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Meeting was opened at 10:11 5th (Thursday) August, 1937

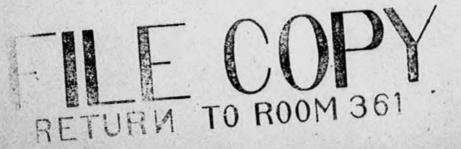
A portion omitted

(Government Commissioner OTA, Masataka, escends the rostrum)

Government Commissioner CTA, Mesatake, --- I will explain the Government intention in proposing the Bill of the Gold Production Law and seven other bills now under discussion. First, I will begin with the Bill of the Gold Production Law.

In view of the present circumstances at home and abroad, there is a pressing need to improve and adjust the international trade of Japan.

In order that this may be successfully carried but. I think we must first increase the national output of gold and concentrate it in the hands of the Government, and thus enhance the nation's paying power in foreign trade and at the same time consolidate the foundation of the gold reserve. The Government has been endeavoring to increase and concentrate the domestic production of gold by frequently raising the price of gold to be purchased by the Bank of Japan. Nevertheless we are facing the necessity of more



intensive production of gold. At present, however, taking a step further, the Government doems it necessary in the future to place the whole process of gold production, up to the final refinement, under government supervision, in order to attain the aim of concentration. As for domestic demands for gold, the Government is planing to take adequate measures to meet the emands, provided that these demands are just and well-grounded. As for the melting down of gold articles we are not intending to change the prosent regulations. But I think it is reasonable that, if necessary, a certain restriction should be laid upon the use of gold. The Government will supervise the industry of gold production on one hand. On the other hand, however, it should encourage enterpreneurs to produce more gold, by means of Government protection and assistance, by granting subsidies for discovery of new mines or of plants and refinories etc., within the limits of the budget, or by granting exemption from import taxes on tools and machinery which are needed. It is for the above reasons that this bill has been proposed.

Next I shall explain the Bill of the Gold Reserve Revaluation Law.

The gold to be reserved as guarantee of our convertible bank-notes, the bank-notes of the CHOSEN Bank and those of the TAIWAN Bank is at present valued at the rate of one yen per 750 milligrammes of pure gold, according to Article II of the Currency Law, notwithstanding the fact that the current price of gold has risen remarkably. Therefore it will be a fit measure to revalue the gold kept as the reserve fund at a price near the international current quotation so that the gold reserve fund may be valued at its actual

quotation. By this bill, however, we only intend to adjust the price of gold to be appropriated as the reserve fund, because we don't think the time is yet ripe for us to revise the Currency Inw, and to determine the value of our currency through devaluation. Accordingly we intend to revalue the yen at the rate of 290 milligrommes of pure gold per yon, leaving ten per cont of the current price in reserve. Surplus sums accruing from the revaluation to the Bank of Japan, the CHOSEN Bank and the TAIWAN Bank will be transferred to the Government, and a special fund will be established with these surplus sums to be managed under a special account, as will be shown later. A part of the gold bullion held by the Bank of Japan will be transferred to this new eccount. And the gold which will be produced in the future is to be bought by this institution and shipped to foreign countries according to the domand so that the fund for foreign exchanges may be adjusted. As for the CHOSEN Bank and the TAIWAN Bank, they are not bound to reserve gold, so it is desirable to adopt a measure by which the gold they keep can be concentrated into the Bank of Japan. For these reasons the Government has propose this bill.

Next. I will explain the Rill of the Gold Fund Special Account Law.

The Government is intending to establish a special fund with the sums which the Bank of Japan, the CHOSEN Bank and the TAIWAN Bank will transfer to the Government according to the Gold Reserve Revaluation Law, and the sums which the Bank of Japan will transfer to the Government according to the Law for the Purchase of Gold by the Bank of Japan. This fund will be utilized for

the regulation of the exchange fund and, if there is a surplus, it will be appropriated for the national loans. Further, it will be used for the encouragement of gold production within the provisions of the budget.

The Government has proposed this bill by reason of the necessity for creating a special account for this fund revenue, the expenditure of which mus be distinguished from that of the general account.