resources of the territories she occupied, but its most important task is to assess the responsibility of individuals for these attacks, in so far as they were illegal. This responsibility cannot be measured simply by studying Japanese activities abroad. Indeed the answers to the questions "Why did these things happen?" and "Who were responsible for their occurrence?" will often only be found if the contemporaneous history of Japanese domestic politics is known.

Moreover, if we embarked in the first place on a study of Japanese activities abroad, we should find it impossible to comprehend these activities fully, while we were engaged in the study; for the timing of these activities, and the manner and extent of their development were often dictated, not alone by the situation abroad, but by the situation at home. It is for these reasons that we now consider in the first place the political developments in Japan which largely controlled and explain her actions overseas.

The outstanding feature of the period under review is the gradual rise of the military and their supporters to such a predominance in the government of Japan that no other organ of government, neither the elected representatives of the people, nor the civilian ministers in the Cabinet, nor the civilian advisers of the Emperor in the Privy Council and in his entourage, latterly imposed any effective check on the ambitions of the military. The supremacy of the influence of the military and their supporters in Japanese civilian administration and foreign affairs as well as in purely military concerns was not achieved at once nor without the occurrence of events which threatened its accomplishment, but it was ultimately achieved. The varying fortunes of the protagonists in the political struggle which culminated in the supremacy of the military will be found to provide the explanation of many of the events abroad. Japanese warlike adventures and the preparations therefor ebbed and flowed with the varying fortunes of the political struggle in the Japanese homeland.

THE "PRINCIPLES" OF KODO
AND HAKKO ICHIU

The reputed date of the foundation of the Empire of Japan is 660 B.C. Japanese historians ascribe to that date an Imperial Rescript said to have been issued by the first Emperor, Jimmu Tenno. In this document occur two classic phrases upon which there gradually accumulated a mass of mystical thought and interpretation. The first is "Hakko Ichiu" which meant the bringing together of the corners of the world under one ruler, or the making of the world one family. This was the alleged ideal of the foundation of the Empire; and in its traditional context meant no more than a universal principle of humanity, which was destined ultimately to pervade the whole universe. The second principle of conduct was the principle of "Kodo", a contraction for an ancient phrase which meant literally "The oneness of the Imperial Way". The way to the realisation of Hakko Ichiu was through the benign rule of the Emperor; and therefore the "way of the Emperor" --the "Imperial" or the "Kingly way" --was a concept of virtue, and a maxim of conduct. Hakko Ichiu was the moral goal; and loyalty to the Emperor was the road which led to it.

These two ideas were again associated with the Imperial dynasty after the Meiji Restoration. That Emperor proclaimed them in an Imperial Rescript issued in 1871. They then represented a constitutional rallying-point, and an appeal to the patriotism of the Japanese people.

THE ADVOCACY OF THESE "PRINCIPLES"

BY OKAWA

In the decade before 1930, those Japanese who urged territorial expansion did so in the name of these two ideas. Again and again throughout the years that followed measures of military aggression were advocated in the names of Hakko Ichiu and Kodo which eventually became symbols for world domination through military force.

In 1924 a book was published by a Dr. Okawa who was originally one of the accused but who became mentally unstable in the course of the trial. He stated that, since Japan was the first state to be created, it was therefore Japan's divine mission to rule all nations. He advocated the Japanese occupation of Siberia and the South Sea Islands. In 1925 and thereafter, he predicted a war between East and West, in which Japan would be the champion of the East. He said, in 1926, that Japan should endeavour to fulfil that sublime mission by developing a strong moralistic spirit. He had organised a patriotic society, which advocated the liberation of the coloured races and the moral unification of the world. He had often, at the invitation of the Army General Staff, lectured to them along these lines.

THE RISE OF THE ARMY

UNDER THE TANAKA CABINET

In April 1927, when Tanaka took office as Prime Minister, the expansionists gained their first victory.

The new Cabinet was committed to a policy of peaceful penetration into that portion of China called Manchuria. But, whereas Tanaka proposed to establish Japanese hegemony over Manchuria through negotiation with its separatist leaders, elements within the Kwantung Army were impatient of this policy. The Kwantung Army was the Japanese unit maintained in Manchuria under the Portsmouth Treaty for the protection of Japanese interests including the South Manchurian Railway. In June 1928, certain members of the Kwantung Army murdered Marshal Chang Tso-lin, with whom Tanaka was negotiating. Marshal Chang Tso-lin was the Commander-in-Chief of the Chinese Armies in Manchuria.

Tanaka's efforts to discipline the Army officers responsible for this murder were successfully resisted by the Army General Staff, which had the War Minister's support. The Army had defied the government, and resistance among the Chinese had been greatly stimulated. The government had been gravely weakened by the alienation of the Army's supporters.

In April 1929, Okawa launched a public campaign, designed to take the Manchurian question out of the government's hands. The Army General Staff, encouraged by Okawa's success, soon began to cooperate with him. Competent propagandists were sent to ventilate the question in the various parts of Japan.

In the face of this opposition, and of continued disorders in Manchuria, the Tanaka Cabinet resigned on 1 July 1929.

EXPANSIONIST PROPAGANDA
DURING THE PERIOD OF THE HAMAGUCHI CABINET

When Hamaguchi became Prime Minister in succession to Tanaka, Baron Shidehara returned to the Foreign Ministry. In the governments before Tanaka had taken office, Shidehara had been the foremost proponent of the liberal policy of friendly international relationships. His return to power constituted a threat to the Army's programme of Expansion through military force. In the face of this challenge, Okawa continued his propaganda campaign, with the assistance of members of the Army General Staff. He maintained that Manchuria must be separated from China and placed under Japanese control. Thus would be ended the domination of the white races over Asia, and in its place would be created a land founded upon the principle of the "kingly way", Japan would assume the leadership of the peoples of Asia; and would drive out the white races. Thus, as early as the year 1930, Kodo had come to mean Japanese domination of Asia, and a possible war with the West.

The military authorities had not been slow in following Okawa's lead. Military officers had launched a formidable campaign to spread the doctrine that Manchuria was Japan's lifeline; and that Japan should expand into it, develop it economically and industrially, and defend it against the Soviet Union. In June 1930, Colonel ITAGAKI, then a Staff Officer of the Kwantung Army, favoured the establishment, through

military force, of a new state in Manchuria. He repeated after Okawa that such a development would be in accordance with the "kingly way", and would lead to the liberation of the Asiatic peoples.

HASHIMOTO AND THE
MARCH INCIDENT OF 1931

Throughout the year 1930, the Hamaguchi Cabinet followed a policy of retrenchment which sharpened the antagonism of the military faction. Smaller budgets were voted for the Army and Navy. The standing Army was reduced in size. The Treaty for Naval Disarmament was ratified in the face of strong opposition. Among young naval officers and in the patriotic societies there was considerable indignation. In November 1930, the Prime Minister was mortally wounded by an assassin; but the Cabinet carried on under the liberal leadership of Baron Shidehara.

Liberalism had therefore become the chief target of the Army's resentment, and in January 1931, a plot was hatched to overthrow it. This was the so-called "March Incident" and was a conspiracy engineered by Okawa and Lieutenant-Colonel HASHIMOTO to create an insurrection which would justify the proclamation of martial law, and would lead to the installation of a military Cabinet. It had the support of the Army General Staff. The Chief of the Military Affairs Bureau, Lieutenant-General KOISO, abetted the conspirators. It failed because Ugaki, who had been selected as

the new Prime Minister, refused to countenance the scheme.

HASHIMOTO had returned to Japan from Turkey in January 1930, imbued with a knowledge of, and enthusiasm for, the methods of European dictatorships. In September 1930, he had formed, among his fellow senior officers of the Army General Staff, a society designed ultimately to achieve a national reorganization, if necessary, by force. The abortive March Incident of 1931 was the result of this work.

HASHIMOTO's work was complementary to Okawa's. In his hands the "way of the Emperor" became also the way of military dictatorship. He confessed to Okawa that the Diet, which had aroused the Army's indignation, should be crushed. Okawa himself had told Ugaki that the ready-made political parties must be swept away, and the Imperial dignity uplifted under military rule. This would be the work of the "Showa restoration". "Showa" is the name given to the reign of the present Emperor.

Under the Japanese constitution the War and Navy Ministers enjoyed direct access to the Emperor upon a footing of equality with the Premier. The Chiefs of Staff also were directly responsible to the Emperor; so there was historical warrant for the claim that the way of Kodo was the Army's way.

Although the March Incident of 1931 failed, it had set the precedent for later developments. The Army had aroused great public resentment against the advocates of disarmament and liberalism. One such malcontent had assassinated the liberal Premier, Hamaguchi.

In some quarters the naval and military reduction programme was regarded as an unwarranted interference by the Cabinet with the affairs of the armed forces. The militarists had in a measure succeeded in diverting to their own ends the patriotic sentiment of loyalty to the Emperor.

THE WAKATSUKI CABINET AND

THE MUKDEN INCIDENT

Under Wakatsuki, who on 14 April 1931, succeeded Hamaguchi as Premier, Cabinet and Army pursued anti-theoretical policies. While Shidehara, who remained Foreign Minister, laboured wholeheartedly to negotiate a peaceful settlement of the Manchurian issue, the Army actively fomented trouble, which culminated in the attack at Mukden on 18 September 1931. This was the beginning of what came to be known as the Mukden Incident which eventually led to the establishment of the separate government of Manchukuo. This will be dealt with at a later point.

During the five intervening months resistance to the Cabinet's policy of armament reduction and budgetary economies increased. HASHIMOTO and his group of Army officers, known as the "Cherry Society" and designed to bring about the national reorganisation, continued to advocate the occupation of Manchuria by force. The Black Dragon Society, pledged to nationalism and an anti-Soviet policy, began to hold mass meetings. Okawa continued his campaign for popular support. The Army, he said, was completely out of control; and it would only be a matter of time before

the Cabinet acquiesced in its wishes. Yosuke Matsuoka, who, like Okawa, was an official of the South Manchurian Railway Company, published a book in support of the familiar theme that Manchuria was, both strategically and economically, the lifeline of Japan.

Okawa, with HASHIMOTO and his Cherry Society, instigated the Mukden Incident. The Army General Staff approved the scheme, which was commended to them by Colonel DOHIHARA. DOHIHARA and Colonel ITAGAKI, both members of the Kwentung Army Staff, each played important parts in the planning and in the execution of the attack.

Lieutenant-General MINAMI, Vice-Chief of the Army Staff under the Tanaka Cabinet had become War Minister in Wakatsuki's Cabinet. Unlike his predecessor, Ugaki, he took the Army's part against that of the liberal Cabinet in which he held office. On 4 August 1931, he talked to his senior officers of the intimate relationship between Japan, Manchuria and Mongolia; spoke disapprovingly of those who advocated measures of disarmament; and urged them to carry out their training conscientiously, so that they might serve to perfection the cause of the Emperor.

Lieutenant-General KOISO, who, as Chief of the Military Affairs Bureau, had been privy to the planning of the March Incident of 1931, was now Vice-Minister of War. War Minister MINAMI, though he took the Army's part, and favored the Army's scheme for the conquest of Manchuria, was disposed to pay some deference to the views of the Cabinet and the Emperor. The Wakatsuki Cabinet had continued the policy of seeking reductions

in the budgets for the armed forces; and, by 4th September, 1931, War Minister MINAMI and Finance Minister Inoue had reached substantial agreement in this regard. MINAMI was immediately subjected to strong criticism by KOISO for agreeing to this step; and, as a result, the agreement reached between MINAMI and Inoue was rendered nugatory.

By 14 September 1931 the Army's schemes in Mongolia and Manchuria were known in Tokyo. On that day MINAMI was warned by the Emperor that these schemes must be stopped. This message he conveyed to a meeting of Army leaders and others in Tokyo. It was thereupon decided to abandon the plot. MINAMI also despatched a letter to the Commander-in-Chief of the Kwantung Army ordering him to abandon the plot. This letter was not delivered until the Incident at Mukden had occurred. The messenger who was despatched to Mukden to deliver this important letter was General Tatekawa; and, as will appear in our discussion of the Mukden Incident, he seems to have intentionally delayed presenting this letter until after the incident had occurred.

On 19 September 1931, the day after the Mukden Incident occurred, it was reported to the Cabinet by MINAMI, who characterised it as an act of righteous self-defence.

CONSOLIDATION OF THE ARMY'S POWER
DURING THE PERIOD OF THE WAKATSUKI CABINET

Wakatsuki gave immediate instructions that the situation must not be enlarged; and expressed concern at the Army's failure to carry out thoroughly the policy of the government. Five days later, on

24 September 1931 the Cabinet passed a formal resolution denying that Japan had any territorial aims in Manchuria.

The Army was indignant that the Emperor should have been induced to support the Cabinet's Manchurian policy; and almost daily MINAMI reported Army advances made in violation of his own assurances to the Premier. On 22 September 1931 he proposed a plan to send the Korean Army to Manchuria, but was rebuked by the Premier for the action taken. On 30 September 1931, MINAMI demanded the despatch of further troops, but the Premier again refused. One week after the Cabinet's resolution was passed the Chief of the Army Staff warned Wakatsuki that the Kwantung Army might be compelled to advance further into the Yangtze area; and that it would brook no outside interference with its prerogatives.

During October 1931 a new conspiracy was planned by HASHIMOTO and his Cherry Society. He had confessed his part in the Mukden Incident, which, he said, was aimed, not only at the establishment in Manchuria of a new country founded on "the Kingly Way", but also at resolving the political situation in Japan.

The October plot was designed to accomplish this latter aim. It was planned to destroy the political party system with a military coup d'etat, and to establish a Cabinet in sympathy with Army policy.

The plot was exposed, and the scheme was then abandoned upon MINAMI's orders. But, during October and November 1931, military activity continued in Manchuria in direct violation of Cabinet policy.

Rumors were circulated that, if the Cabinet continued to withhold cooperation, the Kwantung Army would declare its independence; and, in the face of this threat, the resistance of the moderate elements among the liberalists was broken.

On 9 December 1931 the War Minister reported to the Privy Council on the Manchurian situation.

Opposition to the Army's activities was now confined to the deleterious influence which they might exert upon Japanese relations with the Western Powers. MINAMI agreed that the conflict between Japanese official assurances and Army actions was unfortunate; but issued a sharp warning that there must be no interference by outsiders in matters of Army discipline.

Three days later, on 12 December 1931, Wakatsuki resigned, after admitting his Cabinet's inability to control the Army. The Manchurian Incident, he said, had continued to expand and spread in spite of the Cabinet's decision to prevent it. After abandoning the prospect of forming a coalition Cabinet which could control the Army, he had decided reluctantly that Shidehara's policy must be abandoned. As the Foreign Minister would not yield, he had been compelled to tender his Cabinet's resignation.

The Army had achieved its goal of a war of conquest in Manchuria, and had shown itself to be more powerful than the Japanese Cabinet.

THE CONQUEST OF MANCHURIA

DURING THE PERIOD OF INUKAI'S CABINET

It was now the turn of the Seiyukai party, which had been in opposition, to attempt to control the Army. When Inukai was given the Imperial Mandate, he was instructed that the Emperor did not desire Japanese politics to be wholly controlled by the Army. His party contained a strong pro-military faction, led by Mori, who became Chief Cabinet Secretary under the new government. But Inukai adopted immediately a policy of curtailing the activities of the Kwantung Army, and of negotiating with Generalissimo Chiang Kai-shek a gradual Army withdrawal

from Manchuria.

General Abe had been nominated for the post of War Minister in the new government; but many young Army officers had opposed this appointment upon the ground that Abe had no knowledge of, or sympathy for, their feelings. At their insistence Inukai had appointed Lieutenant-General ARAKI as War Minister, believing that he would be able to control the Army.

General Honjo, commanding the Kwantung Army, which was already planning to create in Manchuria a new state under Japanese control, despatched Colonel ITAGAKI as his emissary to Tokyo, and received the support of War Minister ARAKI.

Inukai opened secret negotiations with Generalissimo Chiang Kai-shek, which, however, came to the knowledge of Mori and the military faction. Mori warned Inukai's son of the Army's indignation; and the negotiations, though promising well, were perforce abandoned by the Premier. An Imperial Conference was held in late December 1931, two weeks after the Cabinet had taken office; and immediately afterwards a new offensive in Manchuria was planned by ARAKI, the War Ministry and the Army General Staff. Inukai was refused an Imperial Rescript sanctioning the withdrawal from Manchuria; and Colonel ITAGAKI threw out hints of the Kwantung Army's plan to install a puppet ruler and to take over the administration of the new state. The new Premier's plan to control the Army had been frustrated in a matter of weeks.

A new offensive in Manchuria began as the Army had planned, while in Tokyo War Councillor MINAMI advised the Emperor that Manchuria was Japan's lifeline, and that a

new state must be founded there. On 18 February 1932, the independence of Manchukuo was declared; on 9 March 1932, the first organic law was promulgated; and three days later the new state requested international recognition. One month afterwards, on 11 April 1932, the Inukai Cabinet, which had now accepted this fait accompli, discussed plans for the Japanese guidance of Manchukuo.

THE ATTACK ON PARTY GOVERNMENT
AND ASSASSINATION OF INUKAI

During the first quarter of 1932 HASHIMOTO and Okawa were each preparing the way for the national re-organisation or renovation which would rid Japan of democratic politics. On 17 January 1932, HASHIMOTO had published a newspaper article advocating the reform of the Japanese parliamentary system. He propounded the theme that democratic government was incompatible with the principles upon which the Empire was founded. It was, he said, necessary to make a scapegoat of the existing political parties, and to destroy them for the sake of constructing a cheerful new Japan.

Okawa was forming a new society, named after Jimmu Tenno, the legendary founder of the Empire and the legendary enunciator of "Kodo" and "Hakko Ichiu". The objects of the new society were to further the spirit of the Empire, to develop nationalism, and to inspire the Japanese to the leadership of East Asia; to crush the existing political parties and to achieve the realisation of a government constructed on nationalist lines; and so to plan the control of Japanese industrial development as to encourage expansion of the national power abroad.

Though the Inukai Cabinet had yielded on the question of Manchuria, the liberal elements within it still resisted the type of national renovation which Okawa and HASHIMOTO advocated. Inukai favoured a reduction in the Army budget, and was opposed to the recognition of Manchukuo by Japan. Through his son he received repeated warnings from Mori that his opposition to the military faction was endangering his life. The cleavage between the militarists and those who still believed in Cabinet control affected both the Cabinet and the Army itself. The pro-military group was led by War Minister ARAKI and had become known as the "Kodo faction" --the supporters of the "principle" of "the Imperial Way".

On May 1932 Inukai delivered a speech in which he extolled democracy and condemned fascism. A week later he was assassinated in his official residence. HASHIMOTO was a party to the plot, which was carried out by naval officers.

Prince Konoye, Baron Harada and others discussed the situation which had arisen. KIDO, Chief Secretary to the Lord Privy Seal, Lieutenant-General KOISO, Vice-Minister of War, and Lieutenant-Colonel SUZUKI of the Military Affairs Bureau were present. It was agreed that Inukai's assassination was directly attributable to his championship of party government. SUZUKI considered that similar acts of violence would occur if new Cabinets were organised under political leadership, and he therefore favoured the formation of a coalition government.

PREPARATIONS FOR WAR

DURING THE PERIOD OF THE SAITO CABINET.

The Saito Cabinet, which took office on 26 May 1932, attempted to achieve a compromise in the conflict between Cabinet and army. The Cabinet would control the military; and would effect general economies, including a reduction in the army budget. On the other hand, the Cabinet accentuated the Army policy in Manchukuo; and determined upon the promotion, under Japanese domination, of the economic and industrial development of that country. Lieutenant-General ARAKI was still War Minister; and Lieutenant-General KOISO, who had become War Vice-Minister in February 1932, retained that position.

It was inevitable that the new Cabinet policy in regard to Manchukuo should cause a deterioration in Japanese relations with the Western Powers. But the Army, unfettered by opposition within the Cabinet, was also preparing for war with the U.S.S.R., and for a further struggle with the central government of China.

As early as December 1931 it had been planned to include in the new state the Chinese province of Jehol; and in August 1932 it was declared that this area formed part of Manchukuo. In the same month KOISO vacated his post in Tokyo to become Chief-of-Staff of the Kwantung Army.

A month earlier, in July 1932, the Japanese Military Attache in Moscow had reported that the greatest stress must be laid upon preparation for war with the Soviet Union, as such a war was inevitable. He saw in the restraints of the League, in Chinese resistance, and in the attitude of the United States, further obstacles to the accomplishment of Japan's great task in Asia. War with China and with the U.S.S.R. he believed to be a

foregone conclusion, and with the United States a possibility for which Japan must be ready.

Recognition of Manchukuo by Japan had been withheld for six months; but in September 1932 it was decided by the Privy Council that the international repercussions which this step would cause need not be feared. With the Council's approval, an agreement was concluded between Japan and the puppet regime which the Kwantung army had installed. It was considered to be an appropriate measure in ensuring the extension of Japanese interests on the Continent. Under its provisions the new state guaranteed all Japanese rights and interests, and undertook to provide every possible establishment which the Kwantung army might require. Japan undertook, at Manchukuoan expense, the defence of, and maintenance of order in, that country. The key positions in both central and local governments were reserved for Japanese; and all appointments were made subject to the approval of the Commander of the Kwantung army.

In pursuance of this agreement, KOISO, as Chief-of-Staff of the Kwantung army, drew up a plan for the economic "co-existence and co-prosperity" of Japan and Manchukuo. The two countries would form one economic bloc, and industries would be developed in the most suitable places. The Army would control ideological movements, and would not in the meantime permit political parties to exist. It would not hesitate to wield military power when necessary.

Soon after the Saito Cabinet had taken office, War Minister ARAKI had announced that, in view of the establishment of Manchukuo, the resolutions of the League of Nations and statements previously made by

Japan could no longer be considered binding upon her. The League of Nations in 1931 appointed the Lytton Commission to investigate the circumstances of Japan's intervention in Manchuria. After the report of the Lytton Commission had been received, the League had voiced strong disapprobation of Japanese activities in Manchuria, and in fostering new incidents elsewhere in China. In view of this opposition to her plans, the Saito Cabinet decided, on 17 March 1933, to give notice of Japan's intention to withdraw from the League of Nations; and, ten days later, that action was taken. Simultaneously steps were taken to exclude foreigners from Japan's mandated Pacific islands. Preparations for war in the Pacific could therefore be made in breach of treaty obligations, and freed from foreign surveillance.

Meanwhile military preparations upon the continent were aimed directly at the Soviet Union. In April 1933, Lieutenant-Colonel SUZUKI of the Military Affairs Bureau characterized the U. S. S. R. as the absolute enemy, because, as he said, she aimed to destroy the national structure of Japan.

THE PREPARATION OF PUBLIC OPINION FOR WAR:

ARAKI DISCLOSES THE ARMY'S PLANS

The publicists heralded the events of this period as the foundation of Japan's "new order". HASHIMOTO took some of the credit, both for the conquest of Manchuria, and for secession from the League. It was, he said, in part the result of the schemes which he had devised upon his return from Europe in January 1930.

Okawa said that the Japanese-Manchukuoan Agreement had laid the legal foundation for the co-existence and co-prosperity of the two countries. The spirit of patriotism, he said, had been suddenly awakened in the hearts of the Japanese people. Democracy and Communism had been swept away, and in Japan the nationalistic tendency had reached an unprecedented climax.

Okawa also welcomed Japan's withdrawal from the League of Nations, which, in his view represented the old order of Anglo-Saxon supremacy. Japan, he said, had at one stroke overcome her dependence upon Britain and America; and had succeeded in exhibiting a new spirit in her diplomacy.

In June 1933 War Minister ARAKI made a speech of the utmost significance. In form it was an emotional appeal to the patriotism of the Japanese people, exhorting them to support the Army in a time of crisis. But in it was clearly revealed a settled intention to achieve the armed conquest of East Asia, which ARAKI identified with the traditional goal of Hakko Ichiu.

In fostering a sentiment for war, he drew liberally upon the political philosophy which Okawa and HASHIMOTO had popularised. Japan, said ARAKI, was eternal, and was destined to expand. The true spirit of the Japanese race lay in finding order amid chaos, and in realising an ideal world, a paradise in East Asia.

Herein lay the distinction between the new order and the old; for, said ARAKI, under the leadership of the League of Nations, the whole world had opposed the fulfillment of Japan's holy mission. This, therefore, was the critical period for Japan. Recent events had shown that it was necessary to prepare for a nationwide general mobilisation.

Upon this interpretation of the international situation ARAKI based his appeal for popular support. He told his audience that the foundation of Manchukuo

was a revelation from heaven, which had re-awakened the national spirit of the Japanese people. If the zeal which the Mukden Incident had engendered was sustained, the new order would be achieved. A revival of the national spirit would resolve the international difficulties which beset Japan; for the issue of wars depended ultimately upon the spiritual power of the people.

The path for the people to follow, said ARAKI, was the "way of the Emperor", and the Army of Japan was the Emperor's Army. It would therefore fight against anyone who opposed it in its task of spreading the "Imperial Way".

ARAKI also discussed the term "national defence", which was later to become the basic principle of Japanese preparations for war. It was, he said, not limited to the defence of Japan itself, but included also the defence of the "way of the country", which was Kodo. He therefore showed clearly that by "national defence" was meant the conquest of other countries through force of arms. In his writings of the same period ARAKI disclosed the Army's designs upon Mongolia, and reaffirmed once more his country's determination to crush any country which turned against the "Imperial Way".

PREPARATIONS FOR WAR DURING THE PERIOD OF THE
SAITO CABINET: AND THE AMAU STATEMENT

In the months which followed, ARAKI's policy gained both popular support and Cabinet recognition. By September 1933 an intense antipathy for the arms limitation treaties had been built

up through the efforts of the military leaders. There was a universal demand for the revision, in Japan's favour, of existing naval ratios; and any Cabinet which resisted this popular clamour would have had to face an outraged public. Notice was given of Japan's intention to abrogate the Washington Treaty for the Limitation of Naval Armaments.

Meanwhile the Saito Cabinet had made ARAKI's principle of national defence the over-riding consideration in its Manchukuoan policy. By December 1933 this policy was settled. The economies of the two countries would be integrated, and their military expenses would be shared. Manchukuoan foreign policy would be modelled upon that of Japan. The "national defence power" of the two countries would be increased to overcome the international crisis which before long Japan might encounter. The "open-door" provisions of the Nine-Power Treaty would be observed only in so far as they did not conflict with the requirements of "national defence."

In December 1933 the Kwantung Army was making operational and other preparations for the day upon which Japan would open hostilities against the Soviet Union. In the space of two years the "friendship" policy of Foreign Minister Shidehara had been completely discarded.

In April 1934 a new policy in respect of East Asia was formulated in the "Amau statement." This unofficial declaration, released to the press by a Foreign Office spokesman, caused international alarm, and was quickly disclaimed by the Saito government. It was however, wholly consistent with the Cabinet decisions of 1933,

and repeated, in less inflammatory language, much the same policy which War Minister ARAKI had enunciated ten months earlier.

It was stated that, as Japan had a special position in China, her views might not agree on all points with those of other nations. It was this divergence of opinion which had necessitated Japan's withdrawal from the League of Nations. Although she desired friendly relations with other countries, Japan would act on her own responsibility in keeping peace and order in East Asia. This responsibility was one which she could not evade; nor could she share it with countries other than China herself. Therefore any attempt by China to avail herself of foreign support in resisting Japan would be opposed.

THE FOREIGN POLICY OF HIROTA
DURING THE PERIOD OF THE SAITO AND OKADA CABINETS.

On 14 September 1933, in this atmosphere of increasing international tension, HIROTA had become Foreign Minister of Japan. While Cabinet and Army were planning and preparing for the new order, he attempted to allay the misgivings of the Western Powers, and to minimise the aggressive nature of his country's national policy. In February 1934 he assured the United States of his firm belief that no problem existed between that country and Japan which was fundamentally incapable of amicable solution.

On 25 April 1934, one week after the Amai statement had been published, HIROTA sought to discount its significance. He advised Hull, the American Secretary of State, that the declaration had been made without his approval, and that it had created a false impression.

He gave a categorical assurance that Japan had no intention whatever of seeking special privileges in China in derogation of the provisions of the Nine-Power Treaty. Yet his government had already decided to subordinate the "open-door" provisions of that very treaty to the needs of Japanese preparation for war in Manchukuo.

Again in April and May 1934, similar assurances were given by the Japanese Ambassador in Washington. The Ambassador did, however, admit that his government claimed a special interest in preserving peace and order in China; but, in response to Hull's direct questioning, he denied that this phrase signified an overlordship in the Orient, or even an intention to secure preferential trade rights as rapidly as possible.

By July 1934 no assurances could conceal the fact that a petroleum monopoly was being set up in Manchukuo; and Hull protested against the exclusion of American concerns in violation of Japanese treaty obligations. In August 1934, after Okada had succeeded Saito as Premier, Foreign Minister HIROTA advised Hull that Manchukuo was an independent state, and that Japan had no responsibility in the matter. Although Manchukuo was under the control of the Kwantung Army, and although the development of the petroleum monopoly was a direct result of the Saito Cabinet's "national defence" policy, further communications from the United States failed to elicit any acknowledgment of Japanese responsibility.

The disparity between HIROTA's professions and his country's actions was made even more apparent in December 1934, in that month the Manchurian Affairs

Bureau was created as an organ of the Japanese government to coordinate its policy in regard to Manchukuo.

ARMY EXPANSION AND GOVERNMENTAL

ECONOMIC PREPARATIONS ON

THE CONTINENT IN 1935

While HIROTA denied that Japan's intentions were aggressive, the Army accelerated its preparations for war. In 1935 it took the initiative in preparing for military expansion on the continent of Asia; while the Okada Cabinet, which had taken office on 8 July 1934, gave its support to the Army's economic planning in Manchukuo.

Simultaneously with the creation of the Manchurian Affairs Bureau in December 1934, General MINAMI was appointed Commander of the Kwantung Army and Ambassador to Manchukuo. Major-General ITAGAKI became his Vice-Chief-of-Staff.

With ITAGAKI's support, MINAMI made plans to foster the establishment of autonomous governments in Inner Mongolia and in the five provinces of North China. This would inflict a serious loss upon the national government of China, and would at the same time create buffer states between Manchukuo on the one hand and China and the Soviet Union on the other.

During May 1935 the North China Army under Lieutenant-General UMEZU made a pretext to issue a virtual ultimatum to the Chinese forces in that area; and MINAMI mobilised the Kwantung Army to back up UMEZU's demands. Some units moved into the demilitarised zone

of North China; and in June 1935 the Chinese capitulated, moving their armies and administration from the Tientsin area. As KIDO observed in Tokyo, this step against China was based upon the plans of ITAGAKI and others that the military, not the diplomats, should take the lead in dealing with China, as they had done in the case of Manchukuo.

During the same period the Kwantung Army manufactured an incident at Changpeh and Major-General DOHIHARA took charge of the intrigue with prospective puppet rulers, the aim being the formation of new autonomous governments. The Foreign Ministry took no hand in these developments, but HIROTA received full advice of their progress from the Peking Embassy. On 2 October 1935, he was told that the Army intended to establish a virtually autonomous state for the sake of including North China in the Japanese-Manchukuoan economic bloc, and of promoting national defence. He was also told that the Army's Inner Mongolian scheme was making steady progress, and that DOHIHARA was no doubt engaged in promoting it.

According to defence witness Kawabe the Changpeh Incident was settled on 27 June 1935, by the conclusion of the Ching-DOHIHARA agreement. The Army was now in control of local regimes in half of Inner Mongolia, and in substantial portions of the five provinces of North China.

Meanwhile, on 3 July 1935, the Privy Council, in the presence of Foreign Minister HIROTA, had met to consider closer economic cooperation with Manchukuo. The Investigation Committee of the Privy Council reported

that, while measures of military diplomacy in Manchukuo were well advanced no system had yet been devised to coordinate measures in the economic field. Therefore they recommended the conclusion of a pact to establish a Joint Economic Committee, which would provide the necessary machinery. The Privy Council approved the measure, after HIROTA had given an assurance that Japan would always be able to rely upon a preponderance of votes in the Committee; and the new agreement was signed on 15 July 1935.

THE COORDINATION OF HIROTA'S

FOREIGN POLICY WITH ARMY PLANNING

During the last three months before the Okada Cabinet fell, Army policy and foreign policy under HIROTA were completely coordinated. In December 1935 General MINAMI sent troops to aid the local government in Inner Mongolia in taking over from the Chinese the remaining portion of that area. General Tada, who on 1 August 1935, had succeeded UMEZU as Commander of the North China Army, made plans to place the railways in that area under his control, so that he might use them to achieve his military objectives.

During that month also the Kwantung Army communicated to the War Ministry its propaganda plan, which would be carried out in conformity with its military activity in North China. As soon as the advance into China proper should take place, a campaign would be launched to

convince the whole world of the lawfulness of the Japanese cause. An attempt would also be made, by means of anti-Kuomintang and anti-Communist agitation to estrange the inhabitants of North China from the central authorities. This slogan of "anti-Communism" had been chosen by DOHIHARA, ITAGAKI and others, when the autonomous movement was first launched in 1935.

On 21 January 1936 HIROTA despatched to the Japanese Ambassador in China a precis of the plan, which the Army had drawn up for dealing with North China. The Ambassador was instructed that the intention was gradually to build up self-government in the five provinces of North China. The Foreign Ministry was determined to give support and guidance to the new political organisation and thus to expand and strengthen its functions. No measures would be taken which the world might understand as indicating a Japanese intention to set up in North China an independent government similar to that of Manchukuo. The various military organisations would be told to keep closely in touch with the Foreign Office and the Navy in carrying out the plans. A provisional organisation to handle the problems of self-government would be established under the Commander of the North China Army.

With this reconciliation between Foreign Ministry and Army the first period of military preparation was complete. The resources of Manchukuo were in course of development.

The standing strength of the Army had risen from 250,000 men at the beginning of 1930 to 400,000 at the beginning of 1936. In the second period military planning would involve the whole nation in a general mobilization for war.

THE INCREASING POWER OF THE ARMY
DURING THE PERIOD OF THE OKADA CABINET.

Keisuke Okada, who was Prime Minister of Japan from 8 July 1934 to 8 March 1936, has testified that, during his tenure of office and that of his predecessor Saito, the power of the Army was increasing. Both Cabinets, said Okada, had incurred the Army's resentment because it recognized in them an influence opposed to the Army's policy of using force in connection with the expansion of Japanese influence in Asia.

The power and the ruthlessness of "activist" circles within the Army had been evinced in July 1935, when the Inspector-General of Military Education had been forced to resign. In protest against this action, Lieutenant-General Nagata, Chief of the Military Affairs Bureau, had been assassinated in his office by an Army officer of field grade. Although Okada, as Prime Minister, had felt very strongly about this incident, he had been powerless to investigate the crime. The Army had conducted its own investigation, and had permitted no interference by Premier or Cabinet.

In consequence of this incident, and because he feared further trouble from the militarists, General Hayashi had tendered his resignation as Minister of War; and had been succeeded in that office by General Kawashima, whom all the generals agreed to try to protect. It was realised by the members of the Cabinet that, in accepting the appointment, Kawashima ran a considerable risk.

THE 26 FEBRUARY 1936 INCIDENT,

AND THE DOWNFALL OF

THE OKADA CABINET

Subsequent events proved that these fears were not without warrant; for, on 26 February 1936, Army resentment against the Okada Cabinet culminated in the attempted assassination of Okada himself by a group of young Army officers. Twenty-two officers and some fourteen hundred men, revolting against the government and seizing its principal administrative offices, terrorised Tokyo for three and a half days. During this period the government was carried on by the Minister of Home Affairs while the Premier was besieged in his residence. The Finance Minister, Takahashi, and Saito, Lord Keeper of the Privy Seal, were assassinated by the terrorists. Ten days later Okada, being unable to control the military, tendered the resignation of his Cabinet.

OKADA'S POLICY AND DOWNFALL
SHOW THE EXTREME NATURE
OF THE ARMY'S DEMANDS

During Okada's period of office many steps had been taken to place the Japanese nation in a state of preparation for war. HIROTA, as Foreign Minister, and Nagano, as Japanese delegate to the London Naval Conference, played a major part in the policy which led Japan, in December 1934, to declare her intention of abrogating the Washington Treaty for Limitation of Naval Armaments, and to secede from the London Naval Conference in December of the following year. In the Mandated Islands during the same period, air bases and storage facilities were under construction at various points, and elaborate precautions were being taken to prevent foreign travellers from entering the area.

During the year 1935 also, a strict censorship of news had been instituted under the immediate supervision of the Home Ministry; and newspapers had become little more than vehicles for the dissemination of government-approved propaganda. The police had exerted a large measure of censorship and control over all media of expression of public opinion. In August 1935 the War Ministry had issued regulations designed to investigate the conditions of military training in schools and universities, contribute to its developments and to ensure that the potential military value of the qualifications of graduating students was assessed.

Despite repeated protests from the United States, an oil monopoly had been established in Manchuria by the Japanese; and machinery for the exploitation of the natural resources of that country had been provided.

Since October 1935 at the latest the Army had taken an active and independent part in Japanese foreign policy; for in that month the defendant OSHIMA, then Military Attache in Berlin, had begun negotiations for a Japanese-German Pact, and had expressed to von Ribbentrop the desire of the Japanese Army General Staff for a general treaty between the two countries.

Notwithstanding all of these developments, and although the Kwantung Army had proceeded steadily towards the realisation of its aims in Manchuria and North China, the extremists were not satisfied. The Army regarded the Okada Cabinet as one formed by the Navy in an effort to control the militarists. It did not consider that it was receiving proper support for its policies in North China. By means of assassination and insurrection, the extremists within the Army had cleared from their path, first the more moderate influences within the War Ministry itself, and then the Cabinet, which, though it had provided no substantial resistance to pressure from the militarists, still represented a less violent policy. On 27 February 1936, the very day after the Army insurrection had begun in Tokyo, the Japanese consulate in Amoy, China, let it be known that the purpose of the insurrection

was to replace the divided Cabinet by a military Cabinet. They said that the young military group intended to take the whole of China at one stroke and to prepare for an immediate war against the Soviet Union so that Japan might be the only power in Asia.

This was the Army's design; and these were the circumstances in which HIROTA's government took office on 9 March 1936. As SHIRATORI had suggested to a friend in November 1935, if neither diplomats nor political parties could suppress the militarists, it was better to support their policy and to endeavour to carry it out.

HIROTA AND HIS CABINET

When the new Cabinet took office on 9 March 1936, all of Okada's ministers were replaced with the sole significant exception of HIROTA himself. He had become Foreign Minister on 14 September 1933 during Saito's premiership, and had held that office for thirty months. As Japanese encroachment upon the continent of Asia continued, he had been required to deal with an increasing volume of protests from other powers whose interests were affected, and particularly from the United States. Although Japanese usurpation of sovereignty upon the continent and the wide-spread violations of the "open-door" provisions of the Nine-Power Treaty had not been rectified, he had contrived to

retain in a measure the confidence of the Western Powers. Now, in the moment of the Army's ascendancy, when other Cabinet Ministers relinquished office, HIROTA became Prime Minister of Japan. Nagano, who had led the Japanese delegation which seceded from the London Naval Conference in December 1935, became his Navy Minister. Lieutenant-General UMEZU, who had commanded the North China Army until 1 August 1935, became Vice-Minister of War. Vice-Admiral SHIMADA remained Vice-Chief of the Naval General Staff.. Arita replaced HIROTA at the Foreign Ministry; and Baron HIRANUMA, Vice-President of the Privy Council since October 1926, attained the Presidency of that institution.

Under this Cabinet the Army's scheme for a new order in East Asia became the settled policy of the Japanese government.

THE ORDINANCE REQUIRING
SERVICE MINISTERS TO BE CHOSEN FROM
GENERAL OFFICERS UPON THE ACTIVE LIST

Two months after the formation of the new Cabinet, a measure was taken which established more securely the power of the Army over successive governments. On 18 May 1936 the new government promulgated an ordinance reviving an old rule that the Navy and War Ministers must be officers on the active list of the rank of Lieutenant General or above. As events were soon to prove, this placed in the hands of the military authorities a weapon which could make or break governments

without recourse to the methods of intimidation which had led Okada to resign.

THE BASIS OF JAPAN'S NATIONAL POLICY
WAS DECIDED ON 11 AUGUST 1936

On 11 August 1936, at a conference of Five Ministers attended by Prime Minister HIROTA, Foreign Minister Arita, War Minister Terauchi, Navy Minister Nagano, and Finance Minister Baba, the fundamentals of Japan's national policy were decided. In this statement were set out in the utmost clarity the principles which were to guide Japan, both in her relationships with other nations and in completing her internal preparations for war. We may consider first the contents of the decision itself, and then the process which led to its adoption.

THE PRINCIPLES DECIDED UPON

The fundamental principle of national policy was to be the strengthening of Japan, both internally and externally, so that the Japanese Empire would "develop into the stabilisation power, nominal and virtual, in East Asia, secure peace in the Orient and contribute to the peace and welfare of mankind throughout the world". The next sentence left no room for doubt as to the nature of the development contemplated. The establishment of the national policy would consist "in securing a steady footing of (the Japanese) empire in

"the Eastern Continent as well as developing in the South Seas, under the joint efforts of diplomatic skill and national defence".

The second part of the statement was devoted to considering the situations which this policy would entail, and the steps which would be taken to meet them.

In the first place, it was realised that the policy would lead to difficulties with other powers having interests in the Orient. Therefore, Japan would "exclude the Military Rule Policy of the Powers" and would follow her own policy based on the "co-existence and co-prosperity" principles. This policy was to find more concrete definition a year later in the Five-year Programme of Important Industries. It was then said that industries requisite for national defence would be pushed forward to the Continent as much as possible "according to the principle of right work in the right place", and that Japan "should pick out the most important resources, should ingeniously take the initiative in economic exploitation of North China, and should make efforts to secure its natural resources". Such a policy was in open conflict with the provisions of the Nine-Power Treaty of 1922.

The second principle laid down in August, 1936, was implicit in the first. "In order to secure the stability of our Empire and to safe-guard its development so as to acquire the position of the real stabilisation power in East Asia, nominally and virtually,

"we are to complete our defensive armament". This statement also was to receive concrete definition in the Army's plans of 1937.

The third principle made clear the relation of the first two to practical policies. Japan "should strive to eradicate the Russian menace on the North, in order to realise a steadfast development of Manchuria, and for the solid defence of both Japan and Manchuria". Japan "should also be prepared for Britain and America, attempting at the same time an economic development by the close cooperation of Japan, China and Manchuria". Nevertheless, in achieving her objects, Japan "should always be careful to hold most amicable relations with the Powers".

The same note of caution was sounded in the fourth and final principle. "For the furtherance of our plan to achieve the social and economic development of our Empire toward the South Seas, especially in the outer South Seas Islands Areas, we should take a gradual and peaceful measure, always avoiding to stimulate other nations, and try to fulfil our national strength correlative with the completion of Manchuria".

THE MEASURE OF THE PREPARATIONS

FOR WAR DEMANDED BY

THE 1936 DECISION

In the final portion of the 1936 policy statement, the balance of military and diplomatic function was worked out. Defence armament would be completed.

The measure of military strength would be that necessary "to counteract all the military forces that Russia "can furnish and employ in the Far East"; and especial attention would be paid to the completion of military strength in Korea and Manchuria so that Japan might "strike a hit at the very outset of the war upon the "Russians". Naval armaments would be strengthened to an extent sufficient to secure the command of the Western Pacific against the United States Navy.

Japan's diplomatic policy would be "to try to "prosecute the national scheme in smooth and amicable "manner", and the military authorities were charged with the duty of assisting the activities of the diplomatic organ, so that it might act fully and advantageously.

Lastly, internal policy would be determined in accordance with the basic plan. Steps would be taken to lead and unify public opinion, and to strengthen the people's will to tide over Japan's extraordinary emergency. Measures would be taken to secure their livelihoods, to develop their physical strength, and to "foster sound and healthy minds and ideas". Japanese diplomacy would be revitalised; and her systems of overseas information and publicity would be completed. Drastic progress would be made in air and sea transportation. Administrative and economic agencies would be created to advance and further trade and industry essential to the national policy. The establishment of a programme for self-sufficiency in important resources and materials would be expedited.

THE SIGNIFICANCE OF THE AIMS
EXPRESSED IN THE 1936 POLICY DECISION

The statement of basic national policy which the Five Ministers adopted on 11 August 1936 expressed Japan's determination, not only to achieve the domination of East Asia, but also to extend her influence southwards. This expansion to the south would, if possible, be achieved peacefully; but the threat of military strength would be used to ensure diplomatic victories. It was recognised that Japan's designs upon the continent would lead to an almost certain collision with the U.S.S.R., and would also lead inevitably to disputes with other nations having interests in the Orient. Among such powers must be numbered all the signatories to the Nine-Power Treaty of 1922, and most notably Great Britain and the United States. It is apparent that Japan's determination to substitute her own principles of "co-existence and co-prosperity" for the "existing military rule policy of the powers" meant merely that the rulers of Japan were bent upon the economic and industrial exploitation of Manchuria and the rest of China in violation of Japan's obligations as a signatory to the Nine-Power Treaty.

It was frankly acknowledged that this policy could succeed only if backed by a vast plan of mobilisation for war. It was agreed that the goal of naval expansion should be a force large enough to secure to

Japan the command of the Western Pacific against the United States Navy; and that the goal of military expansion must be the creation of a fighting machine strong enough to inflict a crushing blow upon the strongest force which the Soviet Union could deploy upon its Eastern borders. It was recognised that these objectives in turn demanded the institution of a comprehensive programme for industrial development and self-sufficiency; and that every phase of the lives of the Japanese people must be so directed and controlled as best to prepare them to play their parts in a period of expected national emergency.

THE ORIGINS OF THE
NATIONAL POLICY DECISION

This basic national policy decision, which proved to be the corner-stone in the whole edifice of Japanese preparations for war, originated not with HIROTA's Cabinet as a whole, but in the War and Navy Ministries. On 30 June 1936, War Minister Terauchi and Navy Minister Nagano agreed in conference upon a draft proposal which corresponded in every material respect with the statement finally adopted by the Conference of Five Ministers on 11 August 1936. There were certain differences in emphasis; and in these cases the blunter wording of the two service ministers served to show more clearly the intentions of the policy-makers. Where the final draft spoke vaguely of securing a steady footing in Asia and developing in the South Seas, the service ministers had stated categorically that Japan's

guiding principle must be to realize the spirit of the "Imperial Way" by following a consistent policy of overseas expansion.

Upon the same day, 30 June 1936, Terauchi and Nagano laid their plan before HIROTA, Arita and Baba, their colleagues in the Five Ministers' Conference. Finance Minister Baba, agreeing that the military rule policy of the Powers should be ousted from the continent of Asia, thought fit to remark that it was essential for Japan herself not to practice a militaristic despotism. Foreign Minister Arita laid stress upon the need, in existing international circumstances, for retaining the goodwill of Great Britain and the United States; but had otherwise no objections to the draft proposal, the sentiment of which he found to be in keeping with his own concept of Japanese foreign policy. Prime Minister HIROTA said that he had no fault to find with the proposal; and the meeting adjourned leaving it to the Army or Navy to draw up a concrete plan.

The Five Ministers met again on 7 August 1936, and approved the plan in its final form. Four days later, on 11 August 1936, these decisions were reiterated and embodied in an official statement signed by each of the five ministers concerned.

THE ANTI-COMINTERN PACT

It may here be noted that, several months before the Five Ministers' Conference of June and August 1936, another Army design of major importance had been adopted by HIROTA's government. In October 1935, informal discussions for a Japanese-German alliance had been instituted by OSHIMA, the Military Attache in Berlin, with the approval of the Army General Staff. In the spring of 1936, after HIROTA had become Prime Minister, Ambassador Mushakoji had returned to Berlin; and thenceforward had himself conducted the negotiations. After protracted discussions between von Ribbentrop and Mushakoji, the Anti-Comintern Pact was initiated by them in Berlin on 23 October 1936. On 25 November 1936 the treaty was ratified by the Japanese Privy Council.

ECONOMIC AND INDUSTRIAL PREPARATIONSFOR WAR UNDER HIROTA

The transactions of the HIROTA Cabinet, both before and after the redefinition of the basic national policy, accorded closely with the principles set out in that decision. Great strides were being made in consolidating Japanese control of Manchuria and North China. While the Kwantung Army exercised control in Manchuria itself, in Japan the civil authorities were working towards the establishment of a nominally independent satellite state whose national policy Japan would dictate and whose natural resources Japan would be free to exploit. The Japanese-Manchukuoan Treaty, signed

on 10 June 1936, marked the virtual attainment of this aim.

Two days later Cordell Hull, the United States Secretary of State, advised a representative of the Japanese Foreign Ministry that the impression had been created that Japan sought absolute economic domination, first of East Asia, and then of such other areas as she thought fit. This, said Hull, would in the end mean political and military domination as well.

On 11 August 1936, at the very conference which settled the fundamentals of Japanese national policy, the "Second Administrative Policy towards North China" was also approved. Its main purpose was to set up an anti-communistic, pro-Japanese and pro-Manchurian area in which Japan would secure materials necessary for her programme of preparations for war, and in which she would also improve transportation facilities in case of war with the Soviet Union.

While the Army on the Continent was securing new sources of materials and new avenues of industrial expansion, steps were being taken to develop a new war-supporting economy in Japan. The assassination of Finance Minister Takahashi during the February 1936 Army insurrection, and the subsequent formation of HIROTA's Cabinet, marked a turning-point in the financial policy of the Japanese government. The nation now embarked upon a series of financial measures emphasizing state control of the national economy for political purposes.

The new policy was designed to accommodate a sweeping programme of industrial expansion. From this time onwards the government issue of National Loan Bonds was steadily increased to make provision for enormous budget outlays; and little consideration was paid to the principles of sound financing. In January 1937 the transactions involving foreign exchange were made subject to government licence, and expenditure of foreign assets was virtually confined to the purchase of commodities essential to the war-supporting industries.

On 29 May 1936, a law was passed for the express purpose of establishing the production of automobiles "in order to adjust the national defence and the nation's industry". Prior to this date the automobile industry was virtually non-existent, nor was it an economically sound proposition. Yet its development under strict governmental control was now fostered with the aid of state subsidies and sweeping tax exemptions.

Japan's merchant shipping fleet was also being rapidly increased under government subsidy. The third "scrap and build" programme was inaugurated during HIROTA's term of office. Together with the programme of the previous year, it produced 100,000 new gross tons of shipping, giving Japan at the end of 1936 the most modern merchant fleet, in proportion to size, of any nation in the world.

PLANS FOR CONTROL OF PUBLIC OPINION
IN TIME OF WAR

On 20 May 1936, the War Ministry produced that portion of its General Mobilization Plan which dealt with intelligence and propaganda activities before the outbreak of war and during its initial phases. The plan provided that, if war became imminent, an Intelligence Bureau would be created to give effect to the government's policy of publicity and propaganda. The scope of the activities of this bureau, and the methods of its functioning, were set out in minute detail. Its task would be to guide and to control every form of communication to the public, and to utilize every medium of public expression to promote the policy approved by the government.

NAVAL PREPARATIONS

While HIROTA was Prime Minister, the Navy was not less active than the Army in promoting the national mobilisation for war. The two service ministers had acted in conjunction in preparing their statement of basic national policy, and in supporting it before the Conference of Five Ministers. It was, indeed, the Navy Minister, Admiral Nagano, who sponsored the new statement of policy before the conference; and it appears from his remarks that the concrete plan, as finally approved on 11 August 1936, was drafted in the Navy Ministry.

This was the year of the Navy's emancipation from all obligation to limit her naval armaments; for the Washington Treaty expired on 31 December 1936.

With Japan's earlier expansionist schemes the Japanese Navy had had little direct concern. Now for the first time it was assigned a major role, namely that of securing the command of the Western Pacific Ocean against the United States fleet. The policy of naval expansion to which Japan thus committed herself had commanded a growing volume of support since the year 1930. It is therefore appropriate to the topic of preparations for war to review at this point the steps by which Japan had abandoned the system of limitation of naval armaments through international agreement.

JAPAN'S RIGHTS AND OBLIGATIONS
UNDER THE TREATIES FOR NAVAL DISARMAMENT

The United States, Great Britain, Japan, France and Italy were parties to the Treaty for the Limitation of Naval Armaments signed at Washington on 6 February 1922. Articles IV and VII of that treaty had declared respectively the total tonnage of capital ships and of aircraft carriers which might be maintained by each of the signatory powers, the limitation being based upon the defensive needs of the power concerned. In both cases the upper limit for Japan was 60 per centum of that permitted to the United States or Great Britain. A limitation had also been placed upon the calibre of the guns which might be mounted on these and other classes of vessels -- 16" in the case of capital ships and 8" in the case of aircraft carriers. The treaty was not to expire before 31 December 1936, and was to remain in force until the expiration of two years from the giving of notice by one of the contracting powers of intention to terminate it. All the signatory powers were to meet within one year from the giving of such notice.

The United States, Great Britain and Japan, together with India and the British dominions, were also parties to the Treaty for the Limitation and Reduction of Naval Armament signed at London on 22 April 1930. This treaty had not abrogated the Treaty of Washington, but had provided for a further reduction and limitation within the framework of the older treaty. Provision had

been made for limitation of the permissible displacement of aircraft carriers and submarines, and of the calibre of the weapons carried by them. Detailed tables had also been provided, setting out the total tonnage of surface vessels, other than capital ships and aircraft carriers, which might be maintained by each of the signatory powers--the limit for Japan being approximately 70 per centum of that permitted for the United States or Great Britain. The third important provision had been that each signatory should communicate to the other signatories certain information upon the laying down and upon the completion of each vessel of war. In addition, the agreement had involved the scrapping of certain capital ships, and this provision had been manifestly favourable to Japan. The provisions as to aircraft carriers were to remain in force for the same period as the Treaty of Washington; but in other respects the treaty was definitely to expire on 31 December 1936. A new conference was to be held between the signatory powers during the year 1935.

In evaluating the advantages which the London Treaty offered to Japan, weight must be given to the views of Takarabe, the Navy Minister during 1930. It had, he said, been considered essential for the Navy to have 70 per centum of the strength maintained by the probable potential enemy, and Japan had attempted to maintain this ratio in capital ships at the Washington Conference. Finally this aim had been abandoned, and Japan

had acceded to a ratio of 60 per centum. She had, however, attained her two other major aims, namely 70 per centum in strength of cruisers with 8" guns, and her present strength in submarines. At the London Conference every effort had been made to gain the third major aim, namely 70 per centum in total tonnage; and this aim had succeeded.

While it was indeed true that the ratio of Japanese to United States cruisers with 8" guns would, under the provisions of the London Treaty, fall from 70 per centum to 60 per centum, there were compensations in the increased ratio of less formidable ships allotted in Japan. Above all, said Takarabe, the treaty was a bid for friendly relations with the United States, and had saved Japan the possible predicament of an armament race with that country. The Prime Minister, Hamaguchi, had echoed this sentiment, admitting that some aspects of the agreement were not entirely satisfactory, but pointing out that Japan would in any case be free to build again after 1936.

Although Prime Minister Hamaguchi, his Navy Minister and his Cabinet had championed the treaty, it had not been ratified without considerable opposition. Thirteen stormy sessions of the Investigating Committee of the Privy Council had debated the question between 18 August and 26 September 1930. An open rift had developed between Cabinet and Privy Council; and also, it appeared, between Cabinet and the Naval General Staff, of which Nagano was then Vice-Chief. Hamaguchi, when taxed with disregarding the

advice of his service chiefs, had answered pacifically that the views of the military had been considered, but that the matter of concluding treaties should be decided by the Cabinet. As the discussions had progressed it had become more apparent that there was a line of cleavage between those who placed reliance upon friendly international relations, and those who advocated armaments sufficient to confront the United States or any other power intervening in Sino-Japanese affairs with a Japanese preponderance of strength at the scene of conflict. The latter view had been well represented by one Councillor who had said that the military system was characteristic of Japan; that the United States would attempt to drive Japanese influence out of China and Mongolia; and that military strength must therefore be supplemented. Japan's importance in the world, two Councillors had said, lay in her military power alone.

On 1 October 1930, the London Treaty had been ratified by the Privy Council, Hamaguchi and Takarabe expressing the views attributed to them above. Great public interest, speculation and unrest had been aroused. HIRANUMA, as Vice-President of the Privy Council, had attended every meeting.

THE PERIOD OF GROWING OPPOSITION
TO THE NAVAL TREATIES

The minority, which had in 1930 opposed the ratification of the London Treaty, in time became a majority; and under the two "navy" Cabinets of Saito and Okada, opposition to the

treaty restrictions had gathered strength.

On 15 September 1933, while Saito was Premier, Ambassador Grew had reported to Washington a growing dissatisfaction with the restrictions imposed by the London Treaty. Ever since its ratification, he said, and especially during the preceding twelve months, Japanese naval leaders had insisted that Japan must demand parity, or at least a great increase in relative tonnage at the Conference to be held in 1935. They had built up a feeling of resentment and contempt for anything connected with the treaty. The assassinations of Hamaguchi and Inukai and the intimidation of other statesmen were due in part to their defence of it. The retirement of Takarabe and other senior naval officers had been attributed to the support which they had given to the treaty.

Grew emphasized that public opinion in Japan was now bitterly opposed to any form of limitation of armament, and that the new policy of the United States in building towards the treaty limits had served only to incite the feeling aroused. Japanese naval leaders now faced the dilemma of entering with unequal resources upon a naval armament race, or of braving the public opinion which they themselves had fostered.

At this juncture the Saito Cabinet had held office for eighteen months. ARAKI, War Minister in this and the preceding Cabinet, had dealt cautiously with the question, conceding that the

Washington and London Treaties had saved public money, and had prevented competitive rearmament and the development of new weapons. He had, nevertheless, made it clear that Japan considered the provisions of these treaties outmoded, and that she would demand a change in ratios at the next conference.

The day before Grew's report was written, HIROTA became Foreign Minister of Japan, and a Supreme War Councillor. Just over a year later, on 17 September 1934, HIROTA informed Grew that Japan had definitely decided to give notice before 31 December 1934 of her intention to terminate the Washington Treaty. In the interval the Amano statement had been made and Faito's Cabinet had been replaced by that of Okada.

THE POLICY OF THE

COMMON UPPER LIMIT, 1934

The London Treaty, 1930, had provided for a meeting of signatories in 1935 to frame a new treaty. In July or August 1933, Vice-Admiral Takahashi, Vice-Chief of the Naval Staff under Prime Minister Faito, had said frankly, "We are going to the Conference in 1935 with a demand for parity. If our demand is rejected, we shall return home".

In October 1934 when Japanese representatives met British and American delegates at London for preliminary discussions, this was the stand they adopted. They were convinced, they said, that a common upper limit, within which all powers might build, but which no power might

exceed, was the only way in which to secure equality of security. They would favour a limit fixed by agreement at as low a level as possible. In particular, they would favour total abolition or a radical reduction in the strength of aircraft carriers, capital ships and cruisers with 8" guns. These vessels they regarded as being peculiarly offensive in nature. Submarines, on the other hand, they regarded as essentially defensive weapons, owing to their comparative unseaworthiness and relatively short range. If the provision of the London Treaty prohibiting their use in attacking merchant vessels could be made universal, the offensive character of submarines would, they thought, be ended.

This proposal was designed to enhance Japan's naval power in comparison with that of the United States. In 1933 the United States had inaugurated a new naval policy, building towards, but still keeping considerably below, the limit prescribed by the Washington and London Treaties. The proposal for a general reduction to a relatively low common upper limit would have required the leading naval powers, having navies larger than the limit fixed, to scrap or sink many ships. Therefore, the practical effect of the Japanese proposal would have been the sacrifice of a portion of the American fleet, and of the whole of the results achieved by its building programme, with no corresponding sacrifice on the part of Japan.

Again, it has already been noted that, under

the provisions of the London Treaty, Japan had successfully claimed an increased ratio in total displacement at some expense to her proportionate strength of cruisers with 8" guns. The provisions of the Washington Treaty still operated to keep her comparative strength in capital ships and aircraft carriers at the lower level. Therefore, the three types of naval vessel, the total abolition of which Japan was disposed to recommend, were those in which she was proportionately weakest.

Finally, it was apparent that since 1930 Japan had revised her views concerning the role of submarines. One Privy Councillor, vehemently opposing the ratification of the treaty, had then said that what the United States feared most was submarines; and that, as long as Japan possessed submarines, she had nothing to fear from the United States. Navy Minister Takarabe had made a special point of his government's success in retaining its submarine strength at the existing level. This had constituted one of the three great principles of Japan's naval policy.

In October 1934, while the London discussions were in progress, the Japanese government had issued an official statement for the guidance of public opinion. It was there stated that Japan's experience with the League had shown

that a just claim was not always recognized at an international conference. As the maintenance of Japan's naval strength was the basis of the peace of East Asia, her future depended upon the fortunes of her navy. Therefore the people must be put upon their guard against foreign propaganda. Even if the Japanese claim should not be accepted, and no agreement should be reached, this would not necessarily mean the beginning of a naval construction race; and even should such a race ensue, the authorities were confident that Japan's position could be maintained by independent measures.

The preliminary discussions had terminated on 19 December 1934 without achieving any measure of agreement. On the same day the Japanese Privy Council had unanimously approved the government's decision to abrogate the Washington Treaty, and on 29 December 1934 had given to the United States notice of Japan's intention so to do. An unsuccessful attempt had previously been made to persuade Great Britain to join in this step, so that Japan might avoid the embarrassment of unilateral action.

WITHDRAWAL FROM

THE LONDON CONFERENCE 1935

On 7 December 1935, a naval conference, called in pursuance of the Washington and London Treaties, and attended by the delegates from the five powers signatory to the Washington Treaty, had opened in London. The United States delegation had proposed an all-round quantitative

reduction of 20 per centum in each category of naval vessels upon the basis of existing ratios, and had also been prepared to discuss qualitative limitations, particularly limitations in the calibre of weapons. The chief Japanese delegate, Nagano, had in reply reiterated that public opinion in Japan no longer supported the Washington Treaty, and had reaffirmed his country's insistence upon the common upper limit. The American delegation had pointed out that over-all parity would mean overwhelming Japanese superiority in the Pacific, while the existing treaty system provided equality of security for all signatory nations. Therefore the Japanese demands, if persisted in, could lead only to competitive naval construction. The Japanese delegation had made no substantial attempt to answer these objections, saying merely that, in their country's view, while the United States Navy was superior in strength, it menaced Japan's very existence.

Despite an American suggestion that the provisions of the Washington Treaty should endure until a new agreement could be reached, and despite British attempts to reach an agreement on qualitative limitations, Japan had insisted that the parity issue must first be determined. Accordingly, on 15 January 1936, the principle of the common upper limit had been discussed in plenary session. As no other delegation had offered any support for the proposal, the Japanese delegation had formally withdrawn from the Conference.

Thus in 1934 and 1935, when Okada was Premier and HIROTA his Foreign Minister, the way had been cleared for naval rearmament. In August 1936, the Conference of Five Ministers had decided upon the creation of a navy sufficiently strong to secure the command of the Western Pacific against the United States fleet; and, in so doing, had confirmed American fears that the abandonment of the existing treaty system could lead only to competitive naval rearmament.

NAVAL EXPANSION UNDER HIROTA

In December 1936, the month of the expiry of the Washington Treaty, the Chief of the Naval Affairs Bureau was able to report--in a speech which was not for publication--that the armaments and materials of the Japanese Navy were making rapid progress from day to day. Vice-Admiral Toyoda warned his audience that the new construction programme would involve heavy capital expenditure. Appropriations for this purpose should not, he said, be grudged, although detailed accounts would not be furnished. It would be unprofitable for Japan to let other powers know too early the future building policy of her Navy.

The new programme, which HIROTA's Cabinet had instituted, bore fruit in the following year;

for in 1937 the increase in Japanese naval construction figures was the greatest for any year between 1931 and 1945.

But, to secure command of the Western Pacific, the Navy needed bases as well as fighting ships. Japan's mandated South Seas Islands--the Marianas, the Marshalls and the Carolines--which covered the whole area of the central western Pacific became, on 20 January 1937, subject to naval administration.

THE HISTORY OF THE MANDATED ISLANDS

Under the provisions of the Treaty of Versailles, Japan received under Mandate from the League of Nations these three widely-scattered island groups, which she administered through the agency of the South Seas government with headquarters at Palau. Under the provisions of the League Covenant there was imposed upon the mandatory the duty of preventing the establishment of fortifications or military and naval bases; and by virtue of a treaty signed at Washington on 11 February 1922 relating to Pacific possessions, Japan had undertaken this same obligation in relation to the United States.

The Japanese Mandated Islands were served by the Nippon Yusen Kaisha Steamship Company, which, from the year 1933 onwards, had followed a policy of excluding foreigners from its service to the islands. On 28 March 1933, when the "navy" Cabinet of Saito was in power, this company had advised its Honolulu office that bookings should be

refused to foreigners, and that persistent applicants would be given passage only after approval had been secured from the proper authorities in Japan.

THE FORTIFICATION OF
MANDATED ISLANDS BEFORE 1936

There are indications that the building of naval installations in the mandated islands area was begun in 1932 or 1933, and that these beginnings were contemporaneous with the new policy of exclusion of foreigners. By 1935 at the latest, an airstrip and a naval air base were under construction upon the island of Saipan in the Marianas. This island, the largest of the Mariana group, is situated approximately 200 miles northward from the American island of Guam.

During the latter half of 1935, steps were taken to intensify the restrictions placed on foreign travel in the South Seas Islands. The Japanese steamship company on 14 October 1935 again advised its Honolulu branch that every effort was being made not to accept passengers for voyages into this area. In any exceptional case full details concerning the intended passenger should be furnished to the South Seas Islands government, which would reach a decision only after consultation with the Foreign and Navy Ministries. Experience had indicated that in most cases the application would be refused.

Twice more in October and November 1935 these instructions were repeated. It was

stipulated that all problems concerning the South Seas line should be handled only by Japanese, and that correspondence should be written only in Japanese. Refusal of bookings would be attributed to poor standards of accommodation and irregularity in sailing times. Approval in any given case would rest with the Navy Minister and with Foreign Minister HIROTA.

SECRECY IN THE MANDATED ISLANDS

MAINTAINED

DURING THE PERIOD OF THE HIROTA CABINET

In June 1936, when HIROTA's government was three months old, the American Secretary of State advised Grew that grave suspicions were entertained as to harbour developments or fortifications in the Mandated Islands. It was pointed out that Japanese vessels had been permitted to visit closed ports in Alaska; and the American Ambassador was instructed to seek permission for a United States destroyer to visit the Japanese Mandated Islands. Grew made the request, as on his own initiative, to HIROTA himself. The Prime Minister professed to be well-disposed, but to have no knowledge of the question. It was later indicated to Grew that a decision rested with the Overseas Affairs and Navy Ministries. No permission was forthcoming, although Japan and the United States had, in 1922, agreed to extend to each other the usual comity in visiting the harbours and waters of their respective mandated islands.

On 28 July 1936, the Japanese steamship company again advised its Honolulu branch that

passengers should not be accepted for travel on the South Seas line. Further communications dated 8 April 1937 and 13 March 1939 show that the restrictions imposed were not relaxed in subsequent years.

These facts, taken together, show that, both before and after the national policy decision of 11 August 1936, Japan was making preparations for war in the South Seas area, in breach of her obligations as a mandatory. The Foreign and Navy Ministries were throughout concerned to divert attention from these developments; and in these efforts HIROTA had a full share, both as Foreign Minister and as Premier.

NAVAL OFFICERS AS ADMINISTRATORS

IN THE MANDATED ISLANDS

On 20 January 1937, while HIROTA's government was still in office, the Privy Council approved a measure permitting naval officers in active service to be appointed as administrative officials of the South Seas government without loss of seniority in the service. HIROTA himself and Navy Minister Nagano were among those who attended the Council meeting over which HIRANUMA presided. In the privacy of the Council meeting the true nature of Japan's interest in the mandated islands was declared. The reasons given for the measure were that the South Seas islands had come to hold an important position in the defence of the Empire; and that, in view of the international situation and of the

many installations in the islands concerned with navigation routes, harbours, roads, aviation and communications, special attention must be paid to the convenience and military circumstances of the Navy.

POSITIONS OF ACCUSED

UNDER HIROTA

It has been seen that the period of HIROTA's premiership, which lasted from 9 March 1936 to 1 February 1937, was one of active planning and preparations for war, which originated with the War and Navy Ministries, and which involved the other principal departments of government in the execution of the long-range planning.

Among the most important office-holders at this time was Lieutenant-General UMEZU, who became, on 23 March 1936, Vice-Minister of War. This office he retained during the Premierships of HIROTA, Hayashi and Konoye until 30 May 1938. Under HIROTA, he held, in addition, many subsidiary appointments, which might serve as an index of the Army's interests at that time. He was a Councillor of the Manchurian Affairs Bureau, of the Cabinet Investigation Bureau, and of the Information Bureau. He was a member of the commission appointed to investigate the affairs of the automobile industry, and a member of the Council for Educational Reform. He was in charge of the War Ministry's affairs in the Imperial Diet.

KIMURA, appointed Major-General on 1 August 1936, was Chief of the Control Section of the Mobilisation Plans Bureau. On 20 May 1936

his Bureau had produced the mobilisation plan for control of public opinion in time of war or emergency. Lieutenant-Colonel MUTO was a staff member of the Military Affairs Bureau until 19 June 1936; and Colonel SUZUKI was attached to that office until 1 August 1936.

ITAGAKI, who was appointed Lieutenant-General on 28 April 1936, had been Vice-Chief-of-Staff of the Kwantung Army since 10 December 1934. From 23 March 1936 to 1 March 1937, he was that Army's Chief-of-Staff, and, in addition, a Member of the Japanese-Manchukuoan Joint Economic Committee. He was therefore intimately connected with the progress, during HIROTA's term of office, of Japanese military and economic preparations in Manchuria and in the provinces of North China. HOSHINO, who, since 1 July 1934, had been a section chief, in the Finance Ministry of Manchukuo, became, on 9 June 1936, the Vice-Chief of that Ministry.

Vice-Admiral SHIMADA was Vice-Chief of the Naval Staff from 2 December 1935 to 1 December 1937, during which period the Navy had contributed to the national policy decision of August 1936, had achieved control of the mandated islands, and had instituted a new policy of naval expansion. Captain OKA was, until 1 December 1936, a member of the Naval General Staff, and an observer in the Navy Ministry .

During HIROTA's term of office, KAYA was in charge of the affairs of the Finance Ministry in the Diet, and was also a Councillor of the Manchurian Affairs Bureau. On 2 February 1937,

when Hayashi replaced HIROTA, KAYA became Vice-Minister of Finance.

HASHIMOTO AND THE GREATER JAPAN

YOUNG MEN'S SOCIETY

In August 1936, a few days after the basis of Japan's national policy had been decided, Colonel HASHIMOTO was placed on the Reserve List. He embarked immediately upon the task of founding a new society, the aims of which he expounded in speeches and in pamphlets during the latter half of 1936.

HASHIMOTO based his doctrines upon the two traditional precepts of Kodo and Hakko Ichiu. For, said HASHIMOTO, the first step in unifying the world was to unify the people of Japan itself directly under the Emperor. To achieve the renovation the blood and enthusiasm of young men were required: and it was the purpose of the Greater Japan Young Men's Society to supply this need. Young men would become the framework of the New Japan, and would unite the entire strength, moral and physical, of the Japanese race in the spirit of Kodo or loyalty to the Emperor.

It has been seen that in the period under review the history of the Army was one of defiance of the civil power. Statesmen and governments had been removed by intimidation, assassination and insurrection when their policies were in conflict with those of the Army. Now in 1936, with HIROTA as Premier, the Army had established a settled ascendancy over a Cabinet in office. HASHIMOTO had taken this process a further step, building for a day when there would be one party only,

the Army party, and when the rulers of the Army would no longer be encumbered by the forms of democratic government. The immediate goal of totalitarianism was symbolised in the idea of Kodo; the ultimate goal of world domination in the idea of Hakko Ichiu.

And here may be reviewed the steps which had already been taken to prepare the minds of the Japanese people for war and for military rule.

THE HISTORY OF MILITARY TRAINING IN SCHOOLS AND UNIVERSITIES

As early as 1886, military training and lectures had been instituted in the elementary, secondary and normal schools of Japan; and after the Japanese-Chinese War of 1896 regular Army officers had conducted the training. After the 1914-18 War, little attention was paid to the matter for some years; but from 1922 onwards the War Ministry detailed officers to supervise the teaching.

During 1925 and thereafter the War and Education Ministries worked in conjunction to ensure that male students received training. On 23 April 1925, it was ordained that military officers of active service status should be stationed in schools. They would, by agreement between the War and Education Ministries, be posted to teacher's training institutions, to all types of public and governmental schools, and, upon request, to private schools. They would be under the supervision and orders of

the school authorities; but they themselves remained the servants of the War Ministry, which was given the right to inspect the actual conditions of training in the schools. A year later, in September 1926, the War Ministry organised an inspectorate which was required to furnish reports upon the work being carried out.

In April 1926 the Education Ministry created a new teaching organization designed to cater for youths of seventeen to twenty-one years of age, who had received no formal schooling. The course, which was of four years duration, included subjects of general and vocational value; but one half of the total hours of instruction were specifically set aside for military training. In the month of their foundation, provision was made by the War Ministry for inspection of the military drills carried out at these youth schools.

By the year 1927, military training was compulsory throughout the whole school system; and from 1925 to 1930, the amount of school time devoted to this type of instruction was steadily increased.

In the universities, classes in military subjects were obligatory from the year 1925; though the obligation was not, at first, strictly enforced. Actual military training remained upon a voluntary basis; but, as university students who attended both classes and parades were subsequently exempted from two out of three years of compulsory military service, there was a strong inducement to secure attendance.

Shortly before the Mukden Incident occurred students were taught that Manchuria was Japan's lifeline, upon the control of which depended the establishment of a stable economic order. With the outbreak of war in Manchuria lingering opposition to the military training programme was lost in the new spirit of ultra-nationalism which the military teaching inspired. From 1931 onward the military instructors, though nominally subordinate to the school and university authorities, achieved an increasing measure of independence and domination.

After the military operations in Manchuria had subsided, time devoted to military subjects decreased a little; but it received a new impetus in 1936, when HIROTA's government was in power. The training consisted of drilling, physical culture and war games. The textbooks used in the schools dealt with Japanese military history, and were designed to foster enthusiasm for the fighting services among the students.

THE HISTORY OF CENSORSHIP AND
THE DISSEMINATION OF PROPAGANDA

Freedom of the press had always been limited in Japan. The enforcement of censorship under existing laws was a task for the Police Bureau, which was controlled by the Home Ministry. The police enforced the censorship laws in connection with every form of public expression; and they were particularly concerned to control expressions of opinion which were in conflict with governmental policy.

All material for speeches and public entertainment was subject to their approval. Any material which was in their opinion objectionable was suppressed; any individual or society which disobeyed their ruling was punished under the provisions of the Preservation of Peace Law of 1925. There was, in addition, a security police organization, created in 1928 to watch over subversive elements of the extreme right and left. From 1931 onwards these "High Police" kept watch on everybody who opposed the policy of the government in power, and on every public expression of opinion. Enforcement of censorship became accentuated before the outbreak of war in Manchuria, and during the same period government-inspired propaganda was disseminated through the newspapers. Beginning in 1930, authors, speakers, and editorial writers were united in a concerted effort to prepare public opinion for war in Manchuria, and, by the end of that year, steps were being taken to suppress all who opposed this policy.

From 1931 onwards the Army had exercised an unofficial censorship of its own. Any writer or publisher, whose work was deemed by the Army to be unsatisfactory, received personal visits from Army representatives, who advised him that he had incurred the Army's disfavour. Such threats and warnings were also issued by the various patriotic societies, whose activities have been mentioned in connection with the war in Manchuria.

After the Manchurian war, the government and the Army launched an organised campaign to justify Japan's position on the continent, and to stifle criticism at home. Material dealing with military matters could be printed only after it had been approved by the Police Bureau of the Home Ministry. From 1935 onwards the press was completely under the domination of that Ministry.

At the instigation of the Army, and in contemplation of the outbreak of war, the Information Bureau was established by the HIROTA government during 1936. Its task was to coordinate, on behalf of all Ministries, the control of information and the dissemination of propaganda. It provided the government with a ready means for carrying out the 11 August 1936 national policy decision to lead and unify public opinion, and to strengthen the people's determination to tide over "Japan's extraordinary emergency."

HASHIMOTO'S POLICY IN 1936

HASHIMOTO, while engaged in founding his Greater Japan Young Men's Society, was, in all his writings and utterances, preparing Japanese public opinion for war. He advocated, in terms less guarded than those the Five Ministers had used, expansion in the south, and especially in the Netherlands East Indies. He recognized in the British Navy the chief obstacle to his plan; and warned Japan that great resolution would be needed. He extolled the superior

qualities of the Japanese race, whose mission it would be to end the tyrannical rule and the oppression of the white race.

Later in 1936, HASHIMOTO published the declaration, which embodied the aims of his new society. In this document, he said that Japan should increase her armaments to the amount absolutely necessary for conquering other countries of different principles that tried to hinder her from achieving the "Imperial Way." The essence of rearmament, he added, should be the realisation of an invincible air force.

THE POLITICAL CRISIS

OF JANUARY 1937

Meanwhile the programme of economic and military expansion to which the HIROTA government was now committed, had met with a mixed reception; and a struggle had developed between the militarists and their remaining opponents. The Cabinet had incurred, on the one hand, the opposition of the Seiyukai party, which accused it of bureaucratic tendencies, and of undue pandering to the military; and, on the other hand, that of the Army faction, which would now tolerate the expression of no viewpoint other than its own.

On 20 January 1937, a mass meeting of the Seiyukai party published a declaration criticising the diplomatic and administrative policies of the HIROTA government. They expressed their intention of strengthening parliamentary institutions, and of subjecting

all government measures to careful scrutiny. In particular they attacked the militarists, in whom they recognised the qualities of self-complacency and of a superiority complex. They declared that the military wished to interfere in every sphere of state function; and said, that if this evil were permitted to grow, the people's will would be thwarted, constitutional government would become nominal, and the tyranny of a small group would be introduced.

This challenge the Army authorities took up immediately in a statement no less extravagant in its terms than those which HASHIMOTO had used. The twin themes of Kodo and Hakko Ichiu formed the basis of their reply.

The political parties were accused of making it their sole business to attack the military authorities, without reflecting upon their own conduct. It was said that their policy could not satisfy the Japanese people, since it would confine them to the islands of Japan. It would mean that Japan could not become the stabilizing force in East Asia. It would be the end of the programme of wholesale administrative reform. The statement recommended the abolition of the present state of Parliament, and a return to a form of constitutional government which would clarify the national polity, develop industry, complete national defence, stabilise living conditions, and steadily dispose of important questions.

In short, the Army recognised that everything it had achieved under HIROTA was now at stake.

THE DOWNFALL OF THE HIROTA CABINET
AND THE FAILURE OF UGAKI TO FORM ONE

Two days later, on 22 January 1937, the War Minister, Terauchi, resigned from the HIROTA Cabinet, saying that the views of some Cabinet members differed fundamentally from those of the Army. In the circumstances he believed it to be absolutely impossible to enforce military discipline, the completion of national defence, and the all-out administrative reform to which he had devoted his utmost efforts since taking office.

The terms of the War Minister's resignation implied clearly that no other general would accept that portfolio in the HIROTA Cabinet; and no time was spent in looking for one. On 24 January 1937, the Imperial Mandate to form a new Cabinet was offered to General Ugaki, who was ultimately forced to decline it. Before doing so he spent at least four days in a determined, but fruitless, attempt to find a War Minister.

By long-established practice the nomination of a new War Minister rested with a triumvirate composed of the outgoing War Minister, the Chief of the Army General Staff, and the Inspector-General of Military Education. On 25 January 1937, Ugaki called upon General Terauchi, the outgoing War Minister, to

nominate his successor. Terauchi told Ugaki that the Army would not dare to prevent the formation of a Cabinet by him; but asked him to reconsider his own position in relation to the maintenance and control of the Army. The next day General Sugiyama, Inspector-General of Military Education, called upon Ugaki, and, after outlining the position in the Army, again tried to dissuade him from attempting the formation of a Cabinet. That afternoon the Triumvirate met, and submitted the names of three generals, each of whom declined appointment as War Minister. The Triumvirate thereupon decided that the other eligible generals would also refuse the position, and Terauchi advised Ugaki accordingly. All this was reported to ex-soldiers' associations by Lieutenant-General UMEZU, Vice-Minister of War, who explained that, as General Ugaki did not command the Army's confidence, it was considered that no one was able, as War Minister in an Ugaki Cabinet, to bear the heavy responsibility of controlling the Army.

Two days later Ugaki had still not given up hope. On 27 January 1937, UMEZU gave a talk commenting upon the deadlock, and expressing the hope that Ugaki would decline the Mandate peacefully. This, of necessity, Ugaki did; and the Imperial Mandate was thereupon given to General Hayashi. The HIROTA Cabinet resigned on 1 February 1937, and Hayashi took office the following day.

The protest of the Seiyukai party on 20 January 1937 against the increasing control of the military men over aspects of the government of Japan was almost the last serious attempt made by a political party in Japan to arrest this pernicious process. It had done no good. It had merely formed the occasion for a demonstration by the military of the fact that without their willing cooperation a cabinet could not continue to exist, nor could a new cabinet be formed. It had demonstrated also that the military now felt strong enough to refuse to cooperate in the government of Japan except with a cabinet which was agreeable to them.

THE COMPOSITION OF THE

HAYASHI AND FIRST KONOYE CABINETS

After emerging victoriously from this trial of strength, the Army proceeded steadily with its industrial planning. Hayashi's term of four months as Prime Minister is remarkable for nothing but the steady fruition of the plans the Army had made in 1936. HIROTA himself went out of office; but Lieutenant-General UMEZU, who had upheld the Army's standpoint during the Ugaki crisis, remained Vice-Minister of War, KAYA, who, under HIROTA, had been in charge of the affairs of the Finance Ministry in the Diet, now became Vice-Minister of Finance. Vice-Admiral SHIMADA remained as Vice-Chief of the Naval Staff.

Some remnants of the liberalist faction must have remained in positions of influence; for, on 17 March 1937, HASHIMOTO returned to his attack upon politicians. There were in

the Imperial Diet, he said, liberalists who stood for the maintenance of the status quo, and who were busily denouncing the military for mixing in politics. This he characterised as a subtle trick to spread anti-military thought among the people, and to obstruct the military movement for political renovation. From the point of view of national defence, it was, he said the duty of the military to mix in politics.

Prime Minister Hayashi had, in June 1937, himself been out of favour with the Army; and had then felt obliged to tender his resignation as War Minister. Four months after the crisis which had brought his Cabinet to power, he relinquished office and was succeeded as Prime Minister by Prince Konoye. Again there was no perceptible pause or change in the progress of the Army's planning. UMEZU and SHIMADA again retained their offices. HIROTA returned to power as Foreign Minister, the position he had held under Saito and Okada until he himself had become Prime Minister. KAYA became Finance Minister, and thus achieved the topmost position of all in the busy field of economic and industrial planning, and of financial controls. Baron HIRANUMA, under both Hayashi and Konoye, continued to preside over the Privy Council.

NEW ECONOMIC POLICIES
FOR NORTH CHINA UNDER HAYASHI

On 20 February 1937, three weeks after taking office, the Hayashi Cabinet approved a new basic policy for North China, which reiterated and supplemented the Five Ministers' decision of 11 August 1936. It was now declared that Japan's principal aims in administering North China were to establish it as an anti-Soviet buffer state, and to provide a source of materials, particularly for munition industries.

Again during the Hayashi Cabinet's tenure of office, on 16 April 1937, Japanese policy in North China was restated. The new plan, which merely added emphasis to the old, declared that economic infiltration would be achieved by encouraging the investment of both Japanese and Chinese private capital. The availability of such vital mineral resources as iron and coal would thereby be secured. The establishment of communications, sources of electricity, and other industrial aids would speedily be completed. Strict precautions would, however, be taken not to arouse unnecessarily the suspicions of foreign powers.

THE ARMY'S PART IN THE
ECONOMIC AND INDUSTRIAL DEVELOPMENT OF
MANCHURIA UNDER HIROTA AND HAYASHI

In January 1937 the Kwantung Army drew up a five-year plan for the economic and industrial development of Manchukuo. Ever since the beginning of the war in Manchuria, this Army had steadily been taking control of the public utilities and the financial organs of that country. During the five years from 1931 to 1936, the work of prospecting for raw materials, creating industrial plants, and improving the communications system, had gone ahead hand in hand with purely military measures. During 1935 the Japanese-Manchukuoan Joint Economic Committee had been established; and in November of that year the integration of the currencies of the two countries had been achieved through the establishment of the yen bloc. On 10 June 1936, a new treaty had been signed which gave to Japanese subjects all the rights of native citizens in Manchukuo. Special laws were to be passed for their protection. They were given immunity from the local jurisdiction and certain taxation exemptions.

The number of Japanese settlers, many of whom were also potential soldiers, increased rapidly, and was then in excess of 390,000. Natives were dispossessed of their holdings to provide good land for the newcomers at nominal purchase prices. In December 1936 the Industrial Bank of Manchukuo had been

created to provide easy financing for preferred industries in accordance with Japanese Cabinet policy.

Over all of these developments the military authorities in Japan had exercised control through the agency of the Kwantung Army. Under the terms of the treaty of 10 June 1936, all legislation affecting Japanese subjects required the Kwantung Army Commander's approval; and, in addition, he exercised through his subordinates complete control over the internal administration of the country.

From 23 March 1936 to 1 March 1937, Lieutenant-General ITAKAKI was Chief of Staff of the Kwantung Army; and, as the occupant of that position, he was also a member of the Joint Economic Committee. It was his avowed policy to realize in Manchukuo the political and economic conditions required by Japan, to integrate the military planning and preparations of the two countries, and at the same time to promote the prosperity of Manchukuo itself. He exercised in the name of General Ueda, the Kwantung Army Commander, full powers over the country's internal affairs.

The position of Director of the Board of General Affairs of Manchukuo was also held by a Japanese. His was the key position in the shaping of internal policies. All appointments were made by his direction, subject to the approval of ITAGAKI as Army Chief of Staff. HOSHINO, who had then had six months experience as Manchukuoan Vice-Minister of Finance, became

Chief of the General Affairs Section of the National Affairs Board on 16 December 1936. He was regarded in Japan as an economic expert, and it was his task to promote the economic development of Manchukuo. In carrying out this duty he maintained a constant liaison with the Commander of the Kwantung Army.

THE FIVE-YEAR PLAN FOR MANCHUKUO

Army planning in 1936 and 1937 was aimed directly at securing and developing the fruits of the Manchurian Incident. The five-year plan was designed to replace haphazard development with a concrete coordinated programme. HOSHINO took part in its formulation, working with the representatives of the Finance and other Ministries of Manchukuo. ITAGAKI also took part in the work; and the right of final decision rested with General Ueda, the Commander of the Kwantung Army. On 17 February 1937, the Manchukuoan government issued an official report, announcing that, with the inauguration of the new programme, that country was entering upon a period of epoch-making constructive activity.

So closely did the Manchukuoan plan resemble those which the Army was preparing for Japan itself, that both may be considered as a single programme of industrial and economic development.

THE FIVE-YEAR PLAN
FOR IMPORTANT INDUSTRIES

29 MAY 1937

On 29 May 1937, while the Hayashi government was in power, the first major step was taken

towards the achievement of the goals set in the basic policy decision of 11 August 1936. On that date the Army issued a document entitled "The Essentials of a Five-Year Programme of "Important Industries". This plan was designed systematically to promote the activities of important industries generally by 1941, so that by that year Japan, Manchukuo and North China might constitute a single sphere, self-sufficient in important materials. Thus would Japan's position of leadership in East Asia be secured.

Thirteen industries were selected for priority during this five-year period--munitions, aircraft, automobiles, engineering machinery, iron and steel, liquid fuel, coal, general machinery, aluminium, magnesium, electric power and railway rolling-stock. The basis of their selection was their importance in time of war. Separate plans were to be prepared by the Army for the aircraft and munitions industries within the framework of this general programme. No radical change would be made in the existing capitalistic system of production; but the progress of the scheme would be secured by financial and price controls, direction of labour at the expense of less important industries, and control of foreign purchases. At the end of the five-year period, progress would be reviewed.

THE DECISION TO EXPLOITTHE RESOURCES OF THE CONTINENT

The Five-Year Plan for Important Industries stated specifically that the industries selected for expansion would be located both in Japan itself and in Manchukuo, which would be regarded for that purpose as a single sphere. Furthermore, Japan would "ingeniously" (as it was translated) take the initiative in North China, and would make efforts to exploit its natural resources.

The five-year plan for Manchukuo had already shown the use which was to be made of the resources of that country. Munitions industries for the production of weapons of war, aircraft, automobiles and rolling-stock would be firmly established. Basic major industries, including those of iron, coal, liquid fuel and electric power would be developed. Efforts would be made to increase the quantities of those agricultural products needed as military stores. Railways and harbours would be provided with the facilities necessary for the industrial developments contemplated.

The object of the whole plan would be to open up those Manchurian resources which might be required in time of war; to establish a firm foundation for that country's industrial development; and so to order that development as to create self-sufficiency in Manchukuo, while supplying to Japan those materials which she lacked.

THE DETAILED PLANS FOR THE
WAR-SUPPORTING INDUSTRIES AND FOR
THE PRODUCTION OF WAR MATERIALS

When, on 4 June 1937, Konoye replaced Hayashi as Prime Minister, there was no break in the continuity of Army planning.

On 10 June 1937, the Army produced a tentative draft of its programme for putting into operation the Five-Year Plan for Important Industries. This programme followed faithfully the aim of securing self-sufficiency in important material resources by 1941. Each of the thirteen nominated industries was separately considered; but certain basic principles were common to the plan for each. Rigorous measures would be adopted to place each industry under the control and constant supervision of the government. Special juridical persons would be created, and systems of licensing would be adopted, as aids to the enforcement of governmental control. Production would be ensured through tax exemptions, through subsidies, and through governmental guarantees of operating losses.

Three weeks later, on 23 June 1937, the War Office produced a third plan entitled "Outline of the Five-Year Plan for Production of War Materials." Whereas the first two plans had dealt generally with the development of the war-supporting industries, the third was concerned with the Army's own role in this programme of large-scale expansion. It was de-

signed to coordinate military expansion and control with the achievement of self-sufficiency in the industries necessary to war potential. Certain industries, such as the munitions industry, fell primarily within the orbit of this plan. Others, more remotely connected with the Army's immediate needs, such as the supply of electric power, belonged more appropriately to the sphere of the major industries plan. Yet others, such as the automobile, aircraft and machine tool industries, were equally within the orbit of each plan. But all phases of the planning were indiscoverably connected.

THE CONNECTION BETWEEN THE
1936 DECISIONS AND THE 1937 PLANS

In these three plans, produced by the Army in May and June 1937, were embodied the principles which the Five Ministers had laid down in the basic national policy decision of 11 August 1936. The fundamental aim was, in each case, the establishment of a steady footing on the Asiatic continent, and the domination of East Asia through military power.

The Plan for Important Industries, issued on 29 May 1937, and designed to achieve economic self-sufficiency, had as its object a "long-stride development, ensuring the actual power of leadership in East Asia". The more detailed programme, which the Army issued on 10 June 1937, had the same end in view. Self-sufficiency was to be achieved by 1941 "in order to be prepared for the epochal development" of Japan's destiny,

which would "be attained in spite of all difficulties". In the third plan, which dealt with war materials, these aims were reiterated and amplified. Not only would there be a "speedy epoch-making expansion of war industries" by 1941, but also the operation of Japan's economy "would be made to develop rationally by unifying the handling of affairs by military administration". Special attention would be paid to a speedy conversion from a peacetime to a wartime basis.

During the period in which these War Ministry plans were prepared and published, Lieutenant-General UMEZU was Vice-Minister of War. He had taken office on 23 March 1936, two weeks after HIROTA had become Premier, and three months before the important Five Ministers' conferences of that year. He had played an important part in the Army's refusal to countenance Ugaki as HIROTA's successor. He remained as War Vice-Minister under both Hayashi and Konoye until 30 May 1938.

THE PLANS SIGNIFIED

THE ARMY'S INTENTION TO ATTACK THE SOVIET

UNION

The Army's 1937 planning was not directed wholly or principally towards the conquest of China. The defence witness Okada maintained that the plans were drawn up in emulation of the Soviet Five-Year plans, and were intended to ensure that Japan's strength compared favourably with that of the Soviet Union. He said that Japan's position was such that she had to take measure

to cope with the phenomenal expansion of that country's national and military power.

Nevertheless, the planning was not, as Okada maintained, defensive in nature. Both in the plans relating to major industries and in that dealing with the production of war materials, the goal set was the achievement of "national defence power"; and this was to be accompanied by the perfection of Japanese armaments. Ever since June 1933, when War Minister ARAKI had defined the term, "national defence" had signified expansion on the Asiatic continent through force of arms; and in the 1937 plans themselves, was expressed unequivocally the Army's intention to achieve that result.

There is, however, no doubt that the Army regarded the Soviet Union as the inevitable enemy of her Asiatic policy. The Military Attache in Moscow had said so in July 1932: Lieutenant-Colonel SUZUKI of the Army General Staff had repeated it in April 1933. The Kwantung Army had carried out consistently preparations for such a war, and had tested its strength against the Russians in border engagements. "Anti-Communism" had been the slogan of Japanese encroachment upon North China and Inner Mongolia. In the basic policy decision of 11 August 1936, the Five Ministers had determined that the measure of military expansion would be that necessary to deal with all the forces which the Soviet Union could mobilise upon her Eastern borders. The Anti-Comintern Pact of October 1936 had paved the way for such a conflict.

On 9 June 1937, before the last of the three Army plans had been produced, there was new proof that the Army intended to initiate a war against the Soviet Union. Lieutenant-General TOJO, who had, on 1 March 1937, succeeded ITAGAKI as Chief-of-Staff of the Kwantung Army, considered that this aim should be deferred, and advised the Army General Staff accordingly. Taking into consideration the prevailing situation in China and the state of military preparations against the Soviet Union, he was convinced that Japan should first, if her military power permitted it, attack the Chinese national government's forces, which the Japanese regarded as a menace to the Kwantung Army's rear. A month later, when the Lukouchiao Incident had occurred, it became apparent that the Army did consider her military power sufficient to permit the taking of such a step.

THE ARMY'S PLANS WERE DIRECTED ALSO
AGAINST THE WESTERN POWERS

But the Army's 1937 planning was not exclusively directed against the Soviet Union; for it had long been recognised that, in achieving the conquest of East Asia, Japan would earn the enmity of the Western Powers. Nor were her interests confined to the continent of Asia. In 1924 and 1925 Okawa had advocated the occupation of the islands of the East Indies, and had predicted a war between East and West, in which Japan would emerge as the champion of the East. In July 1929 he had looked forward to the liberation of the Asiatic peoples, through the

expulsion of the white races. Japan's withdrawal from the League of Nations in March 1933 had been heralded by Okawa as emancipation from Anglo-Saxon supremacy; and, in June 1933, ARAKI had told the Japanese people that the whole world, under League leadership, was opposed to the fulfilment of their country's destiny. He had spoken of the critical period ahead, and ever afterwards this had been a theme of the publicists and planners.

By September 1933 Japanese public opinion was bitterly opposed to any form of limitation of armaments through international agreement. In December of the same year the Saito Cabinet had decided that Japan's obligations under the Nine-Power Treaty would not be permitted to stand in the way of her aims upon the Continent. In 1934 and 1935, Foreign Minister HIROTA had set the precedent for mollifying Western resentment with reassuring statements, while proceeding steadily to encroach upon established Western interests in Manchukuo.

This was the policy adopted by the Five Ministers on 11 August 1936. The military rule of the Western Powers would be excluded from the continent; Japan would develop in the South Seas by gradual and peaceful measures, but would at the same time strive to maintain amicable relations with the powers.

Nevertheless, it had not been assumed that the policy of soft replies could do more than delay an open breach with the Western Powers. The Five Ministers had decided that naval arma-

ment must be strengthened sufficiently to secure command of the Western Pacific Ocean against the United States. During the same period HASHIMOTO had openly advocated expansion to the south, and especially into the Netherlands East Indies. He had seen in the British Navy the chief obstacle to this scheme; and had called for further rearmament, the essence of which would be the creation of an invincible air force.

This aim received Army recognition in the War Materials plan of 23 June 1937, which provided for huge increases in the numbers of military and naval aircraft, and designated 1942 as the first year in which required wartime capacity would be achieved.

A week later, on 1 July 1937, HASHIMOTO published another article, in which he warned the Japanese people that the powers were making desperate efforts to enlarge their air forces. He once more extolled the need for an invincible air force, which might not only be used against the U.S.S.R., but which would also serve as the mainstay of Japanese armaments.

The Army plans of May and June 1937 were similar to the national policy decision of 1936; and the keynote of the planning was that the goal of overseas expansion would be attained in spite of all difficulties. While it was not intended prematurely to provoke the Western Powers to war, it was clearly recognised that they constituted such a difficulty. The Army, in its five-year plans, was making timely pro-

visor for the day when such difficulties could be resolved only by resort to war.

Meanwhile the Navy, unencumbered either by treaty restrictions or by participation in the Army's continental schemes, was assiduously preparing for war in the Pacific.

NAVAL PREPARATIONS AND
PREPARATIONS IN THE MANDATED ISLANDS
DURING 1937

The year 1937 saw a large and abrupt increase in every aspect of Japanese naval strength and naval construction figures. Three heavy cruisers and one new aircraft carrier were commissioned -- the first new cruisers since 1932 and the first new carrier since 1933. The strength of naval manning rose during the year by more than 25 per centum. Construction was begun upon a new capital ship of unprecedented dimensions and firepower. The total displacement of heavy cruisers, after being for some years relatively static, rose by 25,500 tons. Apart from destroyer strength, which had also been greatly augmented, the most marked increases were in those very classes of vessels which the Japanese delegates to the London Naval Conference had labelled as peculiarly offensive weapons.

Throughout this period Vice-Admiral SHIMADA was Vice-Chief of the Naval Staff. He had taken office under the Okada Cabinet on 2 December 1935, a few days before the London Naval Conference had opened. He held office continuously under three Navy Ministers during the premierships of

HIROTA, Hayashi and Konoye until 30 November 1937.

During this period Japan had withdrawn from the international agreements for naval disarmament; had planned to create a Navy which would rival the United States Pacific fleet; and had embarked upon a rapid, but extensive, programme of naval construction.

During this period also the Navy had been given charge of Japan's mandated South Seas islands; and had, under cover of secrecy and in breach of treaty obligations, set about their fortification and equipment as naval bases. Construction of a naval air base on Saipan in the Marianas had been in progress at least since 1935. During 1937 ten-inch guns were imported and stored; and work was commenced, under naval direction, upon the installation of underground fuel tanks. In 1937 or earlier the work was extended to the Carolines, for in this year an airstrip was being made on Peleliu in the Palau group; and, a thousand miles to the eastward, military installations were in the course of construction upon the islands of the Truk atoll.

THE REFUSAL TO AGREE TO AN
INTERNATIONAL LIMITATION OF
NAVAL GUN CALIBRE

Even after Japan's withdrawal from the London Naval Conference on 15 January 1936, the Western Powers had not abandoned hope of mitigating the evils of a naval rearmament race.

The United States, Great Britain, France

and Italy had, on 25 March 1936, concluded a new treaty which renewed, or preserved in modified form, certain of the provisions of the two expiring treaties. The limitation of the calibre of guns mounted on capital ships was, under the provisions of the new treaty, to be reduced from 16" to 14", provided that a general agreement to this effect was reached with non-signatory powers before 1 April 1937. Although it was within Japan's power to make this provision effective, a British request that she do so drew a specific refusal from Hayashi's Foreign Minister.

On 4 June 1937, the day of the formation of Konoye's first Cabinet, the United States, expressing her earnest desire that the limitation should be carried into effect, made a direct appeal to Japan to give the requisite undertaking. It was explained that Japan's answer would determine whether 14" or 16" guns would be mounted upon United States capital ships then under construction. Two weeks later, on 18 June 1937, Foreign Minister HIROTA conveyed Japan's refusal to Ambassador Grew, and reiterated his country's adherence to the views which the Japanese delegation had expressed in London.

Thus, during the very months in which the Army was producing its large-scale plans for military preparation, new proof was given of Japan's intention to proceed steadily with those warlike preparations, which were directed primarily against the Western Powers.

SATO ON THE PURPOSE OF
THE ARMY'S 1937 PLANS

The evidence thus far considered establishes clearly the purposes towards which Japanese preparations for war and Japanese Army planning were directed in 1937. Striking corroboration is afforded by a very full newspaper report of a public address made on 11 March 1942 by Major-General SATO, then Chief of a Section of the Military Affairs Bureau, as an Army Day Commemoration Lecture. Although characterised by the defence as mere war-time propaganda the accuracy of the report was not contested.

"In 1936", said SATO, "our army formulated "a national defence plan, for the army felt keenly "the necessity of expanding armaments and productive power in order to secure and develop the "results of the Manchurian Incident. As the "expansion of armaments and rearmament by the "European powers were to be completed by 1941 or "1942, we anticipated an international crisis at "about that time. Therefore, considering it "necessary to complete by every means possible "the expansion of our armaments and productive "power by 1942, we decided to effect a great "expansion by means of a six-year armament plan "for the period 1937 to 1942, and a five-year "production expansion plan for the period 1937 to "1941."

There will be occasion again to refer to this speech; for in it SATO reviewed the constancy with which the Army's ultimate purpose

was kept in view, and the measure in which its efforts were attended by success. But first must be considered the new machinery which was provided to coordinate and direct Japanese governmental policy and planning during the expected period of economic and industrial expansion.

THE EFFECT OF THE 1937 PLANS
UPON THE INDUSTRIALISATION PROGRAMME OF JAPAN

The Army, in its 1937 five-year plans, subordinated all other considerations to that of attaining "national defence power". A rapid expansion of the war-supporting industries would be achieved; and that expansion would be so planned and guided that the utmost attention would be paid to ease of conversion from a peacetime to a wartime basis. These aims in turn demanded a unification of industrial control under military supervision; but it was recognized that, without the cooperation of the industrialists, such a system would be fruitless.

Accordingly, the Army, in its War Materials Plan of 23 June 1937, aimed to combine the establishment of a new industrial hierarchy, responsive to governmental and Army control, with the maintenance of good conditions for both the industrialist and his employees. Hours of work would not be lengthened. New machinery and technique would replace outmoded methods of production. Due regard would be paid to the danger of permitting the industrialist to sustain capital or operating losses.

These precautions being taken, an increased measure of control would facilitate the achievement of the military goals of expansion and convertibility.

The specific measures by which it was planned to increase control over industry were all devoted to creating larger industrial units. Guidance would be given to industrial mergers and to the incorporation of enterprises; and a special institution to exercise general control over them would gradually be established. Organic production blocs would be formed linking together groups of inter-dependent producers. Unions of small manufacturers would be organized from a military point of view, so that their full productive capacities might be harnessed for wartime purposes.

The 1937 plans did not constitute an altogether new departure in industrial policy, for the first steps had long before been taken. In 1929 a rationalisation committee of the Ministry of Commerce and Industry had been formed; and in the following year there was created a bureau, which took normal steps to simplify production processes and to eliminate waste. The Major Industries Control Law, passed in 1931, had been the first step towards a planned and controlled economy. Its effect was to increase the power of the great manufacturing interests, compelling smaller operators to group themselves together for self-protection. This tendency of small operators to form guilds or

in 1931, and again in 1932.

In 1936 more sweeping measures had been taken. An amendment to the Major Industries Control Law had enforced the formation of cartels in heavily capitalised industries. By legalising agreements, made between producer and manufacturer, the formation of monopolies was encouraged. At the same time a similar development had been instituted among small manufacturers by granting increased banking facilities to guilds.

The 1937 plans were, nevertheless, a landmark. For the first time the planning was on a comprehensive, long-term scale; and for the first time its objects were directly related and subordinated to the requirements of the Army.

THE CABINET PLANNING BOARD

On 14 May 1937, during Hayashi's Premiership and immediately prior to the production of the Army's five-year plans, the Cabinet Planning Board was established. It replaced the Investigation Bureau, which had in the past examined matters of national policy. The new board, like its predecessor, was a subdivision of the Cabinet itself, charged with the primary task of facilitating decisions on matters of national policy. Its staff of a hundred and fifty included technical experts, and senior cabinet officials were appointed as its Councillors. The Imperial Ordinance creating the Board provided that it should, under the Premier's direction, make recommendations and give pertinent advice in regard to important

national policies and their application. Its regular function would be to advise the Prime Minister, so that adjustments might be made and conflicts avoided between the various ministries.

The other duties of the Board, which are listed in the Ordinance, indicate the major role it was to play during the period of economic and industrial expansion. It would investigate the policies proposed to the Cabinet by its members, and would make appropriate recommendations concerning them. It would evaluate the relative importance of the plans proposed by individual departments of government, with a view to their integration and coordination. Its decisions upon these matters would not be made public, but would be tendered in the form of advice to the Prime Minister. It would also make recommendations concerning budget estimates.

A description of the manner of its functioning was given by the defendant HOSHINO, who, in July 1940, became President of the Board. It made its plans in collaboration with the other government departments, which submitted estimates of their requirements for the coming year. Its major task was to plan the economy of Japan proper; but this necessarily entailed a knowledge of industrial development in those parts of the Continent which were under Japanese control, and particularly in Manchukuo. Hence, in the Board's estimates, plans for Manchukuo were included by agreement with

the responsible Japanese officials in that country. Above all, it was the Board's duty to see that each Ministry should get, as nearly as possible, what it wanted.

On 10 June 1937, a few days after the first Konoye Cabinet had taken office, Foreign Minister HIROTA received the additional appointment of President of the Planning Board.

THE EFFECT OF THE CHINA WAR

UPON THE FIVE-YEAR PLANS

While Hayashi's government was in power, and before the Army's five-year plans had even been completed, major steps had been taken towards putting into practice the new policy of industrial expansion. During March 1937 a five-year plan was inaugurated to increase the indigenous production of finished steel.

In April 1937 the fourth period of Japan's "scrap and build" shipping replacement programme came into force. Since 1932, Japan had, by provision of subsidies, built approximately forty-eight fast cargo ships, giving her the highest proportion of tonnage, less than five years old, in the world. The new programme provided for subsidised construction of passenger and passenger-cargo liners with minimum specifications for tonnage and speed. The subsidy rate amounted in some cases to one-half of the building cost.

On 1 May 1937 legislative authority had been obtained for the Army's plans in Manchukuo. On that date there was enacted a Manchukuoan

law, which gave to the state complete control of all industries. the products of which were deemed to be vital to preparation for war.

The planning for Japan itself was not so far advanced. When, on 7 July 1937, the incident at Lukouchiao occurred, consideration of the five-year plans was for a time deferred. In the months which followed the immediate requirements of the war in China absorbed the attention of the Japanese government.

The Army's first plan, outlining the programme for important industries, had been submitted for approval to the first Konoye Cabinet. A brief summary of the Army's detailed programme for putting that plan into action reached President HIROTA of the Planning Board on 13 July 1937, six days after the fighting had begun. The third plan, dealing with the production of munitions, aircraft and other war materials, was produced only two weeks before the war commenced.

This third plan was temporarily abandoned because it was inadequate to meet the Army's needs; and the plans for important industries were altered to ensure production of the greatest possible amount of supplies for military consumption. Under the stimulus of a national emergency, industrial expansion was, between July 1937 and December 1938, developed piecemeal in greater measure than had been planned.

But, although during this period the Planning Board was required to deal with first

things first, the original aim of large-scale planning for war was never lost to sight. Early in 1938 the mobilisation plan was reinstated as an annual measure limited to that year only. The National General Mobilisation Law, passed in February of that year, made it possible for the Japanese government to take far-reaching steps in preparation for war, without first submitting them to the Diet for approval. In June 1938 concern was expressed in governmental circles lest Japan's financial difficulties should imperil the success of the five-year plans.

In January 1939 the Planning Board issued a new and comprehensive programme based upon the experience gained in the intervening eighteen months of war, and setting new targets for the coming years. Basically, this plan, which received the approval of the HIRANUMA Cabinet, was the original programme propounded by the War Ministry in its 1937 planning.

THE LUKOUCHIAO INCIDENT
WAS INSTIGATED BY THE ARMY

The incident at Lukouchiao, was the culmination of the Army's scheme for bringing North China under Japanese rule. In May 1935 KIDO had noted the determination of elements within the Kwantung Army that the military should take the lead in dealing with North China, as they had done in the case of Manchukuo. In December of that year the Kwantung Army had despatched to

the War Ministry a propaganda plan made in contemplation of that Army's advance into China proper. In the following month HIROTA, as Foreign Minister in the Okada Cabinet; had established the policy of diplomatic cooperation with the soldiery in carrying out the Army's plans for North China. The opening battle of this phase of the war in China, like the Mukden Incident, which had led to the conquest of Manchuria, was planned, instigated and carried out upon the initiative of the Army itself.

Less than a month before the fighting began, Lieutenant-General TOJO had placed the issue of peace or war squarely before the Army General Staff. As Chief-of-Staff of the Kwantung, he believed that the moment was propitious for an offensive against the Chinese government's forces; and that such a campaign should precede the initiation of a war with the Soviet Union. Whether or not Japanese military strength warranted the taking of such a step was a question of larger strategy to be decided by the General Staff.

The decision was a momentous one, for the long-range economic and military planning, upon which the War Ministry was even then engaged, took no account of an immediate embroilment in China. All the factors in this complex situation must have been known to Lieutenant-General UMEZU, who had for the fifteen previous months occupied the position of Vice-Minister of War. The manner in which the first outbreak of fighting was permitted to assume the proportions

of a full-scale offensive shows that the Army General Staff had made its election in favour of a war with China.

On the night of 7 July 1937, Japanese garrison troops at Lukouchiao held an unusual manoeuvre; and, alleging that a Japanese soldier was missing, demanded entry into the City of Wanping to conduct a search. Fighting broke out while the Japanese complaint was still under negotiation; and, on the afternoon of 8 July 1937, the Japanese issued an ultimatum for the surrender of the City. In the battle which ensued, the Japanese forces sustained substantial casualties; and, on 10 July 1937, a truce was agreed to upon the proposal of the Japanese commander.

The incident might then have been regarded as closed; but that was not the Japanese intention. Within twenty-four hours of the initial conflict, large units of the Kwantung Army began to converge upon the scene of the fighting. Reinforcements having reached North China, new demands were made for the withdrawal of Chinese forces. On 13 July 1937, the Army General Staff decided that, if Chinese troops were sent to North China, resolute steps would be taken to meet the situation. In default of compliance with the new Japanese demands, fighting was resumed at Lukouchiao upon the following day.

THE FIRST KONOYE CABINET
ADOPTS THE ARMY POLICY OF
WAR WITH CHINA

Although the Army had chosen the time and place for the attack, war with China was a foreseen consequence of Japanese national policy. In February 1936, while Hayashi was Prime Minister, it had been decided to establish North China as an anti-Soviet buffer state, and to include it in the Japanese-Menchukuoan economic bloc. Now, in the months which followed the first onset at Lukouchia, government and Army worked together, in the words approved by the Five Ministers on 11 August 1936, to achieve "a steady footing on the Asiatic continent", and "to become the stabilization power in East Asia".

When the first news of fighting was received, the Cabinet had resolved to seek a local settlement of the matter; but had not countermanded orders for the movement of further troops to the area. Two days later, on 11 July 1937, the Cabinet, of which HIROTA and KAYA were members, reconsidered the situation which had arisen. Afterwards there was issued an official statement to the effect that the Japanese government, though anxious to maintain peace and order in North China, intended to take all necessary measures for despatching troops to that region. Mobilisation within Japan itself was postponed; but units of the Kwantung Army were permitted to continue

their advance. Simultaneously steps were taken to send to North China new diplomats and consular officials, who now once more came under the control of Foreign Minister HIROTA. A new Chinese offer to submit the quarrel to negotiation and an American tender of good offices, both of which followed the resumption of fighting, were alike unheeded. Although direct negotiation continued, preparations for an Army mobilisation within Japan went forward uninterruptedly after 17 July 1937, and received specific governmental sanction.

On 26 July 1937, a new Japanese ultimatum led to fighting at Peking; and on the following day Prime Minister Konoye revealed in the Diet his government's determination to achieve the "new order" in Asia. He protested, as other government spokesmen had protested before the conquest of Manchuria, that Japan did not covet Chinese territory. He said, in the language of the advocates of the Greater East Asia Sphere, that all Japan looked for was cooperation and mutual assistance -- a contribution from China to Far Eastern culture and prosperity. He added, more significantly, that he did not consider it sufficient to settle locally existing problems with China. Japan, he declared, must go a step further, and obtain a fundamental solution of Sino-Japanese relations.

It was then clear that the Cabinet had reached the same conclusion as the Army General Staff; and that Japan was irrevocably committed to the conquest of China.

THE RELATIONSHIP BETWEEN
PREPARATIONS FOR WAR AND
THE CONQUEST OF CHINA

It is important to note that this decision was not merely in furtherance of the basic national policy; but that it also added an element which was lacking in the decision of the previous year. The Five Ministers, with HIROTA at their head, had decided that Japan would at all costs expand upon the Asiatic continent. They had realised that this process of expansion would make enemies of the Western Powers, and would render war with the Soviet Union almost inescapable. They had recognised that nothing short of mobilisation for war on a national scale over a period of years would enable Japan to meet the consequences of her expansionist programme. But they had not determined at what stage in the programme of preparations it would be expedient to make a new major onslaught upon Chinese territory.

TOJO had assumed the conquest of China would be a minor affair, incidental to the coming trial of strength with the Soviet Union; and later events showed that the Japanese cabinet also had underrated Chinese powers of resistance. In September 1937, Foreign Minister HIROTA was still speaking in terms of a quick punitive blow against the nationalist armies. Furthermore, the whole area of North China was included in the plans for war-supporting economic and industrial development, and was therefore necessary to the success of the national mobilisation itself.

The essence of the decision which Konoye's government made was that the dangers of prematurely intensified international hostility did not outweigh the advantages already enumerated. The very circumstances in which this fighting in China broke out show that the conquest of China was regarded as ancillary to the programme of preparation for a greater struggle.

THE RELATION OF THE FIGHTING IN CHINA
TO THE "PRINCIPLES" OF
KODŌ AND HAKKO ICHIU

This was, in later years, the view taken by the foremost Japanese publicists, who related the progress made upon the Asiatic continent to the earlier planning of the "new order", and to the principles of Kodo and Hakko Ichiu.

SHIRATORI, in a book published in December 1940, said that the classic phrase of Hakko Ichiu had been adopted as a national slogan to represent this movement, the ultimate object of which would be the establishment of a "new order" in East Asia. The conflict, both in Manchuria and in China, had represented the spirit of the "Imperial Way", and was directed against the democratic viewpoint. He added that the war between Germany and the Western Powers might be said to have arisen from essentially the same conflict.

Yosuke Matsuoka, when Foreign Minister in 1941, gave a similar description of his country's

development. He denied, as Konoye and other statesmen had consistently denied, that Japan had desired to acquire new territories or to exploit other countries. He said that the Manchurian Incident was an exultation of the national spirit, which had, in a way, been caused through the oppression of Japan's peaceful development by America and the European Powers.

He told his audience that Japanese diplomacy must play an important part in spreading the great spirit of Hakko Ichiu throughout the world. In executing her national policy, Japan would need to remember that she was a divine country which must go forward in accordance with the divine will. This, and no material constraint, had been the reason for the "China Incident".

HASHIMOTO, who published a new book in the same month as SHIRATORI, was even more explicit. He said that the "China Incident" might well be called the opening battle for the construction of a "new world order"; and that the achievement of that order was incompatible with any compromise with Great Britain and the United States. The China War he described as "a grand revelation of national polity".

He urged then, in December 1940, as he had urged in August 1936, that the whole force of the nation should be united in the principle of Kodo, which would make possible the achievement of the goal of world domination or Hakko Ichiu. The crisis of the European War would, he said, be turned into a golden opportunity, enabling Japan to lead the world to a "new world order".

HIROTA'S FOREIGN POLICY AFTERTHE LUKOUCHIAO INCIDENT

During the latter months of 1937 the war in China increased steadily both in scale and in intensity. Foreign policy statements were made in accordance with the Kwantung Army's plan for conducting, simultaneously with the advance into China, a propaganda campaign to convince the whole world of the lawfulness of Japan's actions.

On 1 September 1937, Horinouchi, the Vice-Minister of Foreign Affairs, gave a radio address, in which he insisted that Japan had no wish to acquire Chinese territory; and that she desired merely the realisation of conditions permitting genuine cooperation between the two countries.

Four days later, on 5 September 1937, Foreign Minister HIROTA developed the same theme in reviewing foreign policy in the Diet. He said that the basic policy of the Japanese government was aimed at stabilising relations between Japan, China and Manchukuo for their common prosperity and well-being. China, ignoring Japan's true motives, had mobilised vast armies, which Japan could not do otherwise than counter by force of arms. In self-defence and in the cause of righteousness, Japan was determined to deal a decisive blow to China, so that that country might reflect upon the error of its ways, and so that the Chinese armies might lose their will to fight.

A month later, however, on 6 October 1937, the League of Nations decided that Japan's military operations against China were out of all proportion to the incident which had occasioned the conflict; and could be justified, neither under existing treaty rights, nor upon the ground of self-defence.

Meanwhile HIROTA followed the principle laid down in the national policy decision, which stipulated that Japan, while attempting to maintain amicable relations with the Western Powers, would let nothing stand in the way of her schemes for expansion upon the Asiatic continent. On 29 July 1937, two days after Konoje had stated his cabinet's policy towards China, HIROTA advised the budget committee that he did not expect interference from third powers in regard to the China dispute. He assured the committee that, if any such proposal should emanate from a third power, the government would not hesitate to give a firm refusal.

On 10 August 1937, Ambassador Grew conveyed to HIROTA a new tender of good offices by the United States; and only then did HIROTA acknowledge Secretary Hull's first pronouncement of 16 July 1937. In the reply, delivered to Hull on 13 August 1937, it was stated that, while the Japanese cabinet concurred in the principles which Hull had enunciated, for the maintenance of world peace, it believed that the object of those principles could be obtained in the Far East only by giving consideration to the particular circumstances of that region.

On 25 September 1937, HIROTA replied in similar terms to an invitation to participate in the work of the League of Nations Advisory Committee, which was then investigating the situation in China. He said that the Japanese Cabinet was convinced that an equitable and practical solution of their difficulties could be found only by China and Japan themselves.

The resolution of the League Assembly on 6 October 1937, showed the extent of the international resentment which Japanese activities in China had aroused. It was then resolved that the member states would refrain from taking any action which might weaken China's position, and that each should consider what steps it might take to offer her positive aid.

It was also agreed that, pursuant to the provisions of the Nine-Power Treaty of 1922, a conference of the powers signatory to that treaty should be held to consider the situation of difficulty which had arisen in China. The United States expressed general concurrence in these findings and resolutions.

THE BRUSSELS CONFERENCE AND VIOLATION
OF TREATY OBLIGATIONS AS PART OF THE
PATTERN OF PREPARATIONS FOR WAR

During October 1937, the Cabinet, of which HIROTA, KAYA, and KIDO were now members, refused an invitation to attend the Nine-Power Conference, which was to be held in Brussels. The Cabinet, in conveying this decision, alleged that Japanese action in China was of a defensive nature, and expressed great resent-

ment at the unfriendly findings and resolutions of the League Assembly. In the cabinet's view, the solution of the conflict lay in Chinese realisation of the need for cooperation with Japan; and only by comprehending this need could other nations contribute effectively towards the stabilisation of the Far East.

Whatever justification Japan might plead for her actions in China, her refusal frankly to discuss the situation was inconsistent with her obligations as a signatory to the Nine-Power Treaty. It was, however, wholly consistent with earlier pronouncements; for violation and repudiation of treaty obligations had long formed part of the general scheme of preparations for war.

Japan's withdrawal from the League in 1933 had been precipitated by just such an adverse finding -- on that occasion in relation to the Manchurian Incident. In giving notice to the League of her intention to withdraw, Japan had charged that body with failure to grasp the realities of the Far Eastern situation, thus detracting from the stabilisation of East Asia. Her spokesmen had said that Japan could no longer cooperate with an organisation, the majority of the members of which "had attached greater importance to "upholding inapplicable formulæ than to the real task "of ensuring peace".

During the same year, the Navy Minister in the Seito Cabinet had been invited to expound the Japanese attitude toward the naval limitation treaties.

In doing so, he stressed Japan's dissatisfaction with the existing ratios, and said that, if changes in the international situation should occur, "there is no reason why a nation should remain forever content with a treaty which it had once signed. Only out of regard for the welfare of humanity, we signed the London Naval Treaty, but we did not do it unconditionally. As regards the Washington Agreement, it was signed twelve years ago and in our opinion is no longer adequate to guarantee the security of this empire, as the international situation has thoroughly altered in that period of time".

When preliminary discussions for a naval disarmament conference were held in London in 1934, the Okada Cabinet issued a statement for the guidance of public opinion at home. "Japan", they said, "who resigned from the League of Nations with regard to the Manchurian Incident, experienced the fact that a just claim is not always recognised at an international conference". Japan, it was added, would have nothing to fear, even though the agreement should not be concluded. In the following year, 1935, non-recognition of her "just claims" caused Japan to abandon the system of limitation of armament by international agreement. In 1937, the first year after the treaties expired, the Japanese programme of naval preparations for war took definite shape.

During December 1934, Sir John Simon had pointed out to Matsudaira, the Japanese delegate to the preliminary naval conference, that Great Britain, as a party to the Nine-Power Treaty, had rights and obligations in respect of China; and had asked what the Japanese policy was to be in regard to the independence of that country. No satisfactory or clear-cut reply was received. But in the 1936 policy decision and in the Army's 1937 five-year planning, the position was clarified. Japan would secure a steady footing of her Empire on the continent, and would "ingeniously" exploit the resources of North China. The war in China was a consequence of that policy.

INDUSTRIAL PLANNING IN MANCHUKUO

AFTER THE LUKOUCHIAO INCIDENT

During the latter half of 1937, many facets of Japanese policy and planning were exemplified in the measures concerning Manchukuo. Steps were taken to develop the resources of that country and to promote the establishment of heavy industries. These measures were in general accordance with the Army's five-year planning, and involved the creation of larger industrial units, responsive to governmental control.

This policy in turn gave rise to further violations of the rights of the Western Powers under the provisions of the Nine-Power Treaty. While Japan exercised complete control over the development of Manchukuoan industry, some deference

was still paid to the fiction that the two countries were entirely independent of each other; for, by this device, Japan might disclaim responsibility for the broken treaty obligations of which the Western Powers complained.

On 3 August 1937, the two governments concluded an agreement to establish, under their dual control, a joint stock company. Its objects were to promote Japanese immigration into Manchukuo, and to develop the lands of that country.

On 22 October 1937, three days before Foreign Minister HIROTA ceased to hold the additional appointment of President of the Planning Board, the Cabinet met to consider new industrial measures for Manchukuo. Finance Minister KAYA and Education Minister KIDO were then among its members. The Cabinet was agreed that the situation in which Japan found herself demanded, in particular, the urgent expansion of heavy industries; and that, to achieve this result in Manchukuo, new measures of industrial control were necessary. It was decided that the two governments, acting in conjunction, should promote a new national policy company, which would establish and develop heavy industry in Manchukuo. Special attention would be given to the use of substitutes as raw materials. The Manchukuoan government would supply half the capital required; and the remainder would be subscribed privately. The management of the new venture would be

entrusted to the most suitable Japanese civilian; and the products of the new enterprise would be treated in Japan as though they were not of foreign origin.

In Manchukuo itself, HOSHINO, who had held in succession the positions of Vice-Minister of Finance and Chief of the General Affairs Section of the National Affairs Board, became, on 1 July 1937, the head of that board. As Chief of General Affairs of Manchukuo, all industries were under his control; and, as a Manchukuoan member of the Joint Economic Committee, his was the vote which enabled Japan to carry all decisions. HOSHINO used these large powers to place Japanese in charge of all industries, and to exclude the people of Manchuria from business enterprises.

On 1 December 1937, pursuant to an agreement made in the previous month, Japan released her extra-territorial rights in Manchukuo. This measure, which had been contemplated in the Japanese-Manchukuoan Treaty of 10 June 1936, was used by the Japanese-dominated Manchukuoan government as a device for insisting that all foreign firms in that country be subjected to its jurisdiction. An immediate protest was made to Japan by the United States concerning this action, which constituted a violation of the rights secured by the "open door" provisions of the Nine-Power Treaty.

DEVELOPMENT OF THE WAR-SUPPORTING
INDUSTRIES AFTER THE LUKOUCHIAO INCIDENT

On 25 October 1937, the Planning Board was reorganized; and thereafter, HIROTA, whose office as President was abolished, was free to devote his whole attention to the conduct of foreign affairs. But, prior to that date and immediately following the outbreak of war in China, measures were taken to promote within Japan itself the development of the war-supporting industries, and to make the Japanese economy subservient to the needs of war. Though the war in China undoubtedly prompted the measures taken, and determined their relative priorities, they were of that long-range character which the Army had planned.

An assured supply of oil and petroleum was the most crucial need of all, for Japan was itself able to supply only 10 per centum of normal civilian needs. By building up a steadily increasing reserve of oil and oil products substantial provision had been made for such a contingency as a short war in China; but the Army, in its 1937 planning, had decided, in the interests of self-sufficiency, to develop a synthetic industry under government subsidy. New national policy companies were to be created to promote the production of synthetic petroleum.

During August 1937, the month after hostilities were renewed in China, legislation was passed giving effect to these long-range plans. It was decided to advance the production of

synthetic petroleum, using coal as the raw material. New national policy companies, under governmental guidance and control, were established to develop and finance the industry; and provision was made for a system of licensing, tax exemptions and governmental subsidies.

Japan was also poor in indigenous supplies of iron, and was therefore deficient in iron and steel industries. Since 1933, the industry had been under governmental control, and in the decade before 1937, local production had been trebled, but, in March 1937, while Hayashi's Cabinet was in office, new plans had been made setting increased production goals. On 12 August 1937, a new law was passed, giving effect to the Army's plans for the iron and steel industries, and designed to double local production within a five-year period. To encourage the production of these and other strategic materials, large subsidies were paid; and special encouragement was given to those industrialists who manufactured parts essential to the growing shipbuilding industry.

In its detailed plan of 10 June 1937, the Army had also stipulated that the government should strive completely to equip all railways, harbours and roads. On 1 October 1937, legislation was passed for the creation of a new and heavily capitalised national policy company, which would develop and control all transportation facilities within Japan.

But, even at this stage in the China War, long-range industrial preparations

were not confined to measures affecting the specific industries and utilities most vital to the war effort. As in Manchukuo, so in Japan itself, effect was given to the Army's plan for regimenting heavy industry into larger units, more susceptible of governmental control. The Major Industries Control Law, passed in August 1937, encouraged the formation by industrial groups of new associations or cartels, which were given wide powers of self-government.

THE ESTABLISHMENT OF
A CONTROLLED ECONOMY

The Army, which had planned these things in its detailed programme of 10 June 1937, had also foreseen that they must be achieved in conjunction with a planned and regulated economy, which would require far-reaching measures of trade and financial control. The measures requisite to achieve this end had been set out at length and in detail; and had ended with this exordium: - "The success or failure of this programme "is doubtless solely dependent upon the government's "consistent and firm guidance under the national policy. "The government should support various industries with "all possible means from the standpoint of strengthen- "ing the nation's power, and it is especially of "vital necessity that measures for financial aid should "be taken by the government". The estimated amount of government assistance required for the war-supporting industries rose from 57 million yen in the

remaining months of 1937 to 338 million yen in 1941. Much of the responsibility for the success of economic and industrial preparations for war therefore rested with Finance Minister KAWA.

In August 1937, the month most productive of industrial legislation, special measures were passed to stimulate the production of gold as a means of acquiring foreign exchange; and the government took power to control the disposition of all gold reserves.

In this same month a first measure of import licensing was taken; and in the following month a more comprehensive measure was passed to adjust the balance of trade. Under this law of September 1937, passed as a temporary expedient but never repealed, the government assumed complete control of imports, their selection, distribution and utilisation. These powers the Planning Board exercised through government-controlled export and import associations, one to each essential industry.

Restrictive legislation of this type was not entirely new, for Japan's exports had seldom been sufficient to pay for her imports; and on these she was dependent for her economic livelihood and position as an industrial nation. The rising tide of her programme of industrialisation, and the virtual extinction of her foreign credit since the time of the Manchurian Incident, had led to the adoption of a succession of measures for trade and financial control. Laws relating to foreign exchange control were

passed in 1932 and 1933. The Foreign Exchange Control Law, passed in March 1933, had given the cabinet wide powers to control and canalise all foreign exchange transactions.

These powers, however, had not been completely invoked until January 1937, when all exchange transactions involving more than thirty thousand yen per month were made subject to government license. By December 1937, the position had so far deteriorated that the exemption level stood at one hundred yen per month.

Under the Temporary Fund Adjustment Law of 19 September 1937, complete authority over Japan's finances was centralised in the Bank of Japan, and made subject to the overriding discretion of Finance Minister KAYA.

ARMY PREPARATIONS AGAINST THE USSR

AFTER THE LUKOUCHIAO INCIDENT

Although the drastic financial controls imposed in 1937 were occasioned in part by the large subsidies paid in that year to encourage the development of the war-supporting industries, these were small in comparison with the demands made upon the national exchequer by appropriations for the Army and Navy. Ordinarily the budget of each Ministry was comprised of a general account and a special account; but in 1937 a third account was set up to meet expenditure directly entailed by the war in China. This "War Expenditure Account", although originally a temporary measure occasioned by

the emergency in China, was never closed. Total expenditure upon the Army alone rose from rather more than 500 million yen in 1936 to nearly 2,750 million yen in 1937.

This large expenditure had made possible an enormous increase in Japanese military strength. The League's Advisory Committee, in its report of 6 October 1937, found that Japan had not ceased to intensify her action; and that she was employing larger and larger forces, and more and more powerful armaments. The standing strength of the Army rose from 450,000 men on 1 January 1937, to 950,000 men on 1 January 1938.

The Army, which had initiated the hostilities in North China, in part, upon Lieutenant-General TOJO's advice, still regarded them as a preliminary to the coming struggle with the U.S.S.R. While the fighting raged in China, TOJO, as Chief of Staff of the Kwantung Army, made other plans in preparation for an attack upon the Soviet Union; and, in December 1937, he transmitted them to Lieutenant-General UMEZU, Vice-Minister of War. In the following month TOJO suggested to UMEZU, and obtained, the passage of a regulation which increased the strength of the Kwantung Army; and, on 24 January 1938, General Ueda, then in command of that army, advised War Minister Sugiyama of the contribution which North China should make to the preparation for "the fast approaching war with Soviet Russia".

THE CHINA WAR LED JAPAN
TO ADOPT THE ARMY'S SCHEME
FOR A NATION-WIDE MOBILISATION

More important than the purely military preparations of 1937, was the degree in which the Army had achieved the realisation of its broader scheme to mobilise the entire strength of the Japanese nation for war. By electing to renew the war in China the Army had undertaken a new commitment, the magnitude of which it had not fully realised. It had thereby interrupted the smooth progress of its long-range planning for the Japanese nation. But, on the other hand, in the first six months of war, the Army had seen its major schemes adopted by government and nation with a readiness scarcely possible of attainment in time of peace.

Already the basic steps to secure a planned and regimented war-supporting economy had been taken both in Manchukuo and in Japan itself. Even the Navy, whose armaments were steadily increasing, had been brought to play an active part in the Army's all-embracing purpose.

In August 1937, when the Army attacked Shanghai, it was supported by a force of some thirty naval vessels, despatched to the scene by order of the Cabinet. Later in the same month, the Navy proclaimed a blockade of the China coast, with the object of preventing supplies from reaching Chinese troops.

In December 1937, a new step was taken to bring Chinese territory within the "co-prosperity sphere".

In that month the Japanese established at Peking, a new provisional Chinese government, one of the avowed purposes of which was to exploit the industries of the area it governed. A publicity organisation, created for the purpose of bolstering the new regime, was placed under the control of the Japanese military forces in North China. The Kwantung Army expected from this subjugated area a contribution towards its preparations for war with the Soviet Union.

SATO ON NATIONAL PREPARATIONS

FOR WAR AFTER THE LUKOUCHIAO INCIDENT

Major-General SATO, when Chief of a Section of the Military Affairs Bureau in March 1942, had occasion to survey broadly the developments with which we had been dealing. In a speech, to which reference has already been made, he corroborated the conclusions which other evidence has established.

SATO pointed out that the Lukouchiao Incident, which revived the war in China, occurred during the first year of the Five-Year Plan for the Expansion of Productive Power. "What worried us most", he said, "was the fear that this incident might cause the "breakdown of our Armament Expansion Plan and the "Five-Year Production Expansion Plan. So we decided "to see that the Chinese Incident would not end in "a war of attrition on our side. Accordingly, general-ly speaking, we spent 40% of our budget on the Chinese "Incident and 60% on armament expansion. In respect

"to iron and other important materials allotted to the
"army, we spent 20% on the Chinese Incident and 80%
"on the expansion of armaments. As a result, the air
"force and mechanised units have been greatly expanded
"and the fighting power of the whole Japanese Army has
"been increased to more than three times what it was
"before the Chinese Incident. I believe that our Navy,
"which suffered very little attrition in the China
"Affair, must have perfected and expanded its fighting
"power. Of course, productive power of the munition
"industry has been expanded seven or eight fold at
"a rough estimate."

This was a topic on which SATO could claim to speak with some authority, for from 24 June 1937 to 29 July 1938, he had been first an investigator, and then Secretary, of the Planning Board. During the same period he had served as a special member of the China Affair General Mobilisation Business Affairs Committee, and as a section staff member of the War Ministry's Bureau of Military Affairs. He had been released from his staff appointments in December 1938. In March 1941, he had assumed such important posts as Commissioner dealing with the affairs of the War Ministry in the Diet; secretary of the Liaison committee of the Asia Development Board; and Secretary of the Manchurian Affairs Board. These and similar appointments he still held at the time he made this speech.

THE CABINET ADVISORY COUNCIL,
IMPERIAL GENERAL HEADQUARTERS,
AND THE WAR EXPENDITURE ACCOUNT

During this same period steps were taken which tended to increase the Army's influence over the cabinet, and to make effective its long-range planning. On 15 October 1937, there was created, as a temporary measure, a Cabinet Advisory Council, whose task it was to render expert advice upon matters arising out of the "China Incident". The twelve members of this body, who were each accorded the privileges of a Minister of State, would represent the three principal aspects of the national mobilisation for war. Businessmen would join with military men and politicians in advising the cabinet, and in participating in the Cabinet's deliberations. MATSUOKA and General ARAKI were appointed as Cabinet Councillors on the day of the Council's inception.

As Japan became more deeply embroiled in the war with China, members of Konoye's Cabinet discussed the setting up of Imperial General Headquarters. This was an organisation which functioned only in time of war or serious incident; and there was some debate as to whether the undeclared and unacknowledged war then being fought in China warranted its institution. On 3 November 1937, War Minister Sugiyama and Education Minister KIDO discussed the question in relation to the solving of the situation which then existed. On

19 November 1937, the Cabinet, of which HIROTA, KAYA, and KIDO were then members gave consideration to the matter; and, on the following day, Imperial General Headquarters was established.

It was a composite body, representative of the Army and Navy Ministries and General Staffs, The Army and Navy Sections met separately in their own General Staff Offices; but, once or twice a week, joint sessions were held at the Imperial Palace. These joint meetings were concerned with questions of tactics and strategy. Questions of administrative policy were matters for the Cabinet to decide with the assistance of its Advisory Council; but Imperial General Headquarters was charged with the direction of military operations.

This was a sphere in which secrecy was held to be essential and in which the Cabinet was to have no part. Imperial General Headquarters was responsible only to the Emperor; and its staff members, while acting in what capacity, were under the direct control, not of the War and Navy Ministers, but of the Army and Navy Chiefs of Staff.

There is little evidence to indicate the importance of the part played by Imperial General Headquarters in the events of subsequent years. It was a poorly coordinated body, which tended to resolve itself into the Army and Navy Sections of which it was composed. But, by its very establishment, the

armed forces were given power to make important decisions on military matters without the approval, or even the knowledge, of the Cabinet of the day.

More important still was the power over Japan's finances which the Army gained through the institution of the War Expenditure Account. Disbursements from that account might be made upon the authorisation of the War, Navy, or Finance Minister; and, in the years which followed, such disbursements were made, not only upon the authorisation of KAYA and his successors in the Finance Ministry, but also upon those of War Ministers ITAGAKI, HATA, and TOJO, and of Navy Minister SHIMADA.

THE CONTROL OF PROPAGANDA

AND THE USE OF CENSORSHIP

AFTER THE LUKOUCHIAO INCIDENT

As the Five Ministers had acknowledged in their national policy decision of 11 August 1936, their plans depended, in the last resort, upon the Japanese people's will to achieve its "destiny". They had then decided that internal policies must be made to subserve the national plan of expansion; and that, therefore, steps would be taken "to lead and unify "public opinion at home, and to strengthen the will of "the people to tide over the extraordinary emergency "of our country". On 20 May 1936, before that decision was made, the Army had issued a mobilisation plan which described in detail the measures required to

direct and control public opinion at the outbreak of war. Each ministry would establish its own intelligence and propaganda organs in every part of Japan. In the same year, a Bureau of Information had been created to centralise and coordinate the dissemination of propaganda by the various departments of government.

In September 1937, two months after the Lukouchiao Incident had occurred, this body was re-constituted as a bureau of the Cabinet itself. Lieutenant-General UMEZU, Vice-Minister of War, became, on 25 September 1937, a member of the new Cabinet Information Bureau, upon which devolved the task of carrying out the Army's mobilisation plan for information and propaganda.

A more immediate result of the outbreak of war was the intensification of existing measures of censorship. The High Police, who watched over the activities of all who criticised the policy of the Japanese government, now permitted no one to express opposition to the war in China. It became one of the principal functions of the Home Ministry to suppress such criticism; and the regular police force, which was under that ministry's control, saw that this policy was enforced. Anyone who spoke publicly and in a critical vein of the Cabinet's policy was detained and interrogated. Persons found to have opposed it were arrested and imprisoned.

Nowhere was the control of public opinion

better exemplified than in the schools and universities of Japan. Professors and teachers were expected to cooperate whole-heartedly in propagating the policy of the cabinet. Expressions of thought in favour of the ideals of peace, or in opposition to the policy of preparations for war, were rigorously suppressed.

When, on 22 October 1937, KIDO became Minister of Education, he lent himself immediately to the enforcement of these measures of control. Teachers, whose attitude towards the national policy appeared to be critical, were either dismissed or forced to resign. Often they were arrested and charged under the Public Peace Law upon suspicion of being opposed to the political structure of the Empire of Japan.

The facility with which these oppressive measures were carried out affords an indication of the success which had attended the efforts of soldiers, statesmen and publicists to prepare Japanese public opinion for war. The dismissal or forced resignation of these teachers raised no domestic issue at the time, for the general public looked upon them as isolated sympathisers with liberalism.

THE USE MADE OF EDUCATION

TO PREPARE PUBLIC OPINION FOR WAR

AFTER THE LUKOUCHIAO INCIDENT

Even before the Lukouchiao Incident had occurred, the Army, through its military instructors, had

taken control of military teaching and training in the schools; and, after the fighting began in China, this control became so absolute that the military instructors dictated the manner in which the schools should be conducted. The Education Ministry well understood that teaching must subserve the government's aims; for, in May 1937, it issued to teachers, students and the public at large, a book entitled "The Fundamentals of the National Polity".

In this year also the Educational Council was established to study and investigate the Japanese school system. It was to pursue its studies without regard to changes of Cabinet, and to consider the manner in which the national qualities of the Japanese people might be enhanced. Although it was not created for the specific purpose of promoting military training and teaching in schools, that became its task when the China War broke out.

The Educational Council's recommendations for comprehensive changes in school curricula and in teaching methods did not become effective until 1940; but in 1937 the Council adopted as its fundamental aim the promotion of the cause of service to the country.

With KIDO's appointment as Education Minister on 22 October 1937, the reorganisation of the Japanese school system began to take effect. After 1937, teaching was designed to promote the warlike feeling of the nation. In the subjects of the ordinary school course, as well as in those periods set

aside for purely military training, the spirit of Kodo or ultra-nationalism was instilled into school-children. They were taught that Japan was strong, and that she must show to the world her special characteristics. In universities as well as in schools, military training and academic teaching were both used to inculcate a spirit of militarism, until the idea of regarding Japan as supreme had permeated the whole nation. War was represented as glorious, productive, and necessary to Japan's future.

KIDO AVERTS A CABINET CRISIS

IN NOVEMBER 1937

During the latter half of 1937, Foreign Minister HIRATA had striven unsuccessfully to gain German support for the conquest of China, representing that conflict, both to his own people and to the Germans, as a struggle against Communism. Although, on 6 November 1937, the Privy Council had ratified a new treaty admitting Italy as a third partner in the Anti-Comintern alliance, German disapproval of Japan's activities in China remained undiminished. Germany had important interests in China, and considered the Kuomintang as a potential ally in her anti-Soviet policy. She had therefore elected to ignore the existence of hostilities and to regard herself as not bound by the rules of strict neutrality because neither China nor Japan had declared war.

In November 1937, the Konoye Cabinet was oppressed by problems arising out of the lengthening war in China. In spite of huge expenditure in materials

and manpower, the war continued to assume greater proportions, and there was now no prospect of a speedy victory. The acute strain placed upon the nation's economy was giving rise to grave financial difficulties. The Nine-Power Conference, then meeting at Brussels, served only as a reminder that Japan was friendless among the nations. On 3 November 1937, War Minister Sugiyama and Education Minister KIDO discussed the manner in which the situation might be saved.

The Japanese Army was, like the Germans, pre-occupied with the coming war against the Soviet Union. So great did the embarrassment of the China War become, that the Army General Staff sought German intervention to bring the fighting to a close. Major-General OSHIMA, military Attache in Berlin, was instructed to use his influence to this end.

When, on 15 November 1937, Prime Minister Konoye told KIDO that he was thinking of tendering his Cabinet's resignation, KIDO was quick to see the repercussions which this development might entail. He thought that it would affect adversely financial and other circles, and that the rate of exchange would fall. This, in turn, would prejudice the outcome of the war in China. KIDO considered that an unsettled political situation at home and the changing of the war in China into a defensive operation were each possible results of a Cabinet resignation. He saw that, in either

event, the unfriendly attitude of foreign countries, which, he acknowledged, "had finally turned serious", would be strengthened. Such a development should be avoided at all costs.

On 16 November 1937, KIDO urged these views upon Konoye, and asked him to retain his office; and this for the present Konoye agreed to do. Four days later, by establishing Imperial General Headquarters, the Cabinet displayed a new resolution in the prosecution of the China War.

HIROTA STRENGTHENS THE CABINET'S
RESOLVE TO ACHIEVE THE CONQUEST OF CHINA

But, in this same month of November 1937, there was an opportunity, had the Cabinet so desired, of bringing the war in China to an end. So unsatisfactory had Japan's position become, that even the Army General Staff had abandoned hope of a speedy victory. Under pressure of German disapproval, and through German intermediaries, Foreign Minister HIROTA presented, on 5 November 1937, the first of three peace offers to the Chinese. The negotiations thus begun continued through December 1937 and into January 1938; but HIROTA's vague and changing demands provided no basis for a concrete agreement. While the negotiations were proceeding, the Japanese continued their offensive in China with vigour.

By January the Cabinet had strengthened its opposition to any compromise peace. On 11 January 1938, an Imperial Conference, called to determine the disposition of the "China Incident", decided

that, if the Kuomintang would not yield to Japan's demands, it must be crushed, or merged into a new central regime.

To the last of Japan's three peace offers the Chinese returned a conciliatory answer, asking that the Japanese proposal be stated more specifically. HIROTA, at whose instigation the proposals had been put forward in a very indefinite form, and who now feared that the Chinese might gain support from Great Britain and the United States, reacted angrily. On 14 January 1938, he told the German intermediaries that China was beaten, and must give a speedy reply. He emphasized that Japan would not permit the matter to become the subject of international discussion or mediation. The Germans, in reporting to their own government, made it clear that, in their opinion, Japan was not acting with candour.

On this same day, 14 January 1938, it was decided at a Cabinet Conference, which Konoye, HIROTA and KIDO attended, that Japan would have no further dealings with the Kuomintang, and would negotiate only with a new Chinese Government, the establishment of which was expected. This was not an empty expectation, for already, on 1 January 1938, the Japanese had inaugurated with some ceremony a new local government at Nanking. In an official statement, issued on 16 January 1938, the Japanese Cabinet reiterated its respect for the sovereignty and territorial integrity of China, but this, now, had reference to a Chinese Government of Japan's creating. The

some statement promised respect for the rights and interests of other powers in that country.

On 22 January 1938, both Konoye and HIROTA echoed these assurances in the Diet, while reaffirming once more that the Japanese Cabinet held fast to the principles set forth in the 1936 national policy decision. "It is scarcely necessary for me to say", said Prime Minister Konoye on this occasion, "that Japan's immutable national policy aims at building the edifice of permanent peace for East Asia on the unshakable foundation of close cooperation between Japan, Manchukuo and China, and to contribute thereby to the cause of world peace". He added that the end of the conflict was still far ahead; and that Japan's mission as the stabilising force of East Asia was greater than ever.

Five days later the real design of exploitation and armed domination was once more revealed. On 27 January 1938, the Cabinet decided that the Japanese-sponsored Nanking regime should form the nucleus of a Central China Provisional Government. It was to be "a highly pro-Japanese regime", which would gradually free itself from dependence upon Great Britain and the United States. Its naval and air forces would be included in Japan's defence plan. It would "smoothly amalgamate" with the existing puppet government of North China.

On 26 January 1938, the German Ambassador in Tokyo, being now convinced that Japan would conquer China, urged his Cabinet to accept the fait accompli.

Ambassador TOGO in Berlin had offered to the Germans the additional allurements of economic participation in the new China which Japan was building. After this date Germany withdrew her support of China, and her opposition to Japan's designs upon that country. On 20 February 1938, Chancellor Hitler took the long-delayed steps of announcing German recognition of the state of Manchukuo, and his own preference for a Japanese victory in China.

In the space of two months, and in the face of the Premier's despondency, KIDO and HIROTA had succeeded in committing Japan once more to the pursuit of that "steady footing in the Eastern continent", which was to be achieved in spite of all difficulties.

THE ARMY CONTINUES TO PLAN AND PREPARE
FOR THE EXPECTED WAR WITH THE SOVIET UNION.

In the opening months of 1938, while the Cabinet formed a new resolve to complete the conquest of China, the Army continued to make preparations for war with the Soviet Union. In December 1937, Lieutenant-General TOJO, as Chief of Staff of the Kwantung Army, had communicated to UMEZU, the War Vice-Minister, a plan for meteorological installations in Inner Mongolia in preparation for a war with the U.S.S.R. On 12 January 1938, TOJO urged upon Lieutenant-General UMEZU the need for the speedy completion of this work,

which he considered to be of vital importance in regard both to the "China Incident" and to anti-Soviet strategy. At the same time he referred to UMEZU, for decision, the question of extending the enlistment of soldiers serving with units in Manchukuo; and, on 29 January 1938, UMEZU informed him that such action would be taken. On 11 February 1938, TOJO sent to UMEZU the Kwantung Army's plan for the erection of anti-Soviet fortifications during the years 1938 and 1939.

The Army did not, however, confine its attention to purely military planning and preparation. The leaders of the Kwantung Army, standing upon the fringe of the fighting in China, regarded that conflict, and every other aspect of Japan's domestic and foreign policies, as so many factors to be considered in relation to the approaching struggle with the Soviet Union.

While TOJO and UMEZU settled the detailed military planning, General Ueda, then in command of the Kwantung Army, addressed his attention to a question of broader strategy. On 24 January 1938, he communicated to War Minister Sugiyama, his views upon the manner in which North China should be developed, so that its people might best be made "to contribute to the preparation for the fast approaching war with Soviet Russia".

Measures taken during the same period for the economic and industrial development of Manchukuo and of the occupied provinces of North China were closely related to the Kwantung Army's planning. Until 20

December 1937, the promotion of all heavy industries in Manchukuo had been governed by the South Manchurian Railway Company--the first of the great "national" policy" companies. Under MATSUOKA, it continued after that date to play an important part in the Kwantung Army's preparations for war, cooperating not only in the enforcement of domestic policies, but also in the Army's operational and other preparations for war with the Soviet Union.

But the South Manchurian Railway Company could not meet the additional strain of financing strategic developments in North China; and, on 20 December 1937, a new holding company was created by Manchukuoan Ordinance. In this new "Manchurian Industry Development Corporation", set up pursuant to an agreement between the Japanese and Manchukuoan governments, was centered the control of industries in Manchukuo. The Manchukuoan General Affairs Board, under HOSHINO, assisted in drafting the laws which governed it, and which placed it under governmental supervision. The new corporation was established early in 1938.

After February 1938, when Manchukuo was accorded German recognition, the Army made plans to foster closer relations between that state and Germany. Diplomatic relations were established between the two countries, and a treaty of amity was signed. On 15 May 1938, TOJO expressed to the Army General Staff the Kwantung Army's wish that Manchukuo should,

as soon as possible, become a party to the Anti-Comintern Pact. On 24 May 1938, UMEZU replied that the Japanese Cabinet would offer no objection, but desired to preserve the fiction of Manchukuoan independence. It was thought best that the Manchukuoan government should take the first step, acting as if of its own volition, and requesting Japanese assistance.

THE CONSOLIDATION OF JAPANESE POWER,
AND THE DEVELOPMENT OF
WAR-SUPPORTING INDUSTRIES, IN CHINA

Meanwhile, in the areas of China which the Japanese had subdued, Japan's "new order" was in process of building. After the fall of Nanking in December 1937, various Japanese-controlled local governments were set up; and, on 28 March 1938, a new government for Central China was established upon the Manchukuoan pattern. The nominally independent "Renovation Government of the Republic of China" was bound by its constitution to exploit the resources of the areas it governed, and to promote their industrial development. It would also take anti-Communist measures, but would strive to maintain friendly foreign relations. As in the case of North China, a new propaganda society was formed to support the puppet government.

The official "Tokyo Gazette" proclaimed the inauguration of a new phase in Japanese relations with China, significant because it marked the progress

made towards the goal of Hakko Ichiu. It was declared that the ideal of "the whole world as one family" had always constituted the basis of Japan's domestic and foreign policies; and that it explained the policy now adopted towards China.

The article followed closely the tenor of the policy statements which Konoze and HIROTA had made before the Diet. Japan's first aim had been to deal China "a punishing blow", in the hope that she would abandon her anti-Japanese attitude. In January 1938, the Japanese Cabinet had expressed its irrevocable determination to have no further dealings with the Kuomintang, and to assist in developing new governments in North and Central China. The ultimate purpose of Japan's present action, the article continued, was to eliminate all those causes of friction which imperilled the peace and security of East Asia. Thus would the countries of the Far East be enabled to enjoy among themselves "the ideals of co-existence and common prosperity".

In this manner Japan acquired a new field for the production of war materials and the expansion of war-supporting industries. On 8 April 1938, a new Japanese-financed company was promoted to develop and exploit the iron ore deposits of the Yangtse Valley.

On 30 April 1938, two new "national policy" companies were created to serve the same purpose in China as similar companies had done in Manchukuo.

The North China Development Company and the Central China Promotion Company were established to promote the development of heavy industries in the subjugated areas of China. Half the capital of each company was subscribed by the Japanese government; and Lieutenant-General UMEZU, Vice-Minister of War, was appointed as a member of the organising committee of each. Konoye considered that the work of these two companies was vital, both to Japan's military operations, and to her political activities, upon the continent.

HIROTA'S FOREIGN POLICY IN 1938

WAS FOUNDED ON THE

FIVE MINISTERS' DECISION OF AUGUST 1936

These developments in China reflected the policy of Foreign Minister HIROTA, who adhered steadfastly to the goal of the basic national policy decision of 11 August 1936. While the Army was obsessed with the prospect of a coming war with the Soviet Union, and looked to Germany as an ally, HIROTA took a broader and more cautious view. He aimed only at the achievement of expansion on the continent, and, at the same time at the completion of Japan's preparations for whatever conflicts that expansion might ultimately entail.

On 29 May 1938, HIROTA left the Foreign Ministry; but at some earlier date he laid down the principle which would govern German and Italian participation in the economic development of North China. The prime and unchanging goal was the establishment of Japan's

"new order" in East Asia; and relations, both with the Axis and with the Western Powers, would be governed, not by professions made or pledges given, but solely by the criterion of expediency.

Ambassador TOGO in Berlin was instructed to solicit German assistance. He would propose that, in return for German recognition of Japan's special position in East Asia, Japan would endeavour to place Germany in a position not inferior to that occupied by other countries. Where possible, German interests would be preferred to those of other powers. In principle, Germany and Japan would occupy equal positions in the Chinese market--though, in certain respects, a special position might accrue to Japan as the power actually responsible for the maintenance of the Chinese currency system. Nevertheless, in setting up any import and export control system, Germany's interests would certainly be preferred to those of any third power.

HIROTA, therefore did not intend to respect the treaty rights of the Western Powers, or to honour his assurances that they would be preserved.. He was, however, careful to warn his subordinates that Germany and Italy could not be allowed a preferred position, equal, or even inferior, to that occupied by Japan, if the preference given should threaten to cut off entirely the future participation of Great Britain and the United States in the economic development of China. Therefore the modes prescribed for German participation

were virtually limited to those most advantageous to Japan herself--namely, the supply of capital, and of machinery upon credit, with provision for a sharing in the management of particular enterprises.

DETERIORATION OF JAPANESE RELATIONS

WITH THE WESTERN POWERS

AFTER THE LUKOUCHIAO INCIDENT

Despite this policy of duplicity, Foreign Minister HIROTA did not achieve the secondary aim of maintaining amicable relations with the Western Powers. In the latter months of 1937, Japanese statesmen had continued to deny that their country harboured any designs upon Chinese territory. The Cabinet had given repeated assurances that foreigners and foreign property would be protected, and that foreign treaty rights would be preserved. But, so great had been the discrepancy between these professions and the nature of Japan's activities upon the Asiatic continent, that the rift between Japan and the Western Powers had become perceptibly greater.

Nevertheless, efforts had still been made to allay Western suspicion and resentment; and to discount the significance of Japan's association with the Axis. In December 1937, it was proclaimed in the "Tokyo Gazette" that the Anti-Comintern Pact was not directed against any particular nation. The Cabinet complained that the pact had been misconstrued and subjected to unfair criticism.

During this period the conduct of the Japanese armies in China had served only to magnify Japan's estrangement from the West. In spite of frequent protests and renewed assurances, attacks continued to be made upon British and American citizens and property in China. So little did the Army value friendship with the Western Powers that, in December 1937, an unprovoked attack was made upon their naval forces. A United States gunboat upon the River Yangtse was fired upon and sunk. Attacks were made upon a British gunboat, and on British merchant ships. These acts of provocation were carried out by local military commanders, and notably by Colonel HASHIMOTO, in pursuance of definite orders to attack all vessels proceeding in the vicinity of Nanking, regardless of their nationality.

In their policy speeches, made before the Diet on 22 January 1938, both Konoye and HIROTA again stressed Japan's desire to cultivate friendly relations with the Western Powers; and HIROTA gave yet another categorical assurance that the rights and interests of those powers in China would be respected to the fullest extent. Yet, during the first six months of 1938, in spite of continued representations made to HIROTA by the United States Ambassador in Tokyo, units of the Japanese Army committed frequent and wanton violations of American rights and interests in China.

This display of hostility cost Japan heavily; for, on 11 June 1938, the United States placed a

moral embargo upon the export to Japan of aircraft and other weapons of war.

HIROTA had been more astute than the military leaders. He had seen the value of Western assistance during the period of Japan's preparation for war; and he had therefore striven to gain it through false assurances and false professions of friendship. But, at the same time, Japan was making ready for war in the Pacific; and in the promotion of this aspect of his country's warlike preparations, HIROTA was playing a prominent part.

NAVAL PREPARATIONS AND REPARATIONS
IN THE MANDATED ISLANDS DURING 1938

Under the veil of secrecy maintained by the Foreign and Navy Ministries, Japan continued during 1938 to prepare for war in the Pacific, by fortifying and provisioning as air and naval bases her mandated South Seas Islands. Until 1937, these preparations had been virtually confined to the islands of the Marianas and western Carolines; but in that year, under naval supervision, construction activity was extended eastward across the Pacific to the Truk atoll. In 1938, work began among the islands of the Marshall group, which, lying in mid-Pacific, constituted Japan's most advanced base for war with the Western Powers. From this time onward the task of constructing and fortifying airstrips in the Marshalls was pushed ahead with considerable urgency. The work, now pro-

ceeding secretly, and in breach of treaty obligation, throughout the whole of the widely-scattered mandated islands area, was consistent with no other purpose than preparation for a war in the Pacific, waged against some or all of the Western Powers.

In view of Japan's withdrawal from international agreements for naval disarmament, the United States had, in 1936, embarked upon an extensive programme of naval construction. Although in 1938 Japan maintained her own huge programme launched in the previous year, her naval construction rate was soon out-matched by that of the United States. From 1939 onwards, American construction figures were substantially greater than those of the Japanese.

This naval rearmament race was not of America's choosing. United States delegates to the London Naval Conference of 1935 had warned the Japanese that it would be the outcome of a failure to agree. The new treaty signed in 1936 between the United States, Great Britain, France and Italy had left the way open for Japanese participation; but again, in 1937, Japan had refused to agree to any terms except those which would give her a preponderance of naval power in the Pacific. In February 1938 the Konoye Cabinet declined a last American invitation to forestall competitive naval rearmament.

HIROTA REFUSES TO EXCHANGE NAVAL INFORMATION

One result of the 1936 Treaty, in which Japan did not participate, had been the renewal of those provisions of the Washington Treaty which determined maximum permitted displacements for capital ships and cruisers, and limited the calibre of the guns which might be mounted upon each. This provision was, however, made subject to a right of escalation in the face of uncontrolled building by a non-signatory power. On 4 November 1937, the Japanese had laid the keel of the "Yamato," a 64,000 ton capital ship designed to mount 18" guns.

In February 1938 persistent rumours of building by Japan, in excess of the 1936 Treaty limits, were causing concern in the United States. That country therefore brought the question to Japan's notice, explaining that, if satisfactory evidence of Japanese adherence to the treaty limits were not forthcoming, she must exercise the right of escalation which the treaty gave her. If, however, Japan had elected to exceed the limits set by other naval powers in 1936, the United States would, upon receipt of information as to the Japanese construction programme, be prepared to discuss a new limitation as between herself and Japan.

This overture was met by a point-blank refusal either to negotiate or to give information. On 12 February 1938, Foreign Minister

HIROTA made the government's reply. Japan, he said, had no intention of possessing an armament which would menace other countries. Although his government was unable to comply with the American request for information, it saw no reason why the United States should conclude that Japan contemplated a naval construction programme in excess of the limits prescribed by the 1936 Treaty. Within two weeks of this communication being sent, the keel of a second 64,000 ton capital ship was laid in Japan.

HIROTA'S POLICY IS EXPLAINED

IN THE WORDS OF

THE BASIC NATIONAL POLICY DECISION

In this dealing with the United States, HIROTA's policy as Foreign Minister is plainly revealed. The national policy decision of 11 August 1936, had decreed that Japan "should also be prepared for Britain and America"; and that her naval armaments would be strengthened to an extent sufficient to secure the command of the Western Pacific against the United States Navy. To that decision, in which he had participated as Premier, HIROTA was, as ever, faithful. As in regard to Japanese aims in China, so in regard to Japan's naval construction programme, he did not scruple to resort to deception in order to achieve his purpose. It was a cardinal principle of his policy to have Japan's preparations for war completed behind the facade of friendly foreign relationships.

Each essential feature of HIROTA's foreign policy is to be found in that basic national policy decision, the text of which the Army and Navy had prepared. It was therein declared that Japan, while consolidating her position in Manchukuo, should strive to complete her national strength. It would be her aim to exclude from the continent "the Military "Rule Policy of the Powers", and to establish her own order based "on the co-existence and co-prosperity principle." Yet Japan "would try to prosecute the national scheme in smooth and amicable manner", and "would always be careful to hold most amicable relations with the Powers".

Above all, HIROTA had been true to the basic aim of "securing a steady footing in the Eastern Continent as well as developing in the South Seas, under the joint efforts of diplomatic skill and national defence". When Prime Minister Konoye had wavered in his resolution to complete the conquest of China, HIROTA had rallied the Cabinet to the pursuit of that unchanging goal.

JAPAN'S ECONOMIC DOMINATION AND
EXPLOITATION OF HER SUBJECT TERRITORIES

The month of January 1938 had marked the re-statement of the Army's long-range economic and industrial planning; for in that month the Planning Board produced, and secured Cabinet acceptance of a new programme of industrial development and economic control, limited in duration to the year 1938.

After its reorganisation in October 1937, the Cabinet Planning Board's close association with the Army had been maintained. On 26 November 1937, Lieutenant-General UMEZU, Vice-Minister of War, was appointed a Councillor of the Board; and Lieutenant-Colonel SATO, then a section staff member of the Military Affairs Bureau, became its Secretary. The Board's plan for 1938 related both to the development of the war-supporting industries and to the regulation of the supply and demand of essential materials.

In January 1938, the Konoye Cabinet's new-found resolve to complete the conquest of China, while continuing to make preparations for other wars, placed an additional strain upon Finance Minister KAYA. The Army's demand for manpower and materials was absorbing both the products of Japanese industry and the men who produced them. Expenditure entailed by war, and by war-supporting industrial development, was rapidly increasing. In the result, Japan was experiencing great difficulty in acquiring foreign exchange with which to finance the imports that she needed.

The progress being made in securing and developing the natural resources of Manchukuo and of the occupied areas of China would serve in some degree to alleviate dependence upon importation from other countries. The development of synthetic industries was a second partial remedy. But these projects in turn demanded increased expenditure, and continued reliance upon

importation during the period of their development. The Planning Board's programme, which the Cabinet adopted on 18 January 1938, curtailed drastically Japan's import quota for the year. It made necessary a reduction in the importation, not only of normal domestic supplies, but even of those commodities considered requisite to preparations for war. New measures of economic and financial control were therefore demanded.

The remedy which the Cabinet adopted was designed to lessen the financial burdens of the Japanese people at the expense of those subject peoples whose territories Japan was exploiting. It was not a new development. Japan had long dominated the economies of Formosa and Korea through the Banks of Taiwan and Chosen respectively through the ownership of the vast majority of the companies doing business in those countries and through political control. The same methods had been used in Manchukuo. The Industrial Bank of Manchuria, established in December 1936 to secure funds for industrial development, had been authorised to issue debentures up to fifteen times its paid up capital. The facilities afforded by this Japanese-controlled bank had provided easy financing for the development of war-supporting industries in Manchukuo.

Now the Kono Cabinet planned a similar development in China. In February 1938, the "Federal Reserve Bank of China" was estab-

lished upon the same pattern as the Manchurian Bank. The Governor and Vice-Governor of the new bank were nominated by the Japanese government, and the directorate was predominantly Japanese. The sphere of operation was North China, and in that area the currency, which the new bank issued, became the only legal tender. The Federal Reserve Bank of China was designed to stabilize the currency system, and to control the money market. Through such devices as the extension of preferred credits and the manipulation of foreign exchange, it greatly facilitated the economic and industrial exploitation of North China, and provided an instrument for carrying out the Japanese government's industrial planning in that area.

These industrial plans were already being put into effect; and the new war-supporting industries, which the Japanese promoted, were themselves of importance in establishing Japan's control of the North Chinese economy. In Manchukuo, industrial domination had been achieved through the device of the "national policy company", created by special legislation. Now, in the first six months of 1938, Japan was, by the same device, steadily acquiring control of the industries of occupied China.

The Federal Reserve Bank of China began to do business in March 1938. In the same month the "yen bloc", which, since November 1935 had included Japan and Manchukuo, was

extended to include North China. By this means the way was paved for Japanese investment, and for the exploitation of Chinese industries.

To maintain the value of Japanese currency, the practice of using Bank of Japan notes in occupied territories was discontinued. While the Federal Reserve Bank of China provided a new currency for North China, in Central and in South China worthless military script became the only permitted legal tender. Thus did Japan, while garnering the resources of the continent, bolster her own war-supporting economy at the expense of the peoples whose territories she had occupied. By September 1938, the practice of using Bank of Japan notes, backed by specie, had been discontinued in all the continental territories under Japanese domination.

Thus, also, was Finance Minister KAWA's control over the Japanese economy consolidated. Since September 1937, he had exercised, through the Bank of Japan, complete control over Japan's finances. The funds of that bank were now no longer liable to uncontrolled dissipation in Japanese ventures on the continent of Asia. Thus protected, they were available to support new measures, taken in the first four months of 1938, to develop, under government subsidies and control, the war-supporting industries of Japan itself.

INDUSTRIAL PREPARATIONS:THE SYNTHETIC OIL AND PETROLEUM INDUSTRY

Notwithstanding its financial embarrassments, the Konoye Cabinet was determined to secure Japan's self-sufficiency in the materials of war, at whatever cost that process might entail. The Planning Board's interim programme for 1938 had included a plan for the mobilisation of commodities; and in the first four months of that year new measures were taken to promote and develop the war-supporting industries within Japan. Each such new measure had the effect of increasing the government's control over industrial development; and each had its counterpart in the Army's five-year plans of 1937. In every case, the government, by assuming an increased financial burden, planned to secure a rapid expansion of one or more of those industries which the Army had designated as vital to preparations for war.

The first steps taken were designed to safeguard and develop the synthetic petroleum industry, which had been created in the latter half of 1937. The Army, in its five-year planning, had decided to enforce a decisive subsidising policy for this industry, so that Japan might reduce her dependence upon importation. A special company would ensure the manufacture of the machinery which the new industry required; and in the meantime, industrial plants would be imported from Germany. Great emphasis would be placed upon the pro-

duction of Diesel oil and aviation spirit. Manchukuoan coal resources would be used in the development of the artificial industry. The search for substitute fuels would be stimulated, and the country would be prospected for further hidden resources. A new company would be established to secure an ample supply of funds, and to foster the development of the uneconomic infant industry.

After the outbreak of the China war, no time had been lost in giving effect to these plans; and in January 1938, a new and heavily capitalised company was created by legislation to control the production of synthetic petroleum, and to provide a vehicle for government financing. It was just such a company as the Army had planned.

In March 1938, under a law designed to promote the exploitation of all mineral deposits, the government took power to control prospecting, to stimulate it by subsidies, and even to enter into the prospecting business on its own account.

In the same month, upon the Planning Board's advice, a system of rationing was introduced to limit the amount of petroleum made available for civilian use; and, subsequently, a new national policy company was created to stimulate the production of substitute fuels. So great was the importance attached to the maintenance of oil and petroleum reserves, that the government subsidised, through this new company, experimentation in the production and use of less efficient

substitute fuels.

Although the quantity imported was smaller than in 1937, and despite the demands of the war in China, Japan's reserves of oil and petroleum continued to increase throughout the year 1938.

OTHER INDUSTRIAL PREPARATIONS FOR WAR

March and April 1938 were months of industrial legislation, through which the Army's plans were realised. The new industrial hierarchy, dependent upon state support and responsive to Cabinet control, became an established feature of the Japanese system of government. The Cabinet by placing each industry under the ultimate control of one or other of its Ministers, assumed an increased measure of responsibility for the guidance of the nation's mobilisation for war.

The electric power industry was among the first to be affected. This industry was vital to Japan's preparations for war, because upon its expansion and coordination depended the development of other war-supporting industries. The Army had therefore singled it out for inclusion in its 1937 plans, and had accorded it a special priority in its programme for the industrialisation of Manchukuo. The Army had envisaged a new national policy company, which would, under governmental supervision, control the production of electric power in Japan; and would promote its development in the manner needed to meet military

requirements. To this plan effect was given in the Electric Power Control Law of March 1938.

Until this time the production and supply of electric power had been in the hands of numerous undertakings; but, under the new law, all major companies were required to transfer control of their plant to one newly-constituted national policy company. The new company was placed under the government's direct control, and was accorded all the usual privileges of tax exemptions, subsidies and governmental guarantees.

In March 1938, also, legislation was passed to direct and stimulate production of aircraft, which the Army had placed first in importance among the materials of war. Under the new law, some aircraft production plants were placed under the direct control of the government, and all were required to be licensed by the state. The usual steps were taken to relieve the industry of financial worries, and so to ensure its rapid expansion.

But the development of the aircraft industry was in turn dependent upon an increased supply of aluminium; for over 70 per centum of Japanese aircraft and aircraft parts were made of that metal. The 1937 five-year plans had therefore placed stress upon the development of the light metal industries. They were to be encouraged by the cheap supply of electric power, and by increasing the scope

of public demand for their product. The new industries were to be capable of quick conversion in time of war to the production of aircraft and aircraft parts.

Until 1932 there had been no aluminium industry in Japan; but its output, appreciable in 1936, had been doubled in the following year. On 28 April 1938, a new light metal manufacturing law was passed with the avowed object of contributing "towards the adjustment of national defence". It instituted the now familiar system of taxation and import duty exemptions, subsidies, and guarantees. All persons engaged in the industry were required to be licensed; and the government assumed control both of the technique of production, and of the selection of the commodities to be produced. Thus the goal of wartime convertibility was kept in view.

During March 1938, there was one other new law of major importance; and this has already been mentioned in connection with the petroleum industry. The Act for the Promotion of Production of Important Minerals, passed in that month, placed nearly all mining operations under the direct control of the government. Production was demanded under threat of expropriation, and subsidies were provided to sustain the losses incurred through uneconomic industrial development. This law, which affected the iron, steel, coal, petroleum and light metal industries, brought many submarginal producers into

the field, and involved heavy governmental expenditure. That Japan, at a moment of economic crisis, should embark upon such a measure, affords the clearest proof that the Cabinet was determined to subordinate every other consideration to that of achieving national preparedness for war.

THE ARMY PREPARES

THE NATIONAL GENERAL MOBILISATION LAW

This flood of new legislation had not been enacted without political incident. In February 1938, the Konoye Cabinet, strengthened in its resolve both to subdue China and to complete Japan's preparations for other wars, faced renewed opposition in the legislature. One group within the Diet was calling for the Cabinet's enforced resignation. Another group had focused upon the electric power bill their opposition to the Cabinet's programme of industrial legislation. This faction commanded the support of the industrialists themselves, who, believing that Japan would not be long at war, were concerned lest the Cabinet's projected measures of uneconomic industrial expansion should involve them in ultimate loss. A third group within the Diet accused the Cabinet of half-heartedness in carrying out the Army's plans.

In these circumstances, the whole programme of mobilisation for war was placed in jeopardy. Enormous quantities of materials were being used, and there was no immediate prospect of their replacement. The Army, at this very moment, was settling its plans and

completing its military preparations for an early war with the Soviet Union. Well-knowing that the period of war would be a long one, the leaders of the Army were resolute in their determination that further stocks of war materials should be accumulated, even while the fighting in China continued.

During the period of nearly two years since HIROTA's Cabinet had taken office, the Army had planned and promoted every aspect of the national mobilisation for war. Lieutenant-General UMEZU, who, throughout this time, had occupied the position of War Vice-Minister, was now in even closer touch with the progress of the Army's plans for the expansion and regimentation of the war-supporting industries. In addition to the numerous subsidiary appointments which his office entailed he had become, on 26 November 1937, a Councillor of the Planning Board. The Secretary of that board, Lieutenant-Colonel SATO, was a section staff member of the War Ministry's Military Affairs Bureau.

The plan which the Army now produced reflected the whole of its scheming and achievement during the two preceding years. On 20 May 1936, shortly after UMEZU had taken office as War Vice-Minister, the Mobilisation Plans Bureau of the War Ministry had produced its programme for the control of information and propaganda in time of war. Now in early 1938, that

Bureau produced a new plan which would bestow upon the Cabinet, once and for all, the powers needed to carry out every phase of the national mobilisation for war. This Army plan was in the form of a draft "National General Mobilisation Law", through the enactment of which the Diet would surrender any authority it had to control the Cabinet. Under this law the Cabinet would legislate by Imperial Ordinance. Once enacted, the provisions of the new law could be made operative at any moment which the Cabinet might choose.

The mobilisation law was a necessity, not only for the success of the Army's military preparations, but also to ensure that the industrialists should receive an adequate inducement to cooperate, and security from ultimate loss. Each of these considerations was well-known to SATO.

THE POLITICAL CRISIS OF FEBRUARY 1938:

AND THE ENACTMENT OF THE MOBILISATION LAW

The situation which had arisen in the Diet provided a close parallel to that which had occurred in January 1937, when Hayashi succeeded HIROTA as Prime Minister. In each case the Cabinet, pursuant to the Army's planning, was engaged in putting into operation large-scale measures of industrial expansion and control. In each case the legislation necessary to achieve this purpose had met with strenuous opposition in the Diet. In each case the supporters of the Army,

believing that the changes contemplated were not of a sufficiently radical nature had concentrated their attacks upon political parties and upon the existing parliamentary system.

This impatience with political parties was not a new development; for it had been expressed by the advocates of military supremacy, whenever they had encountered opposition to their schemes. As early as March 1931, HASHIMOTO had stated his belief that the Diet, which had then aroused the Army's indignation, should be crushed. In January 1932, he had advocated the immediate abolition of political parties, characterising the party system as a dangerous anti-national structure, which must be destroyed "for the sake of the construction of a cheerful new Japan." In December 1936, the same sentiment had been voiced by the military faction when the Seiyukai party had criticised the HIROTA Cabinet's first measures of industrial mobilisation. Now, in February 1938, Konoye, confronted with a Diet united only in its opposition to his Cabinet, was threatened with the same downfall which had overtaken HIROTA in January 1937.

The Cabinet, in this dilemma, adopted the Army's plan. On 24 February 1938, Prime Minister Konoye presented to the Diet for enactment the National General Mobilisation Bill; and called upon SATO to speak in its support. SATO has himself ex-

plained the difficulty and the delicacy of the situation in which he was placed. Upon the acceptance or rejection of this measure depended the goodwill of the industrialists, without whose assistance the plans for a national mobilisation were impossible of achievement. SATO had earnestly desired the task of championing this bill; and, of those persons present before the Diet, he alone was capable of explaining its implications. He sincerely believed that his was the most powerful explanation given. In the result, opposition within the Diet was surmounted and the bill became law.

By adopting the Army's measure as his own Konoye had silenced the criticism of that faction which had accused him of insufficient diligence in prosecuting the Army's schemes. The Cabinet's position had been consolidated and the acceptance of its industrial programme was assured. The Army had gained the support of the industrialists, and had eliminated a new threat to the progress of the nation-wide mobilisation for war.

Furthermore, the Army had moved one step nearer to the achievement of complete political supremacy in Japan. The Diet, in which the military faction had always seen a potential danger to the attainment of its aspirations, was now fettered. By passing this law, the legislature had thus deprived itself of any control over Cabinet measures relating to war and to preparations for war. From this time onward,

the Cabinet might, without recourse to the Diet, exercise the wide legislative and administrative powers which the new law gave.

THE NATIONAL GENERAL MOBILISATION LAW

AND ITS RELATIONSHIP TO THE

BASIC NATIONAL POLICY DECISION

The National General Mobilisation Law, which was made operative by Imperial Ordinance on 5 May 1938, followed the pattern of war emergency legislation in all countries. Although ostensibly intended solely to facilitate the prosecution of the war in China, it was utilised to the full in giving legal sanction to Cabinet measures in furtherance of the general plans for economic and industrial development.

The law could be extended to cover any and every type of product, raw material and enterprise. It gave the Cabinet virtually unlimited powers to conscript materials, and to control industry and companies. Under its provisions the government might expropriate lands and buildings; authorise the payment of subsidies and compensation; enforce stabilisation measures; prevent the publication of information; and direct the occupational training and education of the Japanese people. Above all, it might direct and conscript the manpower of the nation. At the time the law was enacted Konoye's Cabinet contained HIROTA as Foreign Minister, KAYA as Finance

Minister, and KIDO as Education and as Welfare Minister.

The provisions of the mobilisation law serve to emphasize the many-sidedness and all-embracing nature of Japanese preparations for war. It was not merely a matter of military or naval or economic preparedness. Every aspect of the national life was to be so ordered and controlled as to produce the maximum pitch of warlike efficiency. The entire strength of the Japanese nation was to be harnessed and developed with this single end in view. The National General Mobilisation Law provided the instrument through which that goal might be achieved.

The measure now taken had its counterpart in the national policy decision of 11 August 1936. It had then been determined that Japan's internal policies would be shaped in accordance with the basic plan; and this--in the words approved by the Five Ministers--consisted in "strengthening the foundation "of our country both internally and externally." For that reason, measures would be taken to safeguard the people's livelihoods, to develop their physical strength, and to direct their thinking. The people's will would be strengthened "to tide over the extraordinary emergency", which schemes of expansion and aggrandisement were certain to precipitate.

THE ARMY EXPLAINS THE PURPOSE OF
THE MOBILISATION LAW

On 19 May 1938, two weeks after the National General Mobilisation Law had been put into operation, the Army published in the Japanese press a commentary upon its purposes. It was explained that, although the full story could not yet be told, an attempt would be made to interpret the spirit and substance of the Law as a whole, so that the public might understand its relationship to national defence. Japan, they said, was a country small in area and lacking in natural resources. She faced not only the determined resistance of Generalissimo Chiang Kai-shek in China, but also Soviet armies, fully mobilised and bent upon aggression, in the north. Moreover, she was surrounded by the powerful navies of the United States and of Great Britain. For these reasons great difficulties were entailed in planning Japan's defence, which was now based, not on her own shores, but upon the boundaries of Manchukuo, and of North and Central China.

The people of Japan were warned that the maintenance of these boundaries would call for great determination and very strenuous efforts for many years to come. Nothing less than complete mobilisation of all resources of material and manpower would suffice. Military success would depend chiefly upon the systematic and effective mobilisation of the "synthetic national strength". This

the National General Mobilisation Law was designed to achieve.

The remainder of the statement was devoted to telling the people of Japan what the realisation of the "synthetic national strength" would entail. The first requirement was spiritual power, since the people themselves were the source of fighting strength. By mobilising educational institutions and propaganda organs for a unified campaign, all possible efforts would be made to intensify the fighting spirit of the people, which would enable them to endure any amount of hardship and difficulties.

Manpower would be mobilised in order to adjust the demand and supply of labour; so that, as young men were called to the colours, their places in industry would be filled. This transition to a wartime economy would entail government plans for occupational training and direction of labour.

The plans for mobilisation of material resources other than manpower accurately forecast developments, the early progress of which has already been noted. While there was still time, vast quantities of materials for the Army and Navy would be acquired abroad. Production of war materials at home would be increased at the expense of peacetime industries. Therefore, all producing enterprises, as well as import and export businesses, would be unified under government direction.

The government would also take control of all financial credits. It would unify and develop all transportation facilities. It would mobilise science so that the pitch of efficiency might be raised. It would assume responsibility for the collection of information and the dissemination of propaga~~nda~~ at home and abroad, seeking to foster morale and to unify opinion in Japan, while creating a favourable impression in other countries.

The government would also equip itself with long-range flexible plans to meet the varying needs of a general mobilisation, so that the Army and Navy would always be adequately supplied with the muniments of war. Private enterprises would be required to conform to the plans prepared. Control would, as a matter of convenience, be exercised by Imperial Ordinances, without recourse to the Diet. A National General Mobilisation Research Commission and various semi-official bodies would be created to administer the law. These, and some self-governing bodies, would assist the government both in the formulation and in the execution of Cabinet policy.

THE ARMY HAD NOW SUCCEEDED
IN COMMITTING JAPAN TO
NATIONAL MOBILISATION FOR WAR

In the period which was now ending the Army had made itself the master of Japan's destiny; and, at the Army's instigation, the nation had embarked upon a programme of aggrandisement through expansion of military power.

Foreign Minister HIROTA, in whose term as Premier the Army's schemes had first been formulated as the national policy, left the Cabinet at the end of May 1938; and at this time also Lieutenant-General UMEZU, whose work had for so long been complementary to HIROTA's, resigned his office. UMEZU had become War Vice-Minister on 23 March 1936, while HIROTA was Premier, and prior to the important Five Ministers' conferences which settled the basis of the national policy. He had remained in that position during the premierships of Hayashi and Konoye.

HIROTA and UMEZU had provided the most important links between Konoye's Cabinet and that of his predecessors, for each had occupied a key position during a period that was remarkable for the steady development and fruition of the Army's planning. One by one the Army's detailed plans had gained acceptance, until at length all opposition within Japan had been overridden.

Japan's military and naval forces were

undergoing continuous expansion. Her growing military strength was still engaged upon the conquest of China. On 19 May 1938 the Japanese forces in Central China captured the town of Hsuchow, thus removing an island of Chinese resistance in an area which had been brought under Japanese control. Although the battle for Hsuchow was not a decisive one, it stimulated Japan's long-deferred hope of crushing all resistance in China.

Meanwhile the Kwantung Army in Manchukuo, in collaboration with the Army General Staff, was making its preparations for war with the Soviet Union. In Japan itself a new fleet was in course of construction; and in the Mandated Islands, naval bases were being established in preparation for a Pacific War.

Great efforts had been made to achieve the goal of economic and industrial self-sufficiency, which alone would enable Japan to sustain the burden of the wars which the Army had planned. In Japan itself, in Manchukuo, and in the subjugated areas of North and Central China, new sources of vital raw materials were being developed, and new war-supporting industries were being established. The Cabinet had equipped itself with the legal powers required to mobilise for war the entire strength of the Japanese nation. Through regimentation and through propaganda the people of Japan had been made to identify their country's destiny with the schemes of aggrandisement which the Army had propounded.

THE MANCHUKUOAN LONG-RANGE
INDUSTRIAL PROGRAMME OF MAY 1938

The fulfilment of the Army's five-year planning demanded that the maximum use should be made of the natural resources and industrial potential of the continental areas which Japan had occupied. In North and Central China the groundwork of such a development was already being laid; but as yet Japan could expect no substantial contribution from those areas.

In Manchukuo the situation was otherwise; for in February 1937 the Manchukuoan government had embarked upon a second five-year programme of industrial expansion. HOSHINO had shared in the formulation and in the execution of this programme, which formed an integral part of the Japanese Army's 1937 economic and industrial planning.

Even after the Lukuochiao Incident, which revived the China war, no pains had been spared in maintaining the objects of the planning. In November 1937 the Konoye Cabinet had resolved that the promotion of heavy industry in Manchukuo was essential to Japan's purpose; and the Manchurian Heavy Industry Corporation, a new national policy company, had been created to give effect to the Cabinet's decision.

In May 1938 the Japanese-dominated Manchukuoan government drew up an even more extensive programme of war-supporting industrial development. It was then decided to utilise the Manchurian Heavy Industrial Corporation in

achieving this new project. HOSHINO, as Chief of General Affairs of Manchukuo, had a decisive voice in the inception of the new scheme, which was the outcome of the Konoye Cabinet's resolution of November 1937.

The new plan laid great stress upon the cultivation of even closer ties between Japan and Manchukuo. In the light of experience already gained, the original 1937 programme was radically revised, so that Manchukuo might bear an increased share in the burden of Japanese preparations for war. The need for revision was attributed to changes in the international situation.

The whole purpose of the new plan was to increase the output of those industries in which Japan was deficient, and which the Japanese Army had singled out as essential to the needs of war. The production of iron and steel would be greatly expanded for the express purpose of meeting Japan's increasing requirements.

Mining operations would be extended to ensure Japan of coal supplies. Electric power facilities would be increased and production of machine-tools would be promoted with the object of encouraging further industrial development. New chemical industries, ancillary to the production of aircraft and munitions, would be established. New aircraft manufacturing plants would be built in widely separated areas. Manchukuo would aim at the production of five thousand aircraft and thirty thousand automobiles

each year. Systematic efforts would also be made to increase the production of gold, for upon that commodity Japan's foreign purchasing power was in part dependent.

The revised plan required an estimated capital expenditure of nearly five thousand million yen, which was little less than twice the figure budgeted for in 1937. Rather less than half of the required amount was to be raised in Japan.

The Manchukuoan government would set up an Economic Planning Commission to superintend the execution of the scheme. This new body was to carry out in Manchukuo much the same functions which the Planning Board exercised in Japan. Under its auspices a new and complete survey of the country's natural resources would be made. Trade schools for training skilled labour would be established, and plans would be prepared for carrying out the economic and administrative readjustment which the revised programme demanded.

THE ECONOMIC CRISIS OF MAY 1938
THREATENED THE ARMY'S LONG-RANGE PLANNING

The measures which had already been taken to give effect to the Army's planning had placed a steadily increasing burden upon the Japanese economy. Despite military victories and advances, the war in China was still a constant drain upon Japanese resources of material and manpower. Furthermore, the Army had counted upon China as a vital source

of raw materials, and as an area in which the war-supporting industries might be developed.

The Army, in disclosing the purposes of the Mobilisation Law, warned the Japanese people once again that the continuation of the war in China must not be permitted to obscure the basic objects of the national policy. North and Central China, together with Manchukuo and Japan itself, were represented as constituting a single sphere, the integrity of which must be maintained, not only against local resistance, but also against both the Soviet Union and the Western Powers. The principal object of the Army's planning, now as at all other times, was the accretion of armaments and of other war potential upon a scale sufficient to ensure victory over each of these formidable adversaries. The Army was at this time gravely concerned lest the struggle in China might cause the breakdown of its long-range planning.

Since the resumption of fighting at Lukouchiao, Japan had always been faced with the danger of economic collapse. Far-reaching measures of industrial, commercial and financial control had been taken in an attempt to avert this threat. The revised programme for industrial expansion in Manchukuo showed again the manner in which Japan was exploiting those continental areas which she already controlled. The people of these territories had been made to bear an increasing share in the expansion of the industries of war, and in supporting the over-taxed economy of Japan.

Nevertheless, it became apparent during May and June 1938 that Japan was beset by a severe economic and financial crisis. The Army, having won control of the Japanese government and people, faced a new challenge to the achievement of its ambitions. The adoption of its mobilisation programme had been secured. The question now was whether the Japanese nation could withstand the rigours which the Army's policy entailed.

It was in these circumstances that, on 5 May 1938, the Cabinet had invoked the powers bestowed upon it by the National General Mobilisation Law. In its commentary upon the purposes of that law, the Army reaffirmed its determination to proceed with the national mobilisation for war, whatever difficulties might stand in the way of its achievement.

THE CABINET REORGANISATION
OF MAY 1938

Ten days later the Cabinet was reorganised to meet the situation which had arisen. HIROTA left the Foreign Ministry; and KAYA, who, as Finance Minister, had guided and controlled the subordination of the Japanese economy to the requirements of the Army's mobilisation plans, also resigned his post.

To meet the threatened breakdown of the Army's plans, the Cabinet was strengthened by the addition of two military men. Lieutenant-General ITAGAKI succeeded Sugiyama as Minister of War. Since the Mukden Incident ITAGAKI

had been prominently associated with the Army's schemes of expansion and aggrandisement through military power. From 23 March 1936 to 1 March 1937 he had served as Chief of Staff of the Kwantung Army, and since then he had taken part as a Divisional Commander in the conquest of China.

General ARAKI, who now became Education Minister, had been a leader of the military faction during the early years in the development of the Army's schemes. In July 1931, two months before the Mukden Incident occurred, he was recognised as a prominent member of the Kokuhonsha, a secret society designed to foster the spirit of nationalism. In December of the same year, when the Inukai Cabinet took office, ARAKI was appointed War Minister at the instance of the younger Army officers. This position he retained under Inukai's successor, Saito.

As War Minister during 1932 and 1933 ARAKI advocated the adoption of an emergency policy, which would enable Japan to perfect her preparations for war. He was acknowledged as a leading representative of the powerful militarists. In his radio speech of June 1933 he was the first to reveal the full extent of the Army's long-range planning, and to exhort the Japanese people to cooperate in its fulfilment.

ARAKI's conduct during 1933 caused dissension within the Saito Cabinet; for it was realised that the policy which he represented was isolating Japan from the rest of the world. In December 1933 Finance Minister Takahashi

attributed to the militarists of the Army and Navy the deterioration which had taken place in Japan's foreign relations; and in the following month ARAKI left the Cabinet. He continued, however, to lead the faction which had demanded the conquest of Manchuria, and which advocated further schemes of expansion through military power. Since 23 January 1934 ARAKI had held office as a Supreme War Councillor; and, since the institution of the Cabinet Advisory Council on 15 October 1937, he had been in addition a member of that body.

KIDO, under whose guidance the education system of Japan had been made to serve the purposes of the national mobilisation for war, remained in the Cabinet as Welfare Minister. He realised that it was essential to the achievement of the Army's planning that the war in China should be ended. He did not over-estimate the importance of the victory at Hsuechow; but he did believe that already there was talk of peace among the Chinese. He considered, therefore, that Japan should now plan a new military offensive in the form of an advance upon the city of Hankow.

THE KONOYE CABINET TAKES NEW STEPS
TO ACHIEVE
THE GENERAL MOBILISATION FOR WAR

The economic and financial crisis was accentuated on 11 June 1938, when the United States, in view of Japan's repeated violations of treaty obligations in the conduct of the China war, placed a moral embargo on the sending of aircraft, armaments, engine parts, aerial bombs and torpedoes to Japan.

On 23 June 1938 the reconstituted Cabinet, of which ITAGAKI, ARAKI and KIDO were now members, met to decide what measures should be taken to maintain the goal of national preparedness for war. The decision made was a vindication of the forecast contained in the Army's commentary upon the purposes of the Mobilisation Law. Great emphasis was laid upon the Cabinet's determination to subordinate all other considerations to that of fulfilling the aims of the basic national policy. Measures vital to the national mobilisation for war would be enforced immediately.

The Cabinet's examination of the national economy disclosed that during the current year Japan's exports had fallen off by one-third. For this and for other reasons her foreign trade balance was extremely precarious. If the situation should become worse, it would be very difficult, in case of emergency, to procure arms and other supplies, because

of lack of foreign exchange with which to procure them. Even as the position now stood, it would be difficult to achieve the targets set in the 1938 plan for the mobilisation of commodities. The success of the five-year planning was already endangered.

The situation was, in the Cabinet's opinion, too grave to be met by day to day expedients. Such an approach to the problem would gravely hinder the efforts being made to meet immediate military requirements, while attaining the expansion of productive power which Japan's present situation demanded.

The drastic measures decided upon involved a further curtailment in non-military supplies. Even within the field of war-supporting industrial development there would be economies. In pursuance of this policy of retrenchment, measures would be taken to maintain the stability of the exchange rate, to keep up the supply of munitions, to promote exports, and to safeguard the people's livelihood.

The wide powers given by the National General Mobilisation Law would be utilised to this end. Prices would be fixed, and commodities would be rationed. Savings would be encouraged, war profits would be restricted, and waste materials would be salvaged. Funds in foreign countries would be conserved, and Japan would retaliate against boycotts of her foreign trade. The administration of foreign trade control would be unified in order to stimulate exportation. The production of munitions would be increased.

In particular, drastic steps would be taken to conserve essential materials through the regulation of supply and demand. By linking exports of finished products with imports of materials therefor, the government would ensure that commodities destined for ultimate export did not become absorbed in the home market. The minimum quantity of imports necessary to maintain the nation's livelihood, its exports and its barter trade, would be permitted. With this exception only those imports which were needed to meet military demands and to ensure the production of munitions would be allowed.

Each Ministry concerned was instructed to take its own steps to carry out the policy upon which the Cabinet had decided, and to treat the achievement of the national mobilisation as a matter of urgency.

ITAGAKI AND ARAKI ON THE
NATIONAL MOBILISATION FOR WAR

The two new members of the Cabinet were quick to lend their support to the programme of national mobilisation. On 26 June 1938, three days after the Cabinet had met, War Minister ITAGAKI, in an interview with the press, reflected the Cabinet's recognition of the economic difficulties which beset Japan, and his own determination that those difficulties should not stand in the way of the conquest of China. He said that Generalissimo Chiang Kai-shek did not count upon

victories in the first line of battle, but hoped to overcome Japan by imposing a burden upon the country's resources over a lengthy period.

ITAGAKI urged upon his readers the necessity of a long preparedness for war, expressing his own conviction that Japan was able to withstand future hostilities over an indefinite period. He exhorted the Japanese people to enter into the spirit of the Cabinet's programme for the conservation of national reserves; and to extend unstinting cooperation towards the authorities.

In commenting upon the international situation, ITAGAKI said, "It is natural that third powers are resorting to various manoeuvres, for the sake of protecting their interests in China. It should suffice for Japan to follow its own policy without fear or hesitation".

On 7 July 1938, the first anniversary of the Lukouchiao Incident, Education Minister ARAKI made a speech in which he expressed the same views as ITAGAKI. In its general tenor this address differed little from the one which he had given as War Minister in June 1933; for, on each occasion, ARAKI looked forward from the difficulties of the moment to the attainment of the Army's ultimate goal of world domination.

"We must be prepared", he said on this occasion, "for the aggrandisement of national strength required to wage long-period war.

"With deep understanding of the national thought,
 "we should clarify the absolute superiority of
 "our national constitution, and the thought of
 "Hakko Ichiu or the unification of the world
 "under one roof should be pervaded to the
 "whole world."

"National Mobilisation must be achieved
 "both in the material and in the spiritual
 "sense, which will promote the conspicuous
 "ever-progressing prosperity of the nation,
 "who must not be left as a power in East Asia
 "only, but must be promoted to the world's
 "Japan as the leader of the new era; and the
 "proper magnanimity and full vigour of her
 "people should be cultivated so that the
 "mission given to her may be thoroughly ful-
 "filled."

Despite the confident and aggressive tone
 which ITAGAKI and ARAKI had adopted, there was
 clearly discernible in the statements of each an
 undercurrent of deep anxiety concerning the
 outcome of the campaign in China. While that
 issue remained unsettled the Army's long-range
 planning was in jeopardy.

CHANGES IN THE ARMY STAFF
ACCOMPANIED THE CABINET REORGANISATION
OF MAY 1938

When the Cabinet reorganisation of May 1938
 took place, changes were also made in Army Staff
 appointments. Lieutenant-General TOJO was re-
 called from service in the field to replace UMEZU
 as Vice-Minister of War. As Chief-of-Staff

of the Kwantung Army since, 1 March 1937, TOJO had been intimately connected with the Army's planning and preparations for war with the Soviet Union. It was he who had advised the Army General Staff to strike a blow at China before attacking the U.S.S.R. After the fighting in China had begun, military preparations for war against the Soviet Union had continued to absorb his attention; and, in carrying out that work, he had been in close touch with UMEZU.

On 18 June 1938 Lieutenant-General DOHIHARA, who had commanded a division in the Japanese advance southward from Peiping, was recalled from China and attached to the Army General Staff. DOHIHARA, like ITAGAKI, had taken a prominent part in the planning and execution of the Mukden Incident, and in the subsequent development of the Army's plans. He brought to Tokyo first-hand knowledge of the situation in China.

War Vice-Minister TOJO received during June 1938 many other appointments, each connected with some aspect of the national mobilisation for war. Not even his predecessor UMEZU had held positions so numerous or so diversified. TOJO became a Councillor of the Planning Board, of the Manchurian Affairs Bureau, and of the Information Bureau. He was appointed also to the new National General Mobilisation Council set up pursuant to the provisions of the Mobilisation Law. He became Chief of Army Air Headquarters, and a member of the Air Enterprise Investigation Committee. He

joined committees concerned with the automobile, ship-building, electric power and iron industries; and became a member of the Scientific Council. The affairs of the Navy did not escape his notice, for he became also a member of the Naval Council.

Lieutenant-Colonel SATO continued to provide a second link between military preparations and other aspects of the general mobilisation for war. He had, since 26 November 1937, combined the functions of Secretary of the Planning Board with those of a section staff member of the War Ministry's Military Affairs Bureau.

A NEW OFFENSIVE

IN CENTRAL CHINA: JULY 1938

While the Cabinet took steps to maintain the supply of war materials, the Army General Staff was engaged upon the scheme which KIDO had favoured. During June 1938 they drew up operational plans for a new major offensive in Central China. Approximately four hundred thousand experienced troops were to take part in this advance under General HATA's command. The city of Hankow was their objective. The campaign, if successful, would close the breach which separated the existing puppet regimes in the north and in the south.

The reconstituted Cabinet was determined that a supreme effort should be made to end Chinese resistance, so that the programme of mobilisation for war should no longer be imperilled. "We will not lay down arms", said

General ARAKI in his speech of 7 July 1938, "until anti-Japanese China is completely "crushed to the extent that she cannot stand up "again".

In July 1938 the offensive began, and during July and August minor victories were gained as more Chinese towns and villages were enveloped in the tide of the Japanese advance. There was, however, still no indication which would justify the hope of a Chinese capitulation.

CONTINUED PREPARATIONS FOR WAR

WITH THE SOVIET UNION:

THE ARMY BEGINS NEGOTIATIONS FOR

A MILITARY ALLIANCE WITH GERMANY

While the new offensive in China was being launched, the Army continued to make ready for the expected war with the Soviet Union. On 19 June 1938, TOJO, the new War Vice-Minister, received an official communication concerning those military preparations with which he had been so closely concerned as Chief of Staff of the Kwantung Army. The Japanese Army in Inner Mongolia was making a study of the strategic areas bordering upon the U.S.S.R. The Chief of Staff of that army also reported that the natural resources of Mongolia were under survey, and that the materials which had already been acquired were being examined.

While the Cabinet struggled to achieve the national mobilisation for war in the face of economic difficulties, an attack upon the Soviet Union was still the project uppermost

in the minds of the military faction. Both War Minister ITAGAKI and Education Minister ARAKI laid enormous stress upon the need for preparation for a long war. "Japan's determination to fight to a finish with China and "Russia", said General ARAKI on 11 July 1938, "is sufficient to carry it on for more than a "decade".

With this determination in mind the Army took, upon its own initiative, a new and important step towards the attainment of its goals of military conquest. The programme of national mobilisation for war being now accepted and in course of achievement, the Army's attention was directed towards negotiating with Germany a closer alliance, which would reinforce Japan's own military strength. At the instigation of the Army General Staff Major-General OSEIMA, the Japanese Military Attache in Berlin, opened negotiations with the German government for a military alliance between the two countries. Such a conjunction of forces would complete the Army's preparations for war with the Soviet Union.

From this time onwards Japan's relations with Germany are of significance, not merely as one aspect of Japanese preparation for war, but as an essential factor in determining the course of events within Japan itself. The new Germany, which had arisen under Hitler since the year 1933, was, like Japan, engaged in preparing for wars of conquest and territorial expansion. The two nations, each intent upon

the realisation of its own schemes, entertained little regard for each other, but harboured common designs upon the Soviet Union. These had found expression in the Anti-Comintern Pact, concluded in November 1936.

A military alliance with Germany had long held a place of importance in the Japanese Army's planning. The need for it became more urgent as the time for attacking the Soviet Union appeared to draw near. In order that the origins and development of this phase in the scheming of the military faction may be understood, it is first necessary to survey broadly the progress of the Army's plan for making war on the Soviet Union.

THE ARMY'S INTENTION TO ATTACK

THE SOVIET UNION

HAD ITS ORIGINS IN THE CONQUEST OF MANCHURIA

Japan's antipathy towards the U.S.S.R., which led her to make common cause with Germany in the Anti-Comintern Pact, was inherent in the very nature of the Army's ambitions. When, in 1924, Okawa first proposed schemes of territorial expansion, he had advocated the occupation of Siberia. HIROTA, as Ambassador in Moscow in 1931, was also of that opinion. He then expressed the view that, whether or not Japan intended to attack the U.S.S.R., she must have strong policies towards that country, being ready for war at any time. The main object of such preparedness was,

in his opinion, not so much as a defence against Communism, but rather as a means of conquering Eastern Siberia.

Already there was a second reason for regarding the U.S.S.R. as an enemy. In 1930 military spokesmen, who were then campaigning for popular approval of the Army's plan to conquer Manchuria, had stressed that Japan must defend that territory against the Soviet Union. In April 1932, when the new state of Manchukuo had been established, the U.S.S.R. and the Western Powers were each acknowledged as enemies. Colonel ITAGAKI, then a member of the Kwantung Army Staff, received appointment to a new committee which would promote the interests of "the allied and friendly Nippon in her struggle against the Anglo-Saxon world, as well as against Comintern aggression".

Some three months later the Japanese Military Attache in Moscow reported to his government that a Russo-Japanese war was in the future unavoidable. He urged a non-committal attitude in regard to the proposal for a non-aggression pact made to Japan some six months earlier by the Soviet Foreign Commissar. On 13 December 1932, after five further months of delay, Japan rejected this proposal upon the ground that differences outstanding between the two countries had rendered negotiations for such an agreement untimely. In February 1933 Japan again refused a renewed offer to discuss such an agreement. Two months later, Lieutenant-Colonel SUZUKI of the Army General Staff said that any such

proposal must be denounced, since the Soviet Union was the absolute enemy, which aimed to destroy the national structure of Japan. The Soviet Union was thus recognized by the military faction as the power which, above all others, stood between Japan and the achievement of the goal of supremacy in East Asia.

The steady progress made in military planning and preparation for war with the U.S.S.R. has been mentioned frequently in the course of this narrative. By December 1933 the Japanese Army in Korea was already making preparations "in consideration of the time when we open hostilities against Soviet Russia". General ARAKI even then had designs upon Mongolia as a stepping-stone for such an attack.

In November 1935 SHIRATORI, then Minister in Sweden, told Arita that the time was ripe for an attack. He believed that Japan should immediately, by force or by threat of force, shut out the Soviet Union from East Asia.

On 23 March 1936, after HIROTA's Cabinet had taken office, ITAGAKI, as Chief of Staff of the Kwantung Army, had taken measures to bring Outer Mongolia within the orbit of Japan's "new order". After 11 August 1936, when the basis of Japan's national policy was decided, preparations directed against the Soviet Union were intensified to enable Japan "to cope with

"any force which the U.S.S.R. can mobilise in
"the Far East".

It has been seen that the revival of the war in China was a part of the Army's plan of expansion which included an eventual attack upon the U.S.S.R. Before and after the fighting began at Lukouchiao, military preparations for war with the U.S.S.R. had been maintained and accelerated. The Kwantung Army in close collaboration with the Army General Staff, had made its dispositions for an immediate onslaught, to be launched at the earliest possible moment.

If the attack were left for ten years, SHIRATORI had said in November 1935, the Soviet Union might become too powerful to touch; but the chances of immediate success were good. There was at that time, he added, no other country on earth which could become a real menace to Japan. The cession of Sakhalin and of the Maritime Province of Siberia should be demanded at a reasonable price. The Soviet Union should be reduced to a "powerless capitalistic republic", the natural resources of which would be rigidly controlled.

THE ARMY DEFERS ITS PLANS

FOR AN ATTACK

ON THE SOVIET UNION:

AUGUST 1938

With this compelling sense of urgency, the Army had fretted at Japan's increasing commitments in China, and at the precarious position

into which her economy had lapsed. Military leaders had resolutely maintained their programme of preparations for war with the U.S.S.R. and had turned to Nazi Germany for support. In July 1938, after ITAGAKI and TOJO had been installed in the War Ministry, the Army's impatience to launch an attack upon the Soviet Union found an immediate outlet.

At the beginning of July 1938 Japanese guards on the Soviet border in the region of Lake Khassan were strengthened; and in mid-July SHIGEMITSU was despatched to Moscow to secure acceptance of Japanese demands for certain territory in that area. The ground in dispute was an eminence of strategic value.

SHIGEMITSU adopted a peremptory attitude throughout these negotiations; and made, on 20 July 1938, a formal demand for the withdrawal of Soviet troops, upon the pretext of Japan's obligations to Manchukuo.

On the following day War Minister ITAGAKI, together with the Chief of the Army General Staff, attempted to obtain the Emperor's sanction to launch an attack at Lake Khassan, so that Japan's demands might be enforced. It was falsely represented to the Emperor that the Army's policy in this matter was supported by the Foreign and Navy Ministries. On the next day, 22 July 1938, the scheme was disclosed to, and approved by, the Five Ministers' Conference.

On 29 July 1938 the Japanese forces at Lake Khassan attacked the Soviet border guards. The fighting thus began continued until

11 August 1938, by which time the Japanese forces employed in the operation had been routed. Thereafter Japan negotiated terms of peace, leaving the Soviet Union in possession of the disputed area.

The fighting at Lake Khassan will be discussed fully in a later section of this judgment; but the circumstances in which the attack occurred are of importance in the present narrative. The scheme was promoted and put into effect upon the initiative of the Army. War Minister ITAGAKI had long believed that war with the Soviet Union was inevitable. His Vice-Minister, TOJO, had supervised the detailed planning and preparation for such a war. The attack occurred at a time when the Army was negotiating with Germany for a new military alliance, directed principally at the U.S.S.R. It was a product of the Army's planning to crush the influence of the Soviet Union in the Far East.

Japan's defeat at Lake Khassan caused an abrupt revision of the Army's plans. On 25 August 1938 Colonel SATO, as a spokesman of the War Ministry, expounded the Army's policy to the assembled Chiefs of the Police Bureau. In a speech which discussed the Army's resolves and the nation's difficulties, he revealed a new attitude towards the projected war with the Soviet Union. He warned his audience that military preparations must be continued, for such a war might break out at any time; but he said emphatically that it would be disadvantageous for Japan to provoke such a war at the present time. "If, however, a war

"with Russia is unavoidable", he added, "it will
"be necessary for Japan to seek a proper chance
"after her armament and production shall have
"been expanded--this should be after 1942."

A curb had been imposed upon the impetuosity of the Army and its supporters. The leaders of the Army had resolved once more to follow the principles laid down in the basic national policy decision, which demanded, first and foremost, the establishment of Japan's "new order" in China, and the completion of preparations for war.

The U.S.S.R. was, however, still regarded as a principal enemy; for that country stood between Japan and the attainment of the goal of supremacy in East Asia. SATO made it clear that Japan had not abandoned its ultimate goal of forcing war on the Soviet Union. He urged that objective as a primary reason for completing the national mobilisation. He reaffirmed the Army's belief that the Anti-Comintern Pact with Germany and Italy should be strengthened. But his speech disclosed that, as a result of its discomfiture at Lake Khassan, the Army was determined to achieve in greater measure the repletion of the national strength, before voluntarily undertaking any further liabilities.

DESIGNS UPON THE SOVIET UNION

LED THE ARMY TO SEEK A GERMAN ALLIANCE

Hitler came to power in Germany in 1933; and the Japanese Army, being then intent upon preparing for war with the Soviet Union, took an immediate interest in the new regime. In

March 1934, while the Okada government was in office, Colonel OSHIMA was appointed Military Attache in Berlin.

Upon the instructions of the Chief of the Army General Staff, OSHIMA was ordered to watch and investigate the stability of the Nazi regime, the future of the German Army, the state of relations between Germany and the Soviet Union, and, in particular, the relations between the armies of those two countries. OSHIMA would also collect and report information relating to the Soviet Union. He would try to discover what would be the German attitude, in case the U.S.S.R. should become involved in war.

OSHIMA took up his new appointment in May 1934, and in the spring of 1935 he learnt from von Ribbentrop of German willingness to conclude an alliance with Japan. This information he conveyed to the Army General Staff. Lieutenant-Colonel Wakamatsu, who was sent to Germany to investigate the proposal, arrived in Berlin in December 1935.

Already some, at least, of the military faction were confident of German support in case of war with the Soviet Union. "Since the relationship of Germany and Poland with Russia are in a same position as ours", wrote SHIRATORI to Arita in his letter of 4 November 1935, "there is no need for us to try to specifically weave understanding with them. Once the war breaks out they will surely rise on our side. The only trouble is England".

In Berlin Wakamatsu and OSHIMA held discussions with the German authorities, and

advised them that the Army General Staff was in favour of a general alliance between the two countries. This stage in the negotiations having been reached, the proposal was referred by the Army to the Cabinet. Meanwhile HIROTA, who had five years earlier advocated the seizure of Soviet territory, had become Premier; and Arita, the recipient of SHIRATORI's confidences, was his Foreign Minister.

In the spring of 1936, several months before the basis of the national policy was finally decided, HIROTA's Cabinet took up the Army's proposal. Ambassador Mushakoji, newly arrived in Berlin, was able to confirm that Germany eagerly desired cooperation with Japan. Protracted negotiations resulted in the signing of the Anti-Comintern Pact and a secret military agreement, both of which were ratified by the Japanese Privy Council on 25 November 1936.

THE RELATIONSHIP BETWEEN JAPAN AND GERMANY
AFTER THE CONCLUSION OF
THE ANTI-COMINTERN PACT

The Anti-Comintern Pact was not the general military alliance which the Germans had proposed, and which the Army General Staff had favoured. Although the August Conference of Five Ministers had already committed Japan to a forthright anti-Soviet policy, the pact was framed as a purely defensive measure, designed to prevent advance of the Soviet Union into East Asia. Foreign Minister Arita explained it in this light to the Privy Councillors, and was careful to disavow approval of German domestic policies.

Public opinion in Japan was not yet prepared for an alliance with the Germans, and this fact^{had} imposed a limitation upon the Cabinet's contractual powers.

Yet, in effect, this agreement furthered Japan's aggressive policy against the U.S.S.R. HIROTA had obtained assurances from the Germans that the spirit of the secret

agreement would alone be decisive in determining their attitude towards the Soviet Union. If occasion should arise, that agreement was to provide a basis for a further development of the relationship between the two countries.

Furthermore Arita himself belied the contention that the pact was defensive in nature, for he assured the Privy Councillors that the Soviet Union was behaving reasonably in all of its transactions with Japan. He did not himself believe that the U.S.S.R. would initiate any affair, even though Japan's preparations for war should not be adequate. Arita hoped also that the pact would strengthen Japan's position in her dealings with China.

In reality the Anti-Comintern Pact was concluded in an attempt to obtain the advantage of German support against the Soviet Union and in China, without alienating public opinion in Japan, and with the minimum possible degree of commitment on Japan's part.

These same considerations governed the subsequent development of Japan's relationship with Germany. After the fighting had begun at Lukouchiao, Japan attempted unsuccessfully to justify her actions in China as a struggle against Communism, carried out in pursuance of the objects of the Anti-Comintern Pact.