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Stenographic Records No. 9 of Proceedings of the House of Peers at the
71st Session of the Imperial Diet.

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

A portion omitted

(Government Commissioner OTA, Masataka, ascends the rostrum)

Government Commissioner OTA, Masataka, --- 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 out, 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

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intensive production of gold. At present, however, taking a step further, the Government deems 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 planning to take adequate measures to meet the demands, provided that these demands are just and well-grounded. As for the melting down of gold articles we are not intending to change the present 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 entrepreneurs to produce more gold, by means of Government protection and assistance, by granting subsidies for discovery of new mines or of plants and refineries 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 Law, and to determine the value of our currency through devaluation. Accordingly we intend to revalue the yen at the rate of 290 milligrammes of pure gold per yen, leaving ten per cent 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 account. 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 demand 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 proposed this bill.

Next, I will explain the Bill 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

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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 must be distinguished from that of the general account.