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DISPATCH NO. ZJIA-1473

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TO : Chief, FIZ

DATE: 11 May 1951

FROM : Chief of Station, []

SUBJECT: GENERAL: Japanese Intelligence Service
SPECIFIC: Transmittal of [] Report

We are pleased to forward herewith copies of the report on the Japanese Intelligence Service prepared by [] This report was promised to you by 5 May 1951 but, in view of the great deal of research necessary, it has taken longer than we anticipated. Since [] will be arriving about the same time as this report reaches you, we feel that any comment will be superfluous.

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FORM NO. 51-28
1947

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J.I.S. GROUPS AND JAPANESE NATIONAL REVIVAL. (ZJLA-1473)

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THE J.I.S. GROUPS AND JAPANESE NATIONAL REVIVAL - PRESENT AND FUTURE

I. The General Thesis - Introduction.

The purpose of this study is to give a comprehensive description of the nature, strength, extent, and probable future of those groups and agencies in Japan which are engaged in, or closely connected to, the rebirth and activities of a Japanese Intelligence Service. It will attempt to present the political and economic conditions, the nationalist and professional traditions, and the operating conditions and organizational structure, past and present, which have made the former J.I.S. and the present intelligence groups what they were and are, and which have a direct bearing on our predictions of what the future of Japanese Intelligence will be. This study will attempt to evaluate the more important facts and predict the trends, on the basis of the information amassed and reported to date.

From the evaluation of this information and from a collation of it with background studies on Japan, we can already formulate certain general theses concerning the Japanese Intelligence Services, post-war J.I.S. splinter groups, and the closely related movements for nationalistic revival. These conclusions may be summarized as follows:

A. The major activity of the leading so-called J.I.S. Groups during most of the post-war period, and more particularly during the past six months since a peace treaty has become imminent, has been not only intelligence operations but independent and often conflicting clandestine operations which are chiefly concerned with plans for a nationalist (Rightist) resurgence. In fact, the emphasis first was upon ideological propaganda and underground political operations, then, lately, and even more strongly, upon military renaissance. To the leaders of the Rightist underground the rebirth of the J.I.S. was a

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secondary objective, the conduct of pure intelligence operations a subordinate activity except for when such operations have served since 1946 as a natural outlet for clandestine activity and a valuable means of livelihood.

B. To explain the present political, ideological, and military aspects of clandestine operations by so-called J.I.S. groups, and to provide a guide to the future J.I.S., a review of the past record of Japanese secret intelligence organs is useful. It indicates that there has been no complete break with tradition or method. In the past, the various agencies of the J.I.S. in general showed the following weaknesses: the techniques, training, choice of personnel, and security were poor; other types of clandestine operations were often confused with positive or counter-intelligence operations; military or political authorities often interfered and sometimes there was even subversion by underground secret societies. The latter was particularly true in the field of secret operations, among the SSO (Tokumu Kikan) units and the Special Operations Sections (TRK) of the Kempeitai.

C. Post-war conditions have hastened the disorganization and deterioration of professional J.I.S. groups and efforts. They have caused I.S. personnel to increase their activity in other clandestine fields and have induced non-professional personnel to engage temporarily in intelligence activities. Thus the planning for a J.I.S. revival and even current intelligence operations has been mixed and confused as never before with every other kind of clandestine activity.

D. There is no clear-cut J.I.S. organization today, even clandestine. In the field of secret intelligence there exist a few, large, well-organized, predominantly professional intelligence groups either directly or indirectly

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supported and directed by American agencies. Generally, these have little chance of assuming full control in a future J.I.S. and have lost prestige in the Rightist underground because of their reliance on American support. The Foreign Office has cautiously and unofficially sponsored political and economic research societies and information agencies, working in collusion with sections of their authorized Research Bureau, but at present these draw mainly upon semi-overt and overt sources and are primarily political and economic reporting and/or evaluation agencies. The really powerful groups in 1951 are those engaged in all forms of clandestine operations - political underground organization and lobbying, plans and preparations for rearmament, Army and Navy reconstruction, subversion of police and maritime police agencies, ideological propaganda - in addition to a sideline of intelligence activities and sometimes black market activities for self-support. Within these major power blocs are professional intelligence operators and even sections planning for a renaissance of the J.I.S. as merely one aspect of a Nationalist revival. In the field of police intelligence and internal CI there are several extensive police investigative agencies but the coordination and streamlining of the special operations sections has not gone beyond the planning stage.

E. Control of the future J.I.S., dependent as it is upon control of the future government and its defense agencies, will reside in a merger of the strongest pressure groups. Politicians and diplomats of the WATSON Clique, the Army General Staff Clique (WALKER), and certain figures in the JCMAN (Self Defense League) underground lobby combine seem to be the most likely power groups to emerge probably in close but uncertain alliance, to control the new J.I.S. in addition to other branches of government, politics, army,

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police, etc. However, in keeping with past tradition and in order to preserve the harmony between groups, probably there will not be one centralized J.I.S. but rather several powerful services of the following types:

1. Official Services

- a. Army
- b. Foreign Office
- c. Maritime Safety Agency, maybe Navy
- d. Internal CI Police, probably organized into a sort of "FBI"-style CI Control Agency under an expanded Special Investigations Bureau of the Attorney General's Office, controlling special operational units of the National Police Reserve, the Rural Police, and local police. If not, the special investigations units of the latter organs will act independently.

2. There will also continue to be powerful unofficial groups mostly unfriendly to us, to be tapped and used by Operational Sections of the various J.I.S.'s:

- a. Nationalist Underground Groups
- b. Pan-Asian Groups
- c. Information broker groups
- d. Independent Investigative and Research Societies (Rightist)
- e. Propaganda Units

F. The resultant official Japanese Intelligence Agencies will be better in technique in many ways than before the war, will be particularly good at internal counter-intelligence, but will be plagued by lack of funds and by the traditional conflicts, weaknesses and organizational faults of pre-war Japanese agencies, and will be more vulnerable to penetration and subversion.

The above, in summary form, are the points which we consider significant concerning the J.I.S. and its future. The following deductions and explanations will clarify and support the above general theses.

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II. Evaluation of the Past Performance of the Japanese Intelligence Services.

The record of the Japanese Intelligence Services up to 1945 has been previously studied from a historical as well as CE viewpoint. However, certain features of the organization and methods, often reflective of typically Japanese traits and thinking, merit further attention since they provide the background pattern for the present and even more for the future. This is particularly true in view of the Japanese tendency towards traditionalism and the assimilation and superimposition of foreign ideas and methods into or upon their own culture, and in view of the natural swing of the pendulum back to pre-war concepts after the peace treaty.

A. Personnel Differences in the Former J.I.S.

The outstanding facts about the former Japanese Intelligence Services are the amazing paradoxes so typical of Japanese manners and thought: flagrant insubordination and disregard for advice within a highly regimented system operated on an essentially military basis; de-centralization and disunity, often approaching disorganization, of intelligence and other secret operations units within a supposedly highly centralized, totalitarian state; vicious feuds between individuals, cliques, groups and policy-setting agencies, often to the point of destroying both operating efficiency and security; the frequent placement of personal and group loyalties above patriotic duty in a country renowned for its national solidarity and for the subservience of the individual to the imperial state; the emotional and often biased approach and reaction to intelligence work and personnel by men schooled to be objective and logical; the lack of thoroughness, particularly in reports and plans, in a nation where avid study of all topics is common and there is great respect for the written word of experts. Most defects in the Services

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arose out of these factors and out of resultant personnel clashes, never from the lack of authority, training, or system. In fact, these paradoxical qualities and violent personnel differences led to the sabotaging of authority, system, and technique.

1. The Special Operations Units. The clash of individual with individual, unit with unit, and service with service in the highly specialized field of secret operations is almost generic to that field; however, the Japanese carried it to extremes undreamed of in Western nations. The above-cited factors, most evident in the special operations field, made the so-called Japanese Intelligence Service a hodge-podge of separate military, naval, civilian, cover company, Foreign Office, and police UNITS, often in complete conflict with each other. Some examples are pertinent, since they might recur in the future: the two most noted Tokuma Kikan (Special Operations) Schools, the Harbin School and the Nakano School, were continually in almost complete disagreement, and the graduates of the one had no more regard for the other than did their respective sponsoring agencies, the Kwantung Army G-2 and G-2 Imperial General Staff; the mutual contempt of primarily military TEKK units and the essentially civilian kikans (such as those from the SAHO Intelligence School, the South Manchurian Railway Intelligence Section, the KODAMA and SAKATA kikans, etc.) was well known; the intelligence personnel within the Foreign Service and the research groups backed by the Foreign Office (particularly Cultural and Exchange Societies) were in trouble with Japanese Army units wherever their paths crossed; Navy TEKK units completely disregarded the fact that their work and coverage duplicated that of Army units, and Army Staff seldom consulted Navy units for information at the area level; often there were conflicts if not duplications of effort by TEKK units in the same area,

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as for example the IATSU, UME and RAN Kikans working unilaterally toward the same end in Central China. Furthermore, the overlapping of functions and jurisdiction in addition to a mutual lack of cooperation overseas between the following agencies was axiomatic: the Tokumu Kikans (SO or Secret Political Agencies), the Joho Kikans (SI Agencies), the Boryakutai and Bochohan (Subversive counter-espionage units and Counter-Intelligence Sections), and particularly the Tokkoku (Special Operations Section) of the Kempeitai. Within Japan, the regular police hated the Political Control Section of the Kempeitai, which in turn was jealous of the greater CI authority of the TOKYO Kempeitai. All special operations units in the field - ^{Tokumun} TOKK, ^{and Police} JHKK, and ^{and Police} KEMPEI - resisted as much as possible direct control by local G-2s and cooperation with the External Affairs Sections of local commands. All in turn, particularly Kwantung Army G-2, resisted and often disregarded direct control and orders from Imperial GHQ (home office).

2. Staff-Level and Intra-Service Feuds. Above the I.S. units, even the commands and services supposedly controlling them were constantly feuding and wrestling for control. The quarrels between TOJO's Army Department and the Imperial General Staff, between the Army and the usually subservient Foreign Office, and particularly between the Army and the Navy are famous. These conflicts at control levels still have an influence, and will carry over into the nascent J.I.S.

3. Subversive Control by Outside Agencies. The jealousy with which various units and missions guarded their prerogatives and freedom of action did not always signify strong unit loyalty and solidarity. The political views and affiliations, usually secret, of I.S. Kikan members often conflicted with their sense of duty and resulted in ridiculously insecure conduct. Most of these outside agencies and societies were secret and depended upon

the ideological loyalty of their members. Some good examples of these, primarily Pan-Asian or Ultra-Nationalist, are: the DAI TOA RESHUI (P-A); The Manchurian KYOJAKAI (Concordia) (P-A); the TOYAMA-Mitsuru-led secret societies (P-A and U-N); the "Young Turks" and "2.26" Cliques (U-N); various graduating class clubs at both Army and Navy Officers' School (U-N).

A. Unofficial Agencies gathering intelligence. The fanatically Pan-Asian groups such as DAI TOA RESHUI and Concordia which were finally outlawed during the war had their own systems, operations and secret channels. One might also list the intelligence sections and individual operatives of such government-related "zaibatsu" holding companies as MITSU Bussan, Japan Steel and Pipe, and others. These would cooperate with military intelligence units in the area and often lent personnel to Kempei and TANK units. Nevertheless, they were usually privately financed, had their own directives and targets, and often had ideological or financial control over individuals within I.S. kikans as well as over their own personnel. There was similar interference by other government related agencies such as the Nippon Newsreel Co., Domei News, and the Greater East Asia Bureau, both as independent information-gathering agencies and as control agents of personnel in I.S. units.

B. Lack of Unity and Organization within Units.

The internal weaknesses of most kikans and units is frequently overlooked. A feudal outlook and personality problems often disrupted order and a careful delineation of duties. A kikan chief of a field unit, usually a colonel or above, generally chose his immediate subordinate personnel. This not only reinforced the "clique" tendency, but also led to favoritism, poor selection, and graft. A unit's potential depended upon the capability of its chief. The

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thuggery, graft and false reporting of the SAMATA and KODAMA Kikans for instance merely mirrored the character of their respective leaders. When as frequently happened, the home office assigned noted and high-ranking subordinates or large numbers of new Nakano-trained junior officers or civilians to a Kikan, rivalry and clique warfare within the unit increased. The Kempei possessed a better delineation of duties and more rigid organization, but the caliber of its personnel and their training often did not allow them to take advantage of this. The TMKK units often had reporting sections, special equipment sections, commo technicians, etc., but only on paper; frequently, the passion of certain personnel, regardless of his assigned functions, to operate, to be a "prima donna", destroyed the efficiency of such support functions.

C. Deficiency in Training and Planning.

It must be emphasized that personnel attitudes and clashes greatly diminished the value of training in every branch of I.S. work. Likewise it prevented the coordination of the two best schools in Special Operations, Nakano and Harbin, whose best points might have been combined to produce really well-trained personnel. Some of the top-notch J.I.S. operators in Europe in 1940-45 were Nakano graduates who had later served with the Harbin School. The Nakano TMKK Course was strong in the philosophy and logic of operations, but often too theoretical and dogmatic; in addition, there was little coordination with the excellent Nakano Secret Communications Course, which produced not only monitoring experts but also many fine censorship and technical support units for the overseas commands. Harbin School had a narrow scope limited primarily to Manchuria and concentrated on rough-and-ready trial-and-error methods, but its method of drill in high-level operational techniques was excellent. The

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Kempei training specialized in "toughness" of outlook, and included considerable extraneous police and control training; nevertheless, its schooling in low-level informant operations and use of CI techniques was quite good. Training of Foreign Office representatives in the collection of overt information was good. A glaring defect in all courses was the failure to instill sound security and cover principles, and the failure to counteract Japanese aversion to careful planning and checking. The lack of discrimination between intelligence-gathering and other types of clandestine operations can not be blamed upon the training schools, but their own courses did little to keep the distinction clear in most operatives' minds.

D. Failure to Separate I.S. Functions from Other Types of Clandestine Activity.

Both in organizational structure and training programs, attempts were made to delineate functions and keep information-gathering activities separate from other clandestine organs and activities. However, in the TENK units, the constant combination of intelligence operations, secret political and propaganda operations, sabotage, military operations and economic support operations for either unit or personal profit was the rule rather than the exception. Separation of Kempei special intelligence-gathering operations from normal Kempei and police control functions failed as often as it succeeded. This fact is very important because it means that the vast majority of J.I.S. personnel is incapable either by tradition or experience of recognizing these differentiations in practice even though they are familiar with them in theory.

E. Poor Reports Technique and Poor Evaluation.

The quality of reporting was generally low and poor in detail. For some reason, the deeper the covert nature of an operation, the poorer and scantier the reporting tended to be. Important factors were the pre-occupation with

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operating techniques combined with an exaggerated secrecy complex, the shocking personal relations between units and their higher echelons, and lack of confidence by operating units in the evaluating agencies. Higher echelons, particularly in the Army, were often arrogant, dogmatic, and poorly qualified for either evaluation or briefing and direction. Other factors which encouraged "padding", false reporting, or even withholding of information in the Army were the desire of commanders to receive only information they wanted to hear or had decided was correct, the allocation of more funds either to units producing reams of information or to those which used "security" as an excuse for producing practically nothing.

F. Poor Operational and Personal Security.

Poor protection of communications, use of vulnerable communications methods, hasty and insecure planning, virtually no vetting and security investigation, and rapid recruitment and operation on the basis of hunches or emotional fancies are but a few of the well-known deficiencies in J.I.S. general operating security. Personal security was even worse. Operatives were often secretive with superiors and associates with whom they should have discussed operations and, simultaneously, very indiscreet with subordinates, and even completely unauthorized personnel. The factors described in para. A. above were those most responsible for the very poor security which was general throughout the services.

G. Poor Records and Filing Systems.

The lack of system and the failure to comprehend the purpose of proper, well-kept and secure files were almost universal, and even to be found at Imperial General Staff Headquarters. Most agencies had either vast amounts of disorganized material which they hardly know how to use or classify, or

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they had very sketchy coverage. Coordination of the files of one headquarters with those of another was virtually non-existent.

H. Strong Points of the Former Services.

- (1) Both training and practice in the use of police-type investigative and CI techniques, and the amassing of counter-intelligence information were good.
- (2) Use of low-level informants, particularly for penetration of target installations or for check on travel and movements, was excellent.
- (3) The thoroughness of political and military control in Japan and its occupied areas gave the I.S. forces a great advantage; fair use was made of Japanese minorities in other countries.
- (4) The patriotic loyalty of most I.S. personnel, strongly ultra-Nationalist in nature, was until 1945 rarely endangered by any tendencies toward defection or betrayal of national interests to a foreign power. This was reflected in the over-confidence, still demonstrated by many Japanese overseas, when dealing with another Japanese quickly and on a basis of trust simply because he is a fellow-Japanese.
- (5) A few far-sighted experts in intelligence direction labored against time and tradition to streamline and strengthen the services. The few individual operatives, particularly in the European theater, who were experts in technique were on a par with any in the world. Unfortunately, because of their exploits, the J.I.S. has come to be vastly overrated.
- (6) The Army JIS was afforded excellent technical support. Crypto intelligence and radio monitoring were fine; the Army's documentation and laboratory research section was unsurpassed. Unfortunately, the J.I.S. in general had neither the capabilities nor opportunities to make maximum use of these. This discrepancy was so great that many technicians want nothing to do with the future operational J.I.S.

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III. Disintegration, Deterioration, and Extraneous Influences in Japanese Post-War Intelligence Activities.

Granted that disorganization and personality conflicts were plaguing the Japanese Intelligence Services before the Surrender, when these Services ceased the disintegration was almost complete. The pre-war services at least maintained some cohesion and controlled their personnel through loyalty; the disappearance of military sponsors and the strict limitations of Foreign Office and law enforcement agency activities had a more shattering effect upon clandestine operations than in any other field of endeavor. Then changing conditions produced new impacts and confusions in the field of covert activity.

A. The Necessity for Conducting Nationalist Revival Activities Covertly.

After the Surrender, the Allied Nations together struck at the Japanese Right, particularly at the Army, with a five-fold program: war crimes trials, abolition of the Japanese armed forces, purge procedures, breakup of industrial combines and monopolies (formerly economic bulwarks of Japanese aggression) and investigation and control of secret attempts at a Nationalistic revival. The last three measures were primarily the responsibility of the American Occupation authorities. For about a year after the Surrender, Japanese Rightist activity was the prime target of American investigative agencies, despite the fact that many former Japanese military and intelligence leaders were interrogated, called upon for assistance in the repatriation programs, or asked to explain material in files. Even after the threat was recognized first of Soviet aggressive intentions, then of the Japanese Communist Party as a tool of those intentions, Rightist resurgence remained a definite intelligence target for America and her allies. This continues to be true despite the recognized need for assistance by former Japanese military, Foreign Office, police and, particularly, intelli-

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gence services personnel in the procurement of information concerning the JCP and in supplying valuable background material on the Soviets and the Chinese Communists. From the very beginning, therefore, it was necessary for the Japanese program for national resurgence to be carried out clandestinely. At first, this took the form of a virtual cessation of all such activity, overt or covert, until American intentions, watchfulness, and investigative thoroughness might be estimated. A subsequent result, however, has been the participation of vast numbers of purged Rightist politicians, businessmen, former Army and Navy leaders, ex-diplomats, secret society members, political propagandists and lobbyists, as well as many Liberal Party and government officials in clandestine groups and activities best described by the term "underground" operations. They mingled with former Intelligence professionals, with gangsters, and with persons engaged for personal profit in other types of clandestine and illegal activities. Many points in their program and future plans they can now pursue openly because of changed world conditions and a corresponding change in American attitude and policy. Nevertheless, many objectives and the methods of achieving them remain covert. This factor not only has widened but also confused the field of covert activities in post-war Japan.

B. ReGrouping of Pre-war I.S. Personnel and Cliques.

Initially, few groups were as hard hit by the reversal of fortunes in 1945 as the intelligence services. Many professionals overseas were able to struggle along by aiding in the investigation and processing of repatriates or even, as in China, by carrying out intelligence activities on behalf of their conquerors. The fear of prosecution for war crimes hung over many of them, notably the Kempeitai, because of their brutal methods and atrocities; many were either imprisoned or held in Japan and abroad for close interrogation; but more chose to hide, taking any kind of menial work. Many of them were career men, not only in the Army or

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Navy, but in special operations with TMK, Kempei, or another intelligence agency. Even when qualified for other types of work, they hated making the adjustments to ordinary occupations. By mid-1947, however, two significant developments had occurred: first, their services were sought, directly or through some front man, to assist in the procurement of information on the Soviets and the JCP for the Americans; secondly, many of them were able to become key figures in the Japanese Rightist Underground because of their earning power and because of the professional touches they could provide to the wide range of clandestine activities planned and carried out by political and military leaders in the Underground. These developments, coming at a time when the danger of apprehension for war crimes and the chances of using war crimes charges as control was rapidly diminishing, encouraged many former I.S. personnel not only to come out from "retirement" but also to get into the thick of underground power politics and extend their influence in clandestine fields other than those of straight intelligence procurement. In this fashion, the confusion of intelligence-gathering with other covert activities became even more prevalent for the I.S. professionals than in wartime. There were additional impacts, however, connected with this re-grouping of I.S. personnel. In groups working with or for American or Chinese agencies, expediency and opportunity were often the governing factors: an "expert", contacted by an American agency, would form a group out of personnel known to him who happened to be available and willing. Often such groups would include non-professionals. Associations in the underground became fluid, as they received the backing of first one prominent political or military figure and then another. Most former I.S. personnel were Nationalists of one shade or another. Many began by working with specific leader who happened to share their particular opinions. On the other hand, others preferred to organize new groups out of inexperienced personnel; in the post-war heyday of wide-

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spread use of informants and agents by American agencies, particularly CIC, this was often more profitable. Many found the livelihood provided by Japanese agencies too meager, the professional requirements of the Americans too exacting. Many of these found that their experience in clandestine operations fitted them well for the pursuit of smuggling, black market and other illegal but profitable activities. In addition to these factors, the revival of old school tie and officers' school connections, and the breakdown of the barriers between personnel of the Army, Navy, Foreign Office, and other departments, played their part in the constantly shifting allegiances of post-war groups engaged in covert operations. Pre-war organizations were largely destroyed and old service loyalties and prejudices broken down to a considerable extent in the process. Nevertheless, the pre-surrender loyalties and cliques by no means entirely disappeared. Their recurrence not only caused shifts in the alignment of operative groups but they also provided one of the most damaging factors in the operational security of post-war groupings.

C. Non-Professionals in Intelligence Activities and the Temporary Nature of this Association.

The years 1947-1951 saw the involvement in intelligence activities of larger numbers than ever before of personnel virtually unqualified by reason of training, background, or experience. There is a fine point of distinction to be made between this and the development discussed in para. A. above, even though the two occurred almost simultaneously and often involved many of the same personnel. The present heading refers to the temporary entry into the intelligence-gathering category of clandestine activity, considered apart from secret plans, political lobbying, secret propaganda and ideological movements, agitation for military revival, etc., of former leaders in other fields, especially those of military

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strategy. There are two prime reasons for this. Firstly, mainly because of American need for information which the Japanese police and other post-war government agencies were neither equipped nor trained to supply, intelligence operations were one of the first activities permitted. This not only provided a means of livelihood but also an outlet for the activity, skill and experience of former Army generals, Navy admirals, purged diplomats and politicians. Secondly, by engaging in such activities, these categories of personnel found a cover for their plans and activities (discussed in para. A. above) on behalf of future Nationalist resurgence, means of fortifying their own positions in the increasingly important Japanese underground, and a way to secure substantial means of support for other activities. Other elements, desirous of resuming some sort of foreign trade semi-legally or even illegally, found that the ability to supply intelligence information sometimes decreased the chances of apprehension. The result of all this has been that many of the present so-called intelligence kikan leaders are actually men with no direct pre-war association with either the J.I.S. or intelligence activities. Furthermore, the vast majority of these high-ranking officers, businessmen, well-known diplomats, etc., have no intention of remaining in the limited field of intelligence procurement or of limiting the scope of their authority solely to a future J.I.S. if they can return to power in their chosen fields. This does not imply that lack of previous experience made these men incompetent to procure intelligence. Some of them have done quite well, and others have been at least wise in the selection of former I.S. professionals to work for them. Nevertheless, for them all it is a temporary sideline undertaken for reasons of necessity and convenience.

D. Lack of Sanction or Hope for an Official J.I.S.

The confusing and rapidly changing position of the Japanese Rightist underground, particularly in the years 1948-1950, has been in general complicated by a

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lack of official sanction and a necessity to operate on a day-to-day opportunistic basis in order to take advantage of every favorable political eventuality. This drawback was definitely felt in the phase of Rightist underground activity devoted to planning the J.I.S. revival. Long before it became certain that there would be a Police Reserve and over two years before America indicated that it favored rearmament for Japan, the Japanese expected to receive tacit approval to revive some sort of intelligence service. Differences of opinion arose, however, concerning the proper sponsoring agency - Foreign Office, Attorney General's Office, Police, more recently the Police Reserve, possibly the Army if and when revived - and the degree of control to be exerted by the sponsoring agency caused new rifts and realignments in the underground. Until mid-1950, the Army's determination to keep a new J.I.S. out of complete Foreign Office control, and the political lobbying going on to advance all phases of Rightist resurgence, raised the question by Army men of whether official sanction was desirable at all for the time being. The degree of cooperation with American intelligence agencies considered desirable became an increasingly hot point of debate. From 1950 to the present, the degree of speed with which a J.I.S. could be safely reconstituted, depending as it does upon the length of the Occupation, the peace treaty, America's friendliness but watchfulness, became another issue. In the past three years there has been no lack of detailed plans and compromise arrangements regarding the establishment of a future J.I.S. and regarding other phases of Nationalist revival. Unfortunately, these plans have been quickly invalidated by changing circumstances and resultant re-alignments. Former Navy I.S. men are still uncertain whether or not there will be a new Navy within which an intelligence organ could be established and in which they can find positions independent of Army control. Rightist groups and former J.I.S. personnel watched closely the developments in the Chinese political scene. There were varying

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opinions and conflicting pressures on the question of relations with Nationalist China and this led to constant shifts in underground groupings.

E. Increased Number of Worthless Information Brokers.

Some of the pre-war kikans, particularly in the China theater, and many unofficial Japanese organizations were little better than information-brokering agencies. Frequently they resorted to padding or outright fabrication of information for purposes of prestige or profit. The post-war era in Japan, however, produced a phenomenal increase in the number of these worthless information brokers, intelligence informants and agents. The main reasons for this prevalence are as follows:

- (1) The need for money and the desire for past advantages. The pressure of increased competition and the continued low standard of living caused deterioration of many individuals who had done good intelligence work in the past. Persons engaged formerly in clandestine work not only had had great advantages but today they were the least adaptable to other occupations.
- (2) The disorganized and fluid state of underground Rightist groups in the information business often meant that worthless agents of the information-broker type were included along with competent professionals who were still sincerely trying to produce good intelligence.
- (3) The large numbers of non-professionals in the major kikans, especially at the top, and the far too wide scope of the clandestine objectives of such groups afforded excellent protective coloring for charlatans and information and/or idea salesmen.
- (4) The general deterioration of Japanese character and standards in all walks of life in the post-war period.
- (5) American need for information and American gullibility. The lack of familiarity of most Americans with Japanese language, traditions, psychology,

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and internal affairs made them easy to fool for a time. Moreover, the need for information was great, and evaluation of the vast quantity of information pouring in was a monumental task which could not be performed properly and quickly.

(6) Identification of many Rightist and former J.I.S. personnel by the Japanese Communists. This factor has made it extremely difficult for many Rightists to operate successfully against JCP targets in anything but a semi-overt and peripheral manner.

(7) The restrictions on overseas travel for Japanese. Even in semi-legal trade and outright smuggling, the presence of identifiable former I.S. personnel is viewed askance by Japanese businessmen. Surveillance of Japanese in most Asiatic areas is automatic. With entry difficult and operations almost impossible, the tendency to magnify possibilities and product is natural.

These tendencies are discussed in detail because there is every reason to believe that they will continue, both among individuals and groups peddling information outside of the future Japanese services and also as factors affecting the disseminated product of the various Services themselves.

F. The Importance of Tokyo Bureaucratically.

Although Tokyo, as the center of Japanese government activity, is bound to be very important, the current necessity for being located in or near the Tokyo area in order to succeed in the coming struggle for power within the Japanese underground is highly exaggerated. Until this jockeying for power resolves itself into official establishments and individual duty assignments after the peace treaty, no big-time operator angling for a high and comfortable niche in the future Army, Foreign Service, OR intelligence agencies set-up can feel secure away from

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Tokyo very long. Conversely, it is difficult to evaluate the future importance of individuals formerly of great prominence in these fields (particularly Navy I.S. men) who have not yet come out of retirement in the provinces and made their bid for the future spoils, or to judge the national importance of a man like Major General HAGI, for example, who has maintained a fairly firm hold on operations in Hokkaido.

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IV. Post-War Intelligence Activity to Date.

The discussion of this vast topic must obviously be limited to those larger, more powerful groups which operated in the past and present, with the emphasis placed upon the possibilities of existence, the organization and structure of a centralized J.I.S. The informality and unofficial character of the relations between individuals and groups must be kept in mind. Even the major cliques constantly change; accurate charting of the entire picture is almost impossible, and the attempt would be misleading.

A. The Main Kikans to Date.

This section is limited to those groups and agencies dealing in the procurement of information, regardless of the other activities they undertake simultaneously, including lobbying and other efforts toward J.I.S. re-establishment. The stronger and better-organized groups in the field of secret operations have been until quite recently those which enjoyed the favors and financial support of American agencies; the semi-overt agencies, having greater permanence but less power, have belonged to one department or another of the Japanese government.

(1) * ARISUE Seizo

ARISUE is important for three main reasons: his former position as G-2, Imperial General Staff, the supposed overall director of Japanese Army Intelligence; the tremendous extent and power of the ARISUE Kikan, its subordinate entities, and ARISUE's personal power over intelligence service circles and other clandestine activities of the Japanese Underground until the fall of 1950; the unique nature of his present isolated position vis-a-vis other major kikan leaders. Section II reviewed the circumstances whereby the chief of Army Intelligence actually possessed considerably less control

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over and knowledge of Army J.I.S. activities abroad than might appear on paper; nevertheless, the position was extremely significant, and ARISUE's association with intelligence work was long standing. He was interrogated, then called in for consultation very early in the Occupation by American G-2. A working relationship apparently developed. By the beginning of 1949, the ARISUE Kikan was flourishing on a large scale. ARISUE not only seems to have operated his own group gathering information for American G-2, but either influenced or directed, in conjunction with KAWABE Torashiro and other former general officers, the cooperation in Hokkaido of General IRIGI's men with American agencies there. In addition, throughout 1949 and 1950 ARISUE supervised the work of Major General WATANABE Ataru against overseas and internal targets for American G-2 units, and was getting information from if not actually directing the KAWAMOTO Kikan (Lt. General KAWAMOTO Yoshitaro). ARISUE was responsible for the introduction of Colonel TSUJI Masanobu, OKADA Yoshimasa (or Isao), and HATTORI Takushiro to American G-2. A former major general from Burma, KIDUURA, was one of his later proteges. During 1950, apparently, either he began to use and direct the two separate organizations of KODAMA Yoshio and the Foreign Office's SONO Akira or else they, separately, began to funnel information through him. He appears to have maintained his contact with Lt. General NEKOTO Hiroshi on Formosa apart from his operations with American G-2. In the fall of 1950 ARISUE was at the zenith of his power, though supposedly still nominally subordinate to KAWABE Torashiro. Then suddenly, about November, 1950, KAWABE not only broke with ARISUE but almost every other Kikan chief did also except ARISUE's immediate subordinates in the underground, KODAMA, WATANABE and KIDUURA. ARISUE has been described as a vain, arrogant and boastful person; he is reputed to have become quite power-mad and self-seeking in an opportunistic effort to strengthen his position and to maintain a

post-war standard of living which was becoming ostentatious for a former Japanese officer. Furthermore, he apparently had used the prestige and power of his American connections to advance his position, even to the point of undercutting KAWABE, feeling certain that the Americans would not only supervise an Army revival but probably choose the leaders of it themselves. This aroused rather general hatred in the underground. In any event, although the ARISUE Kikan and subordinate units continue to carry out intelligence operations, ARISUE is at present virtually excluded from the revival plans of the principal underground leaders for a future J.I.S., Army, or any other service. This has forced ARISUE to take a position favoring close American supervision of the future Japanese military defense forces and of Japanese I.S. activities within those forces. Whether ARISUE will continue to be isolated and shunned is questionable; he may be able to climb back on the bandwagon later. However, the failure of his strong personal bid for power seems to indicate that if he does get back in the good graces of KAWABE and other Army leaders after the treaty, it will probably be on their terms, not as the intelligence chief for the KAWABE Clique but in a more subordinate role. He has lost both position and face.

(2)* KAWABE Torashiro and the Imperial General Staff Clique.

KAWABE represented the Japanese Army and General Staff on the trip to Manila in August 1945 to discuss surrender terms. He has since abided by those surrender terms in making available to the American Occupation, particularly to American G-2, the services of Japanese Army personnel and the fund of background knowledge possessed by the Japanese not merely on intelligence matters but on other topics as well. The KAWABE Kikan, however, as an information-gathering agency, is included in those services. KAWABE, as a former Air Force Lt. General, later Deputy Chief of Staff. GHQ. had no ex-

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perience and little direct connection with professional intelligence work. However, as the last active representative of the Japanese General Staff free to act upon behalf of the Army, he has the authority to order cooperation from such Japanese as he might choose, and he has apparently chosen well. KAWABE's group, known for a time in 1948-49 as the "K.A.T.O. Kikan" (KAWABE, ARISUE, TANAKA Ryukichi and OKAWA Genshichi) consists primarily of a collection of the top brass of the former Army General Staff and their close associates among the ranks of former Japanese generals. From below these individuals, in subordinate kikan, stem the actual operative lines. Some groups have worked on the preparation of strategic studies and the compilation of background data, in part for American consumption; many of the others, especially the ARISUE, KAWAMOTO and TAJIKURO (Takeo) Hideo groups, have been concerned mainly with active procurement of secret intelligence. Two former special intelligence experts IMAMURO (Wakano School founder) and KAGESA Sadaaki (of USS Kikan), SAKURAI Tokutaro, TANAKA Ryukichi, KAMATA Senzo and OKAWA Genshichi, and their groups, are reported to have been most closely associated with KAWABE over the longest period of time. Elimination of ARISUE from these ranks has been discussed above, but whether HAGI is under KAWABE's overall supervision since the November 1950 break or whether he still takes orders from ARISUE is not clear. (DOI Akio (of Akira), TANAKA Shinichi, SHIMOMURA Sada, TATSURI Eiichi, and KAWAMOTO Yoshitaro are among the other general officers who have either reportedly worked for or been consulted by KAWABE in the past. The last three, along with SAKURAI, TAJIKURO, KAGESA, both TANAKAs, and KAMATA, are the ones closest to KAWABE at present.) With the exception of TAJIKURO, KAGESA and formerly ARISUE, the KAWABE Kikan past and present does not represent the nucleus of a former J.I.S. that is still functioning, but rather the hard core of the Japanese Army Staff leadership, augmented by hand-picked subordinates, converted temporarily to in-

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telligence and research duties for reasons stated in Section III above. Its present importance in the Nationalist Revival is a matter for subsequent discussion. However, nearly a year and a half ago, KAMABE and his associates are reported to have established the line of cooperation with American G-2 for intelligence operations by Japanese Army personnel: the "ARISU" and "TAKU" program. In brief, that policy was to be not only cooperation with American agencies against Soviet, Chinese Communist, and JAP targets, but the revival of Nationalism, a Japanese Army and I.S., and penetration of American agencies wherever feasible.

(3) KODAMA Yoshio.

This notorious information salesman, one step removed from a gangster, built up in the post-war days the remnants of his old KODAMA Kikan, augmented it with personnel from former Kenpei units, and once again launched into the black market, smuggling, and intelligence business simultaneously. His past record and reputation, even among the Japanese armed forces, is that of a swindler, an information broker, and a dangerously powerful gangster-type operator. During late 1949 and early 1950, KODAMA and his henchmen were associated with the Far East Affairs Research Society operated covertly by AMANO Ganjo, then Counsellor of the Foreign Office, and several of the latter's former zaibatsu and political friends; earlier, the KODAMA Kikan (if not KODAMA himself) is known to have supplied ARISUE's men with information. In mid-1950, relations with ARISUE were reportedly resumed, the information and services for sale consisting of the results of KODAMA's widespread smuggling interests. How much information his contact men have sold directly to Americans is a good question. Despite his dubious prestige as a dangerous man, KODAMA's fame as a fabricator of information and a swindler and the presence of similar types in his kikan tend to bar

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him from serious consideration for use by future Japanese intelligence agencies.

(4) HABEYAMA Sadachika

HABEYAMA is primarily a propagandist, and his wide-spread rightist organizations and secret societies are mainly designed for re-awakening ultra-Nationalist sentiment, but they spread out all over Japan, insuring a wide area coverage. A former Communist, HABEYAMA is still distrusted as a secret Communist by many Japanese military leaders. During 1949 and 1950, he was associated with HORIUCHI Ganjo and the F.E.A.R.S., while simultaneously trying to sell his ideas and information to American agencies. He was later connected informally to the KA AGUCHI Kikan. At present he is reported to be channeling information into both the Attorney General's Special Investigations Bureau and the Foreign Office Research Section. The quality of his information is said to be poor.

(5) Commercial Cover Intelligence KIKANS: * WATANABE ataru, * SAKATA Sadamasa
(sometimes given "Signboard")
and * KA AMOTO Yoshitaro.

Although MIYOSHI, * KAJIRO, * KA AGUCHI Tadatsuo and other Kikan chiefs have frequently used commercial "signboard" companies for cover purposes, WATANABE, SAKATA, and KA AMOTO were most successful in building up thriving commercial companies to deal with semi-legal or clandestine economic operations while the personnel of these companies, almost all former I.S. personnel, at the same time carried out intelligence activities. WATANABE built up the MITSUBOSHI (Three Star) Trading Company, staffed it with some of his former subordinates and various Army TMK and Air Force officers, and in 1948 and 1949 began illegal trading operations with Korea, Formosa, and North China. He maintained liaison with both HORIUCHI Ganjo and ARISUE. Then, from late '49 onward, he worked under ARISUE, more or less steadily, only recently increasing his cooperation with KODAMA as well. At the same

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time, WATANABE Wataru is said to have maintained his own connections with American "CIC" as another market for his information. His kikan and cover company are quite openly known, and the quality of his overseas information is no longer believed to be very good.

SAKATA, like KODAMA Yoshio, had a past reputation even among the Japanese for double-dealing, graft, and information fabrication. He was the civilian deputy chief under Colonel OKADA Yoshimasa (© Naomasa © Isao) of the WATSU Kikan but built himself a greater empire based upon the corruption of his superiors and his close connections to the Shanghai underworld. He re-activated his kikan about 1948 for the express purpose of participating in overseas clandestine intelligence operations and smuggling. He is said to have contacted American CIC and received backing for his operations. In the early fall of 1949, during an attempt to recover assets in China amounting to about \$1,500,000, he was apprehended and he and Navy Lt. MIKAMI were jailed as the ringleaders.

KAWAMOTO Yoshitaro, along with his chief deputy former Col. KADOYA Hiroshi, has been involved in the organization of two cover companies, the Sun Oil Company franchise which he sought to maintain unsuccessfully, and the NIPPON TSUHO Trading Company. The personnel of both, including KADOYA, were primarily former I.S. men, selected by KAWAMOTO. KAWAMOTO has a long record of association with intelligence direction, but has had no experience in direct supervision or actual operations. He is looked upon by Japanese as more or less of a professional, however, and has been associated off and on with the former KAWABE-ARISUE combine, and has maintained especially close connections with subordinate entities of the KAWABE Kikan engaged in actual intelligence-gathering - YAWAKURO, KAGESA and YANAKA Ryukichi. The intelligence produced by the KAWAMOTO Kikan is reputed to be fairly good; individuals within the kikan are excellent professionals, but many grafters and incompe-

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outside of the Foreign Office itself were not subject to the official direction of the Foreign Minister nor even of HORIUCHI in his Foreign Office capacity but came under HORIUCHI's personal leadership and manipulation and that of certain former zaibatsu financiers, industrialists, purged diplomats and politicians, the latter primarily adherents of former Foreign Minister MATSUOKA or of MATOYAMA Ichiro. HORIUCHI had the additional plan, stimulated by a critique of the former J.I.S. and a blueprint for a new, centralized J.I.S. under Foreign Office sponsorship given to him by one of our agents, for an amalgamation of all intelligence-gathering agencies under the Foreign Office - ergo, his direction. In the spring of 1950 he began to form a secret group within the Foreign Office Research Bureau composed of section heads and officers there who were earmarked for future intelligence organization headquarters duties. He then attempted to use his prestige and friendly relations with Army, Navy, Rightist politicians, and other clandestine groups in the Japanese Underground to unify them and bring them into line with this organ. In the latter project he failed completely, and after his own unsuccessful bid for political power in the June 1950 elections, he and his henchmen in and out of the Foreign Office lost control of the Research Bureau secret organization as well. Before his fall, however, he had utilized the Far East Affairs Research Society, the Far East Economic Research Society, and the Chinese Affairs Research Society, all built up by him and his purgee friends, to get information, and he had secured the cooperation in this effort of KODAMA Yoshio, WATANABE Wataru, MAEYAMA Sadachika, DOI Akiro, SANO Akira, the SANO brothers (of SANO Civilian Tank School fame), the kikan of KAWAGUCHI Tadaatsu, the Kyushuan section of the Chrysanthemum Water Society, and others. Reasons for his failure may be conjectured as follows:

(a) HORIUCHI was high-handed, arrogant, and hasty in his attitude, particu-

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larly toward former Army I.S. men, underground societies and individuals, to whom he emphasized the fact that they had little hope of official recognition except by cooperating with each other under the Foreign Office aegis; (b) the really powerful figures in former Army intelligence, then represented by the KAMATE-ARISUE organization, had no desire to centralize under Foreign Office supervision; they were well-situated by reason of their work for G-2, GHQ; (c) the Korean War in 1950 raised in one form or another the hope of Japanese military revival and of future power for the Army men themselves; (d) a central intelligence agency depended upon the virtually impossible centralization of the Japanese Rightist underground itself.

Within the Foreign Office, SONO Akira head of Section Three of the Research Bureau, YOSHEKAWA Shinszo, head of Section One (Asian Affairs) and others carried on the policies which ROJUCHI began but in a far less grandiose manner. To what extent the SONO organization's secret structure goes beyond its overt designation is not known. However, there are indications that: (a) SONO's activities, authority, and information are not limited to Russia and Eastern Europe, nor even to exclusively external targets; (b) personnel of the secret organization within the Foreign Office are not known to their office supervisors, nor are their secret activities necessarily directed by their known superiors; (c) SONO Akira has kept close connections with ARISUE, the Attorney General's Special Investigation Bureau, and with MABEYAMA Sadachika's organization, presumably upon UCP matters; (d) the number of unofficial "research" societies has increased; i.e., undercover agencies from which will come personnel for the Foreign Office-controlled segments of the J.I.S. The Southeast Asia Economic Research Association under MIZUNO Itaro, former Ambassador to Siam, is one of the more recent.

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(7) Various former Air Force figures associated with OSI, FEAF.

(Whether as a group or as individuals, the following former Air Force general officers have worked for American OSI, FEAF during the past year:)

~~AKI~~ Skidany, former head of the Military Mission to Berlin; ~~MIYOSHI~~ Yasuzuki, part-owner of the famous "GAIJIN" in Leguro; ~~TATEHARA~~ Hiichi, former Military Attache in England, good friend of Prime Minister YOSHIDA then assigned there as ~~former~~ leader, today a confidential source of the President and close

collaborator of the KAJIAE Organization and, indirectly, of the American G-2;

~~AKI~~ Kyo (or Takashi), connected with the DAI ICHEI Commercial Company, a Hongkong-directed agency. ~~MIYOSHI~~ was formerly an agent for Kyoto CIC.

Both ~~AKI~~ and ~~MIYOSHI~~ have had close connections to ~~YAMAMOTO~~ Naime & Kyosaku of the JOMHEI Group; this tends to lower the evaluation of their reliability.

~~AKI~~ has been reported to be interested primarily in his commercial enterprise. None of these men are former I.S. operators. Beyond that, we have no valid indications as to their proficiency and reliability nor do we know the extent of their networks.

(8) Navy Groups.

There is not to our knowledge any highly organized group of ex-Navy I.S. professionals at present concentrating upon the procurement of information. There are several prominent individuals and groups, either working in conjunction with ~~KAJIAE~~ Torashiro and his subordinates or independently, which have figured very prominently in clandestine operations concerning Nationalist revival: notably, ~~KOBAYASHI~~ Shozaburo, ~~KAJIAE~~ Yoshiro, ~~KAJIAE~~ Minoru, and ~~KAJIAE~~ Kichisaburo, and their subordinates. Their chief activities have been directed at the manipulation and subversion of the Maritime Safety Agency, maintenance of liaisons to ~~WAKAMOTO~~ Hiroshi and the Chinese Nationalist leaders in Formosa, ~~KAJIAE~~ NIJURA's high-level negotiations for revival

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of a Navy and work with GHQ, and KAWAMURA's plans for a revival of Naval Intelligence. KOBAYASHI Shozaburo maintains a general supervisory position over KAWAGUCHI Tadaatsu's kikan including Vice Admiral SUGATA Jiro's group, the "REISHISHA" Organization (now closely affiliated with NABEYAMA's World Democracy Research Association), the Haiwa (Peace) Trust Company, and KAWAGUCHI's vague directional duties with the KIKUSUI KAI (Chrysanthemum Water League) and the Japan Anti-Communist League. At the same time, KOBAYASHI vaguely superintends and sponsors the JONAN-Japan Peoples Independence and Self-Defense League (now under the banner of "GENYOSHA") of KURIHARA Sho and SATOMI Ryosaku. MAEDA, KAWAGUCHI, KAWAMURA, former (Captain) FUKUSHIMA (son-in-law of the late Admiral YAMAMOTO), and several former Navy officers and Navy I.S. subordinates such as FURUYA Tatsuo and YOSHITA Kozemon are members of that group. It is not, however, an exclusively Navy organization nor is it designed to carry out intelligence activities. (Cf. below)

Because of his former connections with the Repatriates Board of the Welfare Ministry, his fine prestige at Navy Command HQ, and his past A.N.A. experiences in Washington, D.C., Commander TERAI Yoshinori was suspected of engaging in intelligence work. This would involve his good friend and collaborator, Captain WACHI Tsunezo, former Navy code expert who once served in Mexico. Nothing has yet been determined on this score.

(9) Secret Societies and Information Brokers.

In a nation where underground societies and secret fanatical groups have always been very prevalent and more influential than their actual significance merited, a detailed listing of all those engaged in the boom of secret activity that followed the occupation of Japan would be misleading as well as impossible. In addition to JONAN, the NABEYAMA, KODAMA and KAWAGUCHI Kikans, the following have been selected for special mention because they perform some sort of intelligence procurement function as well as almost

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every other type of clandestine activity:

The YUBINSHA of IMATA Ainosuke, because it serves as a meeting place and club for former military officers, naval officers and diplomats of almost all the major underground pressure groups;

The TOA RENKEI (East Asia League) and other Pan Asian organizations with which TOYAMA Hideo, the son of TOYAMA Mitsuru, is affiliated, because it is suspected that they are penetrated by the Chinese Communists and supply information to agents of the "Third Force" Chinese;

The Reborn Japan People's League (SHINJI NIPPON KOKUMIN DOMEI) of MITAMURA Shiro (sometimes called Teishiro), because MITAMURA is a post-war high-level defector from the JCP, still considered by many Rightists to be a secret Communist agent, whereas HOMMA Rentaro, #2 man of the League, is not; he is reported to be a former political expert;

The Democratic League for Japanese Self-Defense (NIPPON MINSHU JIEI DOMEI) because of the connections of its leader, TSURUMI Yusuke, both to CHIBA Saburo, the chairman of the Democratic Party and through him to CHIBA's relative, (Major General) SHII Masami, and also to the Special Investigations Bureau of the Attorney General's office;

The Sino-Japanese Cultural Research Society (CHUNICHI BUNKA KENKYU KAI) and the remnants of the Sino-Japanese Collaboration Movement (CHUNICHI GASSAKU UNDO KAI) and similar groups because of their connection to YAMADA Junzaburo and his lieutenants who are paid agents of the Chinese Mission and the Chinese Kuomintang;

The underground Nationalist Party (KOKUMINTO) and the related BOKYO TAI (Defense Training Group) because they have continually served as information-broker headquarters;

The YOKMO KENKYU RENKEI (Manchurian-Mongolian Research League) of TOGATA

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Chiba and NOGUCHI Jiro because they are information brokers as well as black-marketeers;

The KIKUSUI KAI (Chrysanthemum Water League), the HEIHOPEI (Death for the Emperor Society) and affiliated groups because of their prevalence and strength in Kyushu;

The SAKURADA Club (SAKURA KAI), because it is a gathering point for ARISUE's contacts.

Many of the societies naturally supply both the major conservative parties, the police, the Attorney General's Special Investigations Bureau, and most of the above-listed major kikan with a nationwide information coverage which can be considered but little better than outright propaganda.

(10) The New Field Officers' Clique.

This is a new group within the ranks of the former militarists working for G-2, GHQ. Three former ARISUE proteges, (Colonels) HATTORI Takushiro, TSUJI Masanobu, and KOTANI (^{Shiro} Hiroshi??) who comes from Yamaguchi Ken, are its principal figures. In addition to work on the rearmament question and strategy research, they are engaged in operations against JCP targets. Neither HATTORI nor TSUJI is a former intelligence officer. The group evolved because of the objections on the part of certain Army field officers to the top-heavy numbers of general officers in the KAMABE Kikan, which did not give the rising field officers the opportunities the future Japanese Army should have. Mutual recriminations between this group and the "Generals' Clique" (the KAMABE Kikan) have increased with the rapid rise in importance of HATTORI and TSUJI since the beginning of the year.

(11) Police Agencies.

There are three principal police organizations which already possess

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special investigation sections which deal in counter-intelligence directed at the JCP, the Chinese Communist agents within Japan, and Korean residents and Korean Communists in Japan. These are the National Rural Police, the Metropolitan Police in the major cities, especially Tokyo, Osaka, and Kobe, and the Special Investigations Bureau of the Attorney General's Office. Lobbying by the underground is presently directed at the establishment of a fourth major agency within the Japanese National Police Reserves. Two years ago there was a bill before the Diet to amalgamate these special police services into a nationwide Bureau for Special Investigation to handle both criminal and national security problems. It was modeled closely upon the American Federal Bureau of Investigation. Although the bill was tabled because too many Japanese and Americans feared creation of a Keisei-like organization, the purge and later the disappearance of the JCP Central Committee members in June, 1950 showed the lack of coordination among the Japanese police investigations agencies and the resultant inability to cope with more complex counter-intelligence problems. Since that time, effort has been directed at closer coordination and there has been more thorough training of members of special sections in investigative techniques and counter-intelligence problems. The AG's Special Investigations Bureau received a housecleaning in the fall of 1950, and subsequently launched into active counter-intelligence operations (as opposed to mere investigation, surveillance, and control) against Communist elements. The Tokyo Police Board reviewed carefully the records of many policemen considered ideologically unsafe, tightened up security measures, and increased the size of their special investigations section. The National Rural Police attempted, though rather unsuccessfully, to improve the accuracy, speed, and efficiency of their reporting and evaluating sections at headquarters. Then, in December 1950,

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the first steps were taken towards actual unification of the various special sections. Selected representatives from the Tokyo Metropolitan Police Board, the Osaka Board, and the National Rural Police were all put to work together with a special unit from the AG's S.I.B. on the problems of JCP underground subversion activities and the whereabouts and activities of missing JCP and Korean CP leaders. Organizationally this was a major step forward which provided not only coordination but, for the units less experienced in counter-intelligence work, better direction. The S.I.B. is by no means a polished, competent counter-intelligence agency nor will this expanded nucleus of a national CI Unit become one very rapidly. Most of the personnel are inexperienced at anything but straight police investigation; before the war, the Kempei took over most important cases. Operationally, they are relying heavily for the time being upon some rather notorious information-brokers and secret groups like MARUYAMA's which produce quantity but little quality. They have run down many baffling rumors about the whereabouts of the nine JCP leaders but caught only one to date, although they are reported to be surveilling two more. Yet their coverage is far better than they have been given credit for; they have the advantages of official recognition and they are also comparatively free from the sins of the pre-war police, thanks to American reorganization and training.

(12) Other Japanese Government Investigative Agencies.

The Maritime Safety Agency, handling maritime police duties in addition to ship inspection and maritime and harbor engineering inspection, is understaffed and poorly equipped to handle the tasks of controlling smuggling, illegal entry, of coast patrol, and coping with counter-intelligence duties involving maritime activity. Moreover, it is split by a feud between pre-war Navy Academy personnel and pre-war Maritime Commission personnel within its

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ranks, and has the constant problems of bribery of officials by smuggling rings and of subversion by Rightist underground groups seeking control to contend with.

The Repatriates Bureau of the Welfare Ministry and the Foreign Office Commission (?) on Repatriation Matters were agencies which, in the past few years have been able to supply the Japanese Government, specifically the Foreign Office's Research Bureau, with considerable information on Soviet Russia, and probably on Communist repatriates as well.

The Investigation Section of the Japanese Economic Stabilization Board (NIPPON KEIZAI ANTEI KYOKU: WAKSA HAN) has been used for investigation of JCP targets by the present government. YAMA Masao, one of the chief inspectors of that section, is a member of the JAPAN Group and also maintains liaison with G-2 Towns and Plans Section. FURUYA Tatsuo was also a former inspector there.

(13) Prime Minister YOSHIDA and the Liberal Party.

On a "high-level informant" basis, YOSHIDA and many of his Liberal Party associates in or outside the government supply information to individuals in G-2, GHQ, or point out leads and personalities of interest to American agencies. This is admittedly part of their duties as government officials of an occupied nation, but the cooperation extended has reportedly gone beyond that. In turn, not merely the Liberal Party but also the Democratic Party and those purges centering around both NAOTOYAMA Ichiro and NARAHASHI Wataru engage in the collection of political and economic information on their own which, although it has little to do with future intelligence service activity, at present fills unofficially a need in the information-procurement business and in their own political plans. (Some of YOSHIDA's closest contacts include Lt. General SHIMIZU Sada, FATSULI Eiichi.)

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(Maj. Generals) YADA (TANIDA) Haruyoshi and ISHII Masami. HATOYAMA has connections with most of the existing Mikans listed above and with UGAKI Issei as well.

(14) Individual Agents and Groups.

There is the need to consider the large numbers of former I.S. personnel and others engaged in intelligence procurement at present on behalf of American agencies, who have no definite nor permanent connections with any of the above agencies or groups. In most cases, they are probably on friendly terms with some person connected to one of the above agencies or Mikans at least, although this may have no significance at all regarding their loyalty to their present employers. The gravitational force of these groups, even the best organized of them, is not equal to the centrifugal force of disintegration in the old services, post-war instability, and the effect of the Occupation.

B. Is There an Organized J.I.S. or GCS Organized Underground Force?

We frequently speak of "running a joint operation with the J.I.S.", or refer to an agent with a long I.S. background as "probably reporting on us to the J.I.S." We have also given attention to the possibility that there might be one gigantic federation of Rightist groups embracing such diverse Nationalist elements as MARUYAMA, UGAKI Issei, KAWADA, HATOYAMA and purgee politicians, the Foreign Office and purgee diplomats, and even the younger KONOYE, Prince FIGASHIKUNI, and the Empress Dowager. For want of a better term, this was called the Japanese Underground Government. We are now in a fair position to answer two prime questions quite definitely: "Is there an organized J.I.S.?", and "Is there an Underground Government or Federation?" The answer in both cases is, "NO". Nothing could show up the post-war disunity of the Japanese intelligence-gathering agencies and groups as clearly as the failure and eclipse of the two "strong men" who tried to unite the largest number of groups under their respective lead-

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ership: ~~HORIUCHI Goujo~~ and ~~ARISUE Seizo~~. Admittedly, the circumstances were not yet ripe nor did either man have the personality, experience and authority necessary for the task. No one yet has possessed the lofty position required to do it, and conditions changing from day to day break and re-make alliances just as rapidly even within separate kikans. As for the "Underground Government", it is ridiculous to assume that any one politician or ex-general is going to chain himself irrevocably to the wagon of another under present unsettled conditions which might open up for him golden opportunities in the future. On a larger scale, there are few reasons why the more powerful groups now in existence should do anything more than bargain and trade with each other; as yet, none can be absolutely sure but that some dark horse or some new group might not suddenly enter the picture and steal the lion's share of the future power.

1. To what extent is there close collaboration among J.I.S. Groups?

We may not be running joint operations "with the J.I.S.", and our new agent may not be reporting back "to the J.I.S.", yet we must bear in mind that the Japanese Underground, consisting of groups doing intelligence work temporarily and those in it with the future in mind, is insecure and that it is composed largely of individuals who have known each other well for quite a long time. In what is turning into a feverish scramble for future power, a kikan chief has to know the intentions and assets of the others in order to arrive at temporary bargains and alliances and to play successfully the never-ending political game. In most cases, groups are separated only by shades of opinion or personal ambitions; therefore, when circumstances favor a merger, the differences are forgotten and the assets of both sides are reviewed. Often, at such times security is ignored and the discussion of the assets might include the description of an intelligence target or a connection with American G-2 or CIC.

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try to "sell" the kikan chief on his merits; a kikan chief might find it advisable to let his subordinates realize his importance, to assure their loyalty on a continuing basis. By the same token, an agent of ours trying to advance in the political underground game may reveal that he is connected with us. If he does so, it will soon be known throughout the underground. No one, even in his own group, may try to exploit the connection, and little may ever be formally reported to his associates concerning his work with us; yet the chances are good that the general outlines of his activity for us will soon become common gossip in the underground. The important point to remember is that in the future, many of these underground leaders will be in the J.I.S. Then there will be files, security, and perhaps some sort of a directed attempt to play their operation back into us. For the time being, however, it is probably just a question of security leaks.

2. Since we have submitted quite a few reports in the past which discussed the Japanese Underground and the secret intelligence groups in broad, rather inclusive organizational terms, it might be well to pause for an evaluation of these reputedly important federations.

a. The K.A.T.O. Kikan.

Both as a ^{JRP} federation of former Army Staff generals engaged in intelligence activities and research on behalf of G-2, GHQ, and also as a powerful and rather solid force in the Japanese underground, there seems to be little doubt that a group more or less under KAWABE Torashiro and ARISUE Seizo, working in loose cooperation with others, existed from about 1948 to 1950. It would be a mistake to assume that the four generals indicated were always working closely together or that they were the only generals involved. KAWABE is still working closely with TANAKA and IWAKURO; the senior Lt. General of the group YOIKAWA Genshichi, was at that time fronting for the IWAKURO.

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Kikan. At best, the organization seems to have been a loose federation of general officers who sometimes worked together and often dropped out to pursue independent activities, when they would be replaced by others. The K.A.T.O. title seems to be little more than a convenient catch-word. There is little doubt that all of the generals thus working together for G-2 were in touch with old General UGAKI Issei (or Kazunari) and probably with Admirals FUJURA and OKADA Keisuke as well, and were quite well aware of the political ideas of all concerned. However, it is extremely doubtful whether any of the latter were giving orders to the younger generals as chiefs of a higher echelon underground government. ARISUE was operating fairly independently of KATABE most of the time, within the loose federation.

b. The Japan Underground Government (JUG) 1948-1950.

Referring to POYAMA and the early FODIUM reports, in particular to ZJL-215 and ZJL-266-I, it seems fairly safe to discount about 70% of the information we received concerning the "Underground Government" and its intelligence operations. Friendly relations and occasional meetings between important military, political, and diplomatic personages in the Underground, or even an occasional plan for the Grand Unification of all groups and lobbyists, hardly constitute a basis for assuming that a definite and all-powerful GOVERNMENT existed or even that the factions were as large and well-knit as described. It should be pointed out that (in 1949) Admiral OKADA Keisuke was 82, UGAKI was 83, YAKATSUKI Reijiro was 83, OIKAWA Keisuke was 80, and the politician OKAWA Shumei was just recovering from a genuine case of mental derangement. Nevertheless, several reports of that period described them as the chief figures vying actively for full control of JUG. The fact that reports from the same source frequently were completely contradictory and that mass listings of names, companies, and contacts would result each time

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in a different line-up is additional reason for scepticism. There appears to be little solid ground on which to base the assumption that this entire disorganized group constituted an underground government, or even several strong and unified factions competing to create one. Yet the term "chika seifu" was not merely a catch-word; nor was it the J.I.S. (Cf. ZJL-215). It seems to have been less of a solid fact and more of a hopeful plan, an ideal, a wish on the part of Rightists who were trying during this period to exert individually and collectively as much pressure as possible upon the Liberal Party government and the Occupation. It was "the Underground", but the structural organization of it defies charting because we believe there never was a set structural organization nor an all-inclusive unity. Those reports are nevertheless valuable in providing a full cast of the characters engaged in underground political manoeuvres and indicating possible relationships and temporary alliances of interests. However, we must discount many of the rather sensational statements and, above all, desist from pinning a "J.I.S." label on the entire underground and the characters within it. (Cf. Section III above).

c. The UGAEI Federation.

In general, the above remarks may also be applied to what we called "the UGAEI Federation" as reported in most detail in early [] Reports, notably ZJL-442 and ZJL-444. In the former report, the agent himself hedged on the definiteness of the "Federation", its "board of advisors" and its chains of command, and offered (cf. para. 2 and 3) some very pertinent reasons why the information regarding definite groups which he reported should be considered with reservations. The chief mistake was to have considered it the "J.I.S.". Undoubtedly, since the reports from several independent

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sources discussed some sort of consolidation of the underground groups, principally Army ones, under UGAMI and HIGUCHI, there must have been a plan to that effect, possibly even an attempt, using these venerable figures as rallying points above the inter-group political strife. This probably did not last very long. In any case, regardless of their pursuit of certain highly intelligence objectives, the main activities of all groups and individuals concerned in such a merger would have been directed at national resurgence, and therefore part of the broader struggle for political power.

d. The "Crash" of the Underground Groups (Cf. TUL-483)

If we discount the incoherence of the group lines and certain items of information since been corrected, this is probably a valid attempt at unification and centralization. Its failure and the detail, however inaccurate in spots, with which it is described, has the appearance for the first time of an inside viewpoint. Herein is shown the virtual impossibility of centralizing even the military underground pressure groups. Shortly after this attempt, the possibility of rearmament focussed the attention of all groups upon a field of clandestine activity distinct from mere intelligence. This makes it clear that earlier insistence upon I.S. unity in the Underground was designed primarily to attain political power.

G. 1951: The Change in the Character of Leading Organizations.

The beginning of 1951 brought a definite change in the nature and objectives of the leading groups because for the first time they were able to consider, optimistically and practically, the means to attain their real objective - not intelligence operations nor even the establishment of a Japanese Intelligence Service, but a build-up of political power and re-creation of the Japanese armed forces. Powerful groups at present are concentrated on these broader aims.

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The earlier visit of Mr. Dulles had awakened hopes of an early peace treaty, the probability of rearmament and the possibility that after the peace treaty the Rightist political objectives might be gradually achieved. Subsequently, the hope that the purge might be lifted for many more former diplomats and politicians had added to the feverish planning. The JONAN Enterprises Company - People's Independence and Self-Defense League Group is an excellent example of the new type of underground group which emerged. It is not a cover company, nor is it merely a lobby group, and it is definitely not an intelligence-gathering agency although some of its members occasionally peddle information to get personal or organizational funds and it includes a secret planning staff for the re-creation of the Army and possibly Navy Intelligence Services. All of these functions are provided for, but the major purpose is infiltration of the Japanese government executive agencies, particularly the "stop-gap army" (National Police Reserves), the Maritime Safety Agency, the Foreign Office, and, presumably in the future, the Army itself and the entire political structure. The membership represents every field and service, and its liaison connections to other powerful groups, particularly the RE's, are good. The RE's connections are strong, especially to "Third Force" Groups. The new, broad objectives of clandestine operations by underground groups since it is organized to fulfill all of them. The JONAN Group contains former politicians like BABA Yusuke and TAKASE Den with connections to OKAWA Shunoi and HATOYAMA Ichiro; former diplomats KURIHARA Sho, TSUCHIDA Yutaka, and KATAI Tatsuo; ex-Army leaders TANAKA Shinichi, ORA @ SAKURABA Shiro, and, lately, OIKAWA Gen-shichi; former Navy leaders NAEDA Minoru, ABAYASHI Shozaburo, KATAYURA Yoshiro, and Admiral YAMAMOTO's son-in-law Sentetsu FUKUSHIMA, in addition to officials in the MSA who are former Navy men; former I.S. and Tokumu Kikan figures like NISHIHARA Masao, Deputy G-2, Kwantung Army, and YACHI Tetsuji of RAN Kikan;

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last but hardly least, it includes SATO Ryosaku @ Hajime, onetime associate of KODAMA's in China and supporter of the Army Intelligence Units in China by virtue of his vast economic operations, legal or otherwise - a shadowy "friend" of the great in every field.

The other powerful groups? They are those which could adapt and already have adapted themselves to clandestine activity designed to advance them in the military or political field: the General Staff Clique under KAJIBI's general supervision, working and speculating on the problems and outcome of Army reconstruction, with intelligence-gathering objectives now properly made a subordinate duty and re-creation of the Army Intelligence of secondary interest; the Foreign Office group under SONO Akira, because of its already strong political and professional position; the "HATOYAMA Line" politicians, mostly purges, because HATOYAMA Ichiro will probably take over from Prime Minister YOSHIDA after the peace treaty is signed. There is one more possibly strong element: the new Field Officers' Clique of HATTORI Takushiro and TSUJI.

These groups are now concentrated upon the main phases of Japanese Nationalist resurgence - Army revival and the future political triumph of HATOYAMA and other Rightist leaders, including control over the Foreign Office. In order to understand the forces which are apt to control the various Japanese Intelligence Services in the future, we must have a general idea of the secret objectives of the present powerful pressure groups, objectives for the attainment of which they are at present launching vigorous clandestine operations. These objectives have a direct bearing on the nature of the J.I.S. agencies.

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V. The Probable Future of Nationalist Resurgence and its Influence upon

J.I.S. Activity.

Japan is certain to re-assume a predominant position in the Far East. Barring actual conquest or occupation by Communist armics, political forces ranging from ultra-conservative to moderately militarist will dominate the Japanese government, either overtly or covertly. So long as Soviet Russia remains a potent threat to world peace and Communist governments will not be a danger to the United States; they will probably be an ally. We must recognize that this will happen as a result of Japan's natural security interests, her economic and technological potential, and the trend of her political ideology. Therefore, there is little we can actually do to prevent it, even if we so desired. However, the extent to which Japan's future Rightist trend will destroy or circumvent post-war democratic institutions, the extent to which Nationalist resurgence will develop militarism and lead to aggressive Japanese influence in the Far East, will be largely dependent upon the limitations set by the Western allies. Permitting national resurgence to a certain extent or countenancing the return to power of the Japanese Rightists are calculated risks we must take in view of Soviet and Chinese Communist ascendancy in the East. These are policy matters, however, and are not our subject. We give in this section a general view of the aims and potentialities of the Rightist underground which is seeking to dominate the reorganization of Japan. We do so because we believe it will attain that domination. Also, the degree and political nature of this Nationalist resurgence will indicate not only the probable forces within Japan which will control the future J.I.S. but also the national policy and thus, indirectly, the targets and objectives for the Intelligence Services.

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A. Ideology and Aims.

1. The differences in ideology and overall objectives of the present Rightist Underground and of the pre-war Japanese Ultra-Nationalists are very slight. Present-day underground leaders are merely more cautious, astute, well-informed, and realistic. They have a far clearer idea of the limitations of their own military and political capacity, and they have a wiser understanding of what they can get away with as far as other nations are concerned. For example, there are Rightists who speculate occasionally on the possibilities of a "deal" or a bargain with the Soviets or more particularly with Communist China; the majority, thinking realistically, know this to be virtually impossible and a losing game in the long run. Many persons in the Underground are basically anti-American; yet no sane Rightist talks of war with America. Any attempt on our part to describe these men as "pro-American" or as "ultra-conservatives" would be most unrealistic in view of their past records and current clandestine activities. Nevertheless, the fears that after the peace treaty Japan will resume a policy of military aggression or even that, in the absence of controls, the pre-war type of police state would be re-established are almost groundless. Most of these men have learned their lesson; not the lesson in democracy we have given them but the lesson in how to play international politics successfully. There are clear indications that next in line after the JCP and Soviet Russia, American policies and agencies will be the #3 target of the reconstituted intelligence agencies of this newest ally.

2. Significant Differences of Opinion among Rightist Groups.

a. In Japan, racial consciousness is not as strong as it used to be, but traces will always remain in the Oriental mind. There are two important types of Pan-Asian influence upon Nationalist thinking which might have a bearing

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on future government policy. One grew out of the peaceful wing of the pro-war DAI TOA KEMPEI, embodies the ideas of the late ISHIHARA Kanji, and is close to the aims and sentiments of the present Pan-Asian groups themselves. It calls for a real "co-prosperity sphere" in Asia, centering around a Japanese-Chinese Nationalist-Indian bloc to serve as a balancing third force in world affairs, although closer to the West than to Russia. A few Japanese Nationalists subscribe to this concept as a long-range ideal. The second influence of Pan-Asianism is less theoretical and more nationalistic: it calls for Japanese Nationalist backing of those Chinese Nationalist elements capable of achieving a counter-revolution in China, with or without American help, presumably to culminate in a Sino-Japanese alliance with Japan as senior partner. In view of the importance of China to Japan this idea is almost universally held in the underground. The question of whether or not CHIANG Kai-shek is the man to back is a hotly debated one. HOEIJUCHI Ganjo and OKAJIURA Neiji were two of his strongest supporters; but most Japanese Rightists now view CHIANG as a "has-been" and hope to be able to deal with those Chinese leaders known as the "Third Force". This idea is strongest among diplomats, politicians, and Army men who formerly served in China.

b. Most of the differences of opinion in current Rightist circles are concerned merely with methods and the speed with which objectives are to be achieved. For example, the KAJIABE Clique is now inclined to abandon its attempts to infiltrate and control the National Police Reserve and to avoid any incident which might arouse American suspicion. YAMAKA Shinichi and the JONAN Group feel that control of NPR is essential for purposes of future internal control and since America will have to authorize a Japanese Defense Army anyway, waiting is not necessary. The amount of American supervision over the new Japanese Army is a hotly debated point. Every policy issue involving

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Japanese independence from American or other controls causes similar disputes. There is little disagreement on overall policy, and the ideology of all is limited to one or another shade of Nationalism.

c. The major cleavage in the Underground is due not so much to ideology as to traditional mutual distrust and division of interests. That split, between politicians and Foreign Office dignitaries on the one hand and Army men on the other, is the most significant for the future. The former group realizes that the peace treaty and the question of post-treaty controls over Japan are matters requiring possibly more concessions than any Nationalist really desires to make. Yet they feel that the mere avoidance of suspicion and untoward incidents will not be sufficient. Sacrifice of certain territorial and policy aims must be made with apparent willingness and docility in order to restore trust in Japan; the latter point is the key to success. Many fear that too many Army leaders will revert to the hasty, ill-considered pre-war type of Army planning and action once they get a free hand. Army men, however, feel that they have demonstrated their ability to be patient and moderate; they are traditionally opposed to any civilian control, and distrust most of the politicians and diplomats, particularly those in the present government actually enjoying a direct voice in the negotiation of currently vital issues. They fear that these diplomats will make far more concessions than are necessary.

3. The sharp lines of conflict within the underground which result from such relatively minor points of disagreement are difficult to understand, especially in view of the need at this time for unified action and policy. They can be comprehended only in the light of traditional prejudices. Regarding the paradox of Rightist desires for very close ties with America superimposed upon basic anti-Americanism, if we disregard World War II it ceases to be paradoxical. That is what most Rightists do: they try to disregard the unpleasant reality of World

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War II and its influence on Japanese-American relations. Furthermore, the self-abasement of the average Japanese in shame over the aggression Japan committed was never really shared by the Rightists. Today, even the average citizen has rationalized Japan completely out of the position of a conquered aggressor nation which, therefore, deserves punishment, deprivations, or at least continued surveillance.

B. Political and Foreign Aims.

The general aims of most Rightists in regard to foreign territory include the Ryukyus, the Bonins, South Sakhalin, the Chishima Islands, and Formosa. With the exception of territory taken by Soviet Russia, they feel there are good chances that Japan will regain the territories soon. In addition, certain more ambitious military men, envisioning the fall of Communist China with Japanese assistance, demand at least a joint Sino-Japanese protectorate over Manchuria, regardless of Korean opposition. Military men generally want the removal of American troops, just as soon as the Japanese Army can be rebuilt with American financial and logistic aid. Until the Soviet threat is overcome, they want a military alliance with America. A future alliance with Third Force Chinese is gaining favor, and already secret collaboration is being widely discussed.

Internally, the three immediate aims are: de-purging of the remainder of the Japanese Rightists and military men; removal as soon as it is politic of those democratic innovations restricting strong Nationalist policies; the discreet use of the police against the JCP or any other opposition. Rightist confidence in their ability to gain the support (or at least obedience) of the majority of Japanese without having to re-establish an outright police state is significant and probably justified. By the strict use of anti-treason and anti-sedition laws to stifle any dangerous opposition, vestiges of the new "nationalistic democracy" can be retained without danger to Rightist supremacy. This naturally implies

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establishment of a fair degree of behind-the-scenes control over educational and informational agencies, some economic controls, and the need for a strong nationwide counter-intelligence and police force. Some Rightist Army men would prefer more direct and forceful methods, but the majority appears to favor retaining the outward trappings of democracy and constitutionality, again for the purpose of retaining international trust of Japan.

C. Strong Points of the Ultra-Nationalist Position.

- (1) American credulity, too well-demonstrated already in Japan, and American political appeasement of the Japanese Rightists in view of the current world situation. The Rightists feel they are in a position to bargain for American non-interference in domestic policy in return for aid to America against Russia.
- (2) Lack of time for Japanese democratic institutions, education reforms and popular comprehension of liberal education, financial and industrial new-style leadership, individual sense of responsibility, and a liberal SPIRIT of democracy to develop to the point where they could stand up under the strain of the post-treaty reaction.
- (3) A natural trend of public opinion toward the Right, in view of Soviet and Communist dangers; the starting position was ultra-conservative.
- (4) Careful underground preparations and cautious limitation of operations to date, which has built up foreign trust and complacency.
- (5) The necessity for re-armament before even those Japanese who would like to remain more or less democratic have a clear idea of why or how to subordinate military authority to civilian control.

D. Weak Points of the Ultra-Nationalist Position.

- (1) The really weak bargaining position they hold vis-a-vis Russia. Most realistic Japanese Rightists recognize that in the long run they could not

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hope to get very much of a bargain from the Soviets. They could remain neutral if America did not meet their demands; but in case of war, they could not do so in view of Japanese security interests. Actually, they have no choice but to support American policy.

(2) American surveillance and supervision, and the definite suspicion and hostility of other "allies", notably the Philippine Republic, Korea, Australia.

(3) The widespread internal dissensions already rife within their own ranks as to methods, degree of speed, and division of future "spoils".

(4) Lack of money and the economic wherewithal in every field of activity.

This makes them further dependent on American aid.

(5) Lack of Opposition, but also lack of real popular support for their aggressive ideology. The average Japanese may have little clear idea of the spirit of democracy, but he knows he has some privileges he did not have before; under ultra-nationalism, he will be apathetic and resentful of the tighter police controls. If the Ultra-Nationalists use harsh pre-war "police state" methods, there will be strong opposition for a time, then the elimination of it by the GI and Police Force. If war should come before the Rightists can gain control of government agencies, the strong pacifist and pseudo-liberal trend in Japanese though today, especially among youth of military age, will arouse fairly strong resistance for a time. The nation may go along with the program, but quite reluctantly. This is significant because it casts doubt on the morale, fighting spirit and overall value of the new Japanese military forces. The Japanese people have changed, even if the men able to control the government have not. Many fanatic soldiers will be found, but they will be only a fraction of what they were in the past. Especially with the sudden destruction of the unquestioning devotion to the Imperial Way, there are good indications that the reputation for ability, discipline, and fighting zeal of the Japanese Army will be found today in little more than one-quarter of the potential military manpower of the nation.

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VI. Present Combines which will probably have a Strong Voice in the Government and will therefore control the Future Intelligence Agencies.

There are still politicians, diplomats, industrial and financial moguls, and Army and Navy leaders who have not emerged from retirement or who have shown little inclination to compete in the underground struggle for future political power. There are many more subordinate figures, who would hardly be in a position to gain leadership and power in any event, who have yet to indicate to whom they will throw their support. Then there is the all-important matter of receiving the blessing of certain top-level personages which, even in 1951, has considerable bearing on the stability of a regime. The deep concern of the Emperor in the choice, policy, and stability of a regime, of a Prime Minister, of the future Army Chief of Staff, or even of a chief of intelligence carries very great influence. De-deification of the Emperor has not obliged him to participate in the actual political struggle for power; however, it has removed very little of the fealty shown him and yet has permitted him a new freedom to make his wishes and opinions known. His present middle position provides him with precisely the basis for real influence on events and choice of leadership which he lacked before the war. Within the major departments of government, the aged leaders of pre-war days, by their approval or disapproval of current political choices, still retain strong influence. If KAWABE does not have the blessing of the aged UGAKI or of OKAWURA Naiji (or Yasu-teugu), the ailing China Expeditionary Forces commander, it will not destroy his chances for becoming #1 man in the future Army, but it will diminish them. The tremendous potential power of an all-purpose underground organization like the JOMAN-Self Defense League (Genyosha) Group might be a controlling factor in advancing the fortunes of its favored candidates in the Army, Foreign Office, National Police, possible Navy, and political dominance of the Prime Ministry if not achievement of the position itself. Yet it is quite possible that some unforeseen development or internal quarrel might blast the tenuous unity of the

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so-called JONAN Group into violently warring factions or drive personnel essential to successful infiltration of a given department of government to work for a different pressure group. This could happen at any time, and to any group within the Rightist underground. As political deals and chances for future advancement increase, so will defections and betrayals. The coming manoeuvres for power within the Rightist camp are going to make the "smoke-filled room" gatherings at American political conventions look like Sunday School picnics. Considering all of the above factors, it is impossible to venture more than very shaky guesses, based solely upon developments and manoeuvres studied in the underground to date, as to the figures who will control the future Japanese government, its departments, and their subordinate intelligence agencies.

A. Control of the Army.

Despite the fact that KAWABE Torashiro is from the Air Force Branch, and although there is resentment and suspicion in underground circles, particularly among the army and navy figures in JONAN, concerning his close collaboration with American G-2, KAWABE is the most likely candidate for the post of future Chief of Staff. If he is named, KAWABE Kikan members will fill many of the top positions within the new Army command. In particular, KAWABE would probably want IWAKURO Takeo as either Deputy Chief of Staff or as G-2, to direct all the nascent Army Intelligence organs. Either KAGESA Sadaaki or KANAMOTO Yoshitaro or both are likely deputies in the Intelligence Section, if not alternate choices for the top post, in view of IWAKURO's other qualifications. If the present alignment of the JONAN Group is maintained and friendly relations with KAWABE and his subordinates continue, inclusion of Assistant Kwantung Army G-2 NISHIHARA, SAKURABA Shiro, and WAGHI Takaji on top subordinate levels in that section will probably result. Inclusion of ARISUE Seizo is highly questionable, and KAWABE would not push ARISUE's inclusion against Underground opposition. In the field of strategy, if KAWABE is chief,

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SAKURAI Tokubaro and TANAKA Shinichi are likely candidates as Staff Strategy Officers. However, one of the main reasons why KAWABE is a likely choice is his reputation for securing the cooperation of diverse cliques and personalities; therefore, there are good indications that high positions on the staff will be offered to the new "Field Officers' Clique", specifically to HATTORI Takushiro and TSUJI Saganobu. KAWABE has the backing of retired high-ranking generals, such as FUSHIO Junzo, KOBAYASHI Saizo, and probably OGUNI Kazunari. He is on friendly terms with HATAYAMA Line politicians and diplomats and is acceptable to the controlling figures (non-Army) in JONAN, SATOH, KURIHARA, and KOBAYASHI Shozaburo, because his cooperation with Americans on intelligence matters did not impede his secret efforts to establish a future independent Japanese Army nor has it made him a puppet. Yet, because of his collaborative efforts to date, he would probably be acceptable to American supervisory agencies also. ARISUE Seizo is virtually out of the running for the top post, once the Army is free from American control, and his chances under KAWABE or any other Army Chief of becoming G-2 again are slight, because of widespread Rightist enmity. IWAKURO is a possible "dark horse" alternate to KAWABE as Chief of Staff because of his recognized talent and moderate views. Furthermore, although from the same clique, he is not so closely identified as KAWABE with the Americans. In other words, for reasons of "face" he might become KAWABE's replacement to indicate a break with subservience to foreign control. If he were Chief, the line-up of subordinates would be about the same. OKAWA Genshichi is a possibility by reason of seniority and possible JONAN backing, but he has more enemies than KAWABE. SHIMIZU Sada, last Minister of War, is a very likely possibility because of his close friendship with YOSHIDA Shigeru, but he would be less acceptable to other general officers, unless, of course, KAWABE, IWAKURO, or possibly TATSUMI Eiichi were retained as deputy.) Thus, we see that future control of the Army and its subordinate intelligence

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agency will probably rest within the loosely organized group of General Staff officers affiliated with KAWABE, but with considerable concessions probably being made to rising field grade officers such as HATTORI, TSUJI, and others, and certain high posts being controlled by compromise with the Army generals within the JOHAN Group. The rumor has been circulated by his former subordinates that Lt. Gen. YANAGIDA, former Kwantung Army G-2, is alive and has escaped in disguise from Siberia. Little credence is placed in this report; however, if YANAGIDA should appear on the scene, there would definitely be some top-level re-alignments in Army Intelligence in favor of the Kwantung Army and Harbin School men.

B. Control of the Foreign Office.

Even at present, the working levels in the Foreign Office bureaus are well-staffed with men from either the HATOYAMA Clique or members of the old "Axis" or MATSUOKA Clique who escaped the purge. The HATOYAMA Clique, with its closer identification with the policy of Japanese-American cooperation, would seem the stronger. Moreover, HATOYAMA Ichiro appears the best long-range political prospect. Although the former diplomats in JOHAN ranks are mostly purgees, their future chances, especially since the fall of HOENICKE, are quite good. Most of them are veterans of the China service and their connections at present with Third Force Chinese leaders offer a valuable future asset. Moreover, close collaboration with the HATOYAMA Line Clique in both politics and foreign affairs has been a primary policy of the JOHAN Group's former diplomats. There should not be much friction between YOSHIDA Shigeru and HATOYAMA nor between their subordinates; it is expected that YOSHIDA will bow out gracefully as soon as HATOYAMA is free to take over. If he should not, and Rightist opinion of YOSHIDA's reliability is not high, it would not take the more Rightist HATOYAMA

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Clique very long to push him out. HATOYAMA is well entrenched in the underground. In particular, he reportedly has the backing of two notorious but still influential pre-war political leaders, OKAWA Shumei and YOKOYAMA Yui. They are both released war criminals well advanced in years with almost no chance of regaining political office themselves. Because a Foreign Office quasi-intelligence agency possessing some definite organization and stability already exists, and because it is staffed with "ideologically suitable" professionals, top-level changes in the control of the Foreign Office should not affect it very much. There is reason to assume that SONO Akira's actual power in the covert organization is already far greater than appears in the official roster; his authority will probably increase. There will be a great influx of new personnel and an increase in the number of secret outside groups affiliated with what may come to be "Foreign Office Intelligence", and certainly better opportunities in the future for overseas operations, but control on the actual operational direction level should remain about the same. The Foreign Office will probably have almost complete control over the overt and semi-overt fields of overseas intelligence, and the best chances for covert use of Japanese business men and cultural cover overseas.

O. The Navy Problem.

If a Navy is re-established, the most likely figure to front for it is NOMURA Kichisaburo. If there is no Navy, the Maritime Safety Agency will probably be greatly expanded for coastal patrol and defensive purposes. It will be manipulated and infiltrated by subordinates of HOBAYASHI Shozaburo and MAEDA Minoru of JONAN, possibly under NOMURA's top-level advisory authority. If a Navy is authorized, the personnel controlling its subordinate intelligence service cannot possibly be determined at this stage. Other than the non-professionals mentioned above and KAWAJURA Yoshio, also of the JONAN Group, we know of

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no possibilities. In the event a Navy I.S. is re-established its leaders would probably be selected from among former experts now engaged in other occupations. If limited to an expanded ISA, the JOWAN Navy wing is almost certain to dominate it and any minor intelligence agency it may possess. However, many former Navy I.S. personnel will continue in their other employment or will attempt to establish themselves within the Foreign Office agency or even the Army agencies, relying upon the close post-war relationships they enjoyed with Army kikan leaders.

D. The Internal Police and CI Agencies.

If the current plan advanced by (Attorney General) ~~MARCO~~ ^{MIYASHI} succeeds, autonomous police forces even for many towns and cities with populations over 5,000 will gradually disappear, the National Rural Police will assume more complete control over nationwide police activities, and the three major national police entities - NRP, NFR, and SIS- will be more thoroughly integrated under the direction of the Attorney General. It looks as though centralization to this extent and gradual take-over of local police powers may take place even before the peace treaty. We are not sufficiently familiar with the direction of these police agencies to be able to indicate who will later control the increasingly important special sections which deal with high-level counter-intelligence. However, infiltration and outside manipulation of the National Police Reserve and the National Rural Police by powerful underground lobbyists in the JOWAN Group, and by military figures closely associated with the KAWABE Clique, give some indication of the political forces which will exercise control. The contention of SAIUMI and others that control of these expanding police agencies is important even though the JNPR does not become nucleus for the revived Army is believed to be valid; combined in some future plan, they will be the agencies or component parts of one agency which will handle internal counter-intelligence.

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E. Overall Political Control.

Politically, the chances of the HATOYAMA Clique appear to be the best. NARAHASHI Wataru may have considerable chance of rising to power, but most indications point to HATOYAMA as the automatic successor to YOSHIDA Shigeru.

His control of the right wing of the Liberal Party is almost a certainty, and the Liberals are too strong to be shaken from their present leadership. However, the political forces exerting real control in the future are not apt to be solely the designated leaders of the political world any more than they will be those men chosen as Diet members by the electorate. The Diet may not sink to the "rubber stamp" level of inconsequence it occupied before the war, but as the bureaucratic entrenchment of the Rightist party increases, the legislative arm will be increasingly impotent to check dictation of policy by the top-heavy executive branches. This strengthening of the executive bureaus of government has begun under YOSHIDA. Its significance to our study is that actions taken or policies formulated by agencies in the executive arm of government can be countermanded only by a slow and complicated machinery.

Control of government bureaucracy, including nominal control of the Foreign Office and of any internal CI agency, will rest with the HATOYAMA Clique, but only insofar as its general political chances and specific control of these two particular agencies is maintained in conjunction with and by cooperative compromise with the Army General Staff Clique and Rightist business elements. Cementing this shaky combination will be either the JONAN Group or some similar underground pressure group with influence in all camps. If these links between Rightist politics, diplomatic bureaucracy and Army leadership are not strong enough to overcome policy differences and mutual distrust, and if both sides do not make reasonable concessions and above all clearcut declarations of their aims, there is an excellent chance of two separate policies resulting

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with no mutual dependence nor real control. Neither group is strong enough to control the other fully; any attempt in that direction will fail because the Foreign Office and the Cabinet can fall back upon the Constitution for support if threatened, while the Army could launch into underground operations and subversion if threatened by Cabinet or Foreign Office dictation. Should their mutual dependency end in a stalemate, there still remain those unofficial forces outside of the government to persuade or force both official power groups to work together.

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VII. What will the Future J.I.S. be like?

We are able to predict with greater certainty the nature, organization, and capabilities of the future Japanese Intelligence Services than their probable leaders and control agencies.

A. Ideology and Political Control will range from Ultra-Right to New-Style Militarist and, in general, the personnel will be more reactionary in their political views than the Japanese government itself or even than their sponsoring departmental agencies. The lines of political control should turn out to be fairly similar to the speculations made in Section VI.

B. Organization.

1. Centralization?

The creation of a centralized intelligence service is an ideal which leaders may discuss at great length in the future, but it is almost an impossibility. Neither the Army nor the Foreign Office intends to limit themselves to foreign intelligence targets; neither appears to be strong enough to dictate to the other; neither has the authority nor the organization capable of putting the rapidly strengthening police intelligence agencies on a completely subordinate level in the internal field. Centralization implies self-limitation to assigned areas of jurisdiction on the part of all components of the integrated unit: that will probably never happen in Japan. In the common interest of Nationalist revival and elimination of political opposition, coordination between the main agencies and between their sponsoring departments will be better than before the war. Moreover, the principal intelligence figures in all the agencies are better acquainted with each other than before the war. The principal intelligence agencies will be those of the Foreign Office, the Army, the Internal CI

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and Police Agencies, probably united under the Attorney General's Special Investigations Bureau, and possibly of the Maritime Safety Agency or Navy, if there is a Navy. These will by no means constitute the limit of information-gathering agencies, but they will be official and will utilize all other groups and agencies. Some of the latter which will be tapped by the official services are: Nationalist underground pressure groups and Pan-Asian groups seeking to subvert, infiltrate, or influence branches of the Japanese government and the intelligence agencies in particular; information-brokering groups; independent and semi-overt investigative and research agencies and societies, chiefly rightist and usually established for commercial or cultural reasons; propaganda units of the Japanese government and non-official political propagandists and societies.

2. Internal Organization.

Structurally, the organization and system of every major agency should be immeasurably better than before the war. The internal agencies, once Occupation controls are lifted and real power is placed in their hands, will be able to combine the Japanese tradition for detailed low-level coverage with the systematic and efficient processing which they have learned to some extent from the Americans. Their internal organization and efficiency should become the best. Even in the more specialized fields of foreign intelligence and special operations, organization and clear-cut lines of authority and responsibility should improve. There will be less insubordination and less waste of personnel because there will be fewer slots available in services cramped by insufficient budgetary appropriations. On this point hangs the crucial test of their organizational stability and freedom. Because of the financial pinch, it will be easy to become dependent upon amateur and volunteer assistants. Such a system may work

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well in Britain, but in Japan it is certain to mean the subversion and manipulation of an agency by outside interests and pressure groups. The interplay of politics to determine who shall get the choice slots will not cease with the acquisition of official status. This inevitably means graft, corruption, political influence, hampering organizational efficiency and cutting across channels of authority.

C. Finances

This will be the big problem. The Japanese government cannot afford to pay its personnel adequately, much less make available confidential funds in sufficient amounts to operate properly. This places the various services - not to mention the individual officers and agents within them - in a dangerous position: they are tempted to look to other sources of income or operating funds. There will undoubtedly be many high-minded and patriotic individuals in the services who will do everything possible to prevent graft and waste. There will be less money to spend, therefore more careful operating and more economical planning may result. However, most of the non-professionals on a directional level and many of the professional unit or operations chiefs have served for some time at least with American agencies. Many of the salaries and advantages they received in the heyday of 1948-1951 will be far beyond what their own government can afford to give them. This means that despite the best of intentions, graft and misuse of authority will be more common than before; penetration and subversion will be constant dangers. Rather than risk subversion by foreign governments, the Japanese may well prefer the subversion and infiltration of their agencies by Rightist groups and wealthy commercial interests outside the government. It would be a lesser evil. Another solution would be to offer official cooperation to American Intelligence in return for financial aid. If we strike a hard enough bargain,

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insisting upon professional standards of quality without interfering too brashly or overtly in the politics within the agencies, we might find this very worthwhile. Certain Japanese personnel who are obvious choices for positions in the future Japanese agencies may decline such posts or be forced to resign because of the good living they made while working for American agencies. This should not apply to individuals at the top, since most former high-ranking personnel managed to maintain themselves quite comfortably with or without American aid, through service club contributions, patriotic donations, etc. It does apply very definitely, however, to the next level - the expert operators and the professionals, chiefly of former field grade rank.

D. Security.

Most Japanese involved in intelligence work have come to realize that a former friend who is a Communist is probably more of a Communist than a friend. This observation, elementary to us, is in itself a major improvement in Japanese ideas on security. Largely due to American indoctrination and influence, concepts of operational security are better than they were, and the personal security of individual agents has improved to some extent. Indiscreet discussion of operational matters and exaggerated ideas regarding cover have decreased. Nevertheless, there are still gaps in the Japanese sense of security, particularly in the use of open communication methods and in matters of personal conduct. The use of files and investigations for security purposes is better in the police and A.G. agencies than before, thanks to American training in the importance of system and checks. However, it is still fairly elementary, and in the other agencies, security investigation will probably remain a haphazard affair. This is particularly dangerous today because Japanese organizational security has become extremely hazardous. There is above-mentioned financial motivation for subversion and penetration; there is also

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the problem, intensified since the war, of dubious political loyalties. Many patriotic and anti-Communist Japanese are violently opposed to the Rightist program and will attempt to work against it; Communists and their fellow-travellers also will make every effort to penetrate and expose Rightist-controlled agencies, including intelligence. Large numbers of Japanese have begun to think in international terms and to scorn narrow national loyalties. One more hazard, this one in our favor, will be the strong pull of personal loyalties felt by many Japanese towards individual Americans with whom they have worked in the past five years. The majority of these former agents may not be subject to subversion by their former American contacts, but, induced by other motivations, they might at least be inclined to share information in a field where Japanese national interests were not the target. The possibility that even men like KAWANE and IMAKURO, although holding leading positions in the Japanese Army and Army I.S. respectively, might continue to cooperate with American agencies and even to work FOR them clandestinely, directly or through subordinate personnel, is not entirely fantastic. However, they could not be expected to do so for very long because of strenuous opposition on the part of other Rightists. The Japanese would not permit such an arrangement for very long after the treaty, not for reasons of its national security hazard but because they would be infuriated by the national servility and humiliation it implies. Persons in less important positions, however, may be able to maintain the role of dual agents for quite some time. These factors are of vital significance in determining the future value and method of handling of certain current operations.

B. Improvement in Techniques.

1. Largely due to American influence, the J.I.S. agencies will be better in planning, reporting, psychology of operating and agent handling, compilation of operational data, files, coordination of secret and overt data.

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and in most other techniques as well. In these techniques, however, they will still be inferior to the services of other major powers. The greatest change may well be an increased appreciation of the concept of secret operations as a specialized business requiring considerable work, training, and professional application of standard but flexible methods rather than a sort of highly exciting hobby. Methods of selecting and recruiting personnel are better but are still inclined to be impulsive and insecure.

2. There will be fewer physical and technological facilities in the future because of limited budgets. In a sense, this may be advantageous; the duplication and waste in pre-war Japanese administration as well as misuse of professional personnel may be reduced as a result. What technical equipment the future services do possess will be put to far better and more economical use, especially if they are paying for it themselves. If it is American-provided equipment, that may be another matter again. In any event, technical equipment, though limited in supply, will be better in quality than before the war because of the marked improvement in Japanese manufacturing of photographic, radio, electronic, and other special equipment and devices.

3. As mentioned above, CI and low-level investigative techniques, traditionally good, will be better than ever. After the treaty, the CI agencies will be free to run the traditional type of low-level penetration of hotels, foreign installations, public buildings, and even homes of foreigners. They have always been competent and thorough at this; now, by reason of their post-war training and thanks to the large numbers of English-speaking Japanese available for use at low cost, both their coverage and their ability to get maximum use operationally out of their personnel will be improved.

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They will probably continue to overlook foreign operations officers who possess inconspicuous cover and the protective coloration of their non-professional contacts. They may also waste considerable time on foreigners who have no connection at all to intelligence work. However, their methods of selecting targets will be greatly improved. Furthermore, we must remember that they are no longer unfamiliar with the American pattern of organization. This means that they know the important standard agencies and where to find them: e.g., C-2, CIC, JSC, Diplomatic Corps, etc. It also means that they will be quick to recognize deviations from the normal pattern. Since they are trying definitely to spot CIA representation in this area, they tend to identify any organization such as FRU as a "Chuo Tokumu Kikan" (Central Special Operations Unit), because it does not fit into the normal pattern. Surveillance and penetration of such obvious targets and all personnel connected to them will be priority missions. Soviet installations will be the #1 target, but it is foolhardy to assume that we will not get the same treatment.

F. Weak Spots will be the Traditional Ones.

- (1) Confusion of targets and quarrels over jurisdiction between the various agencies;
- (2) Hasty planning and insufficient research before beginning and implementing high-level operations, particularly those directed at foreign countries;
- (3) Vulnerability to penetration, subversion, and use by political leaders, secret societies, and commercial interests;
- (4) Insubordination and neglect of assigned duties;
- (5) Craft, lobbying, and combining intelligence functions with every other sort of clandestine activity;

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- (6) Feuds and personality clashes often influencing policy; personal loyalties conflicting with duty, operating efficiency, and even security;
- (7) Insufficient indoctrination in classic theories and methods of higher-level operations;
- (8) Incomplete and unobjective written reporting.

When the Japanese have had time to correct many of the initial defects and much of the initial disorganization in their renascent intelligence agencies, they may have several highly competent and professional services. In addition, the Japanese Foreign Service and Japanese commercial and cultural representatives overseas will have opportunities to engage in operations. Considerable success of the Nationalist revival within Japan, relative freedom from post-treaty supervision, and the reestablishment of an Army will bring about stricter internal control, coverage and access through police and CI agencies. We should be able to achieve a high degree of cooperation with the various Japanese intelligence agencies against Soviet intelligence targets. We will find them easier targets for subversion and possible defection than before World War II. And until they overcome their financial and security weaknesses, their organizational security will be constantly low. Nevertheless, they will make strong efforts to protect themselves from foreign control. Although we are closest to them as a nation and as a service and they may sincerely welcome our aid and cooperation, they will spare no effort to uncover our intentions and our operations, because they fear that these may be designed to curtail the Rightist trend of their renaissance or to exert supervisory pressure upon them.

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- (6) Feudal mentality, absence of a long-range policy; personal loyalties conflicting with official standing efficiency, and even security;
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