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DISPATCH

TO Chief, FE <i>VR 2/24</i>		INFORMATION ADDRESSEE	
FROM Chief of Station, <input type="checkbox"/> <input type="checkbox"/>			
SUBJECT TSUJI Masanobu Information on Chinese Communist Funding of Japan Socialist Party		HEADQUARTERS FILE NO.	DISPATCH SYMBOL AND NO. FJTA-18217
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ACTION REQUIRED: None; for your information.		MICROFILMED APR 23 1963 DOC. MICRO. SER.	
<p>1. Transmitted herewith are five copies of a translation of an article by BETA Masaya in the 15 May 1957 Nippon Shuho on the above subject. This translation was made by the Embassy Translation Section at our request and copies distributed to the Embassy Political Division and to the Army Attache.</p> <p>2. Reference lists <input type="checkbox"/> <input type="checkbox"/> Station information reports which have borne on this subject.</p>			
<p>Attachment: Translation listed above</p> <p>25 June 1957</p> <p>Distribution: 4 - C/FE w/att. (4)</p>			
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- EXEMPTIONS Section 3(b)
- (2)(A) Privacy
 - (2)(C) Methods/Sources
 - (2)(G) Foreign Relations

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Date: 2005

MASANOBU TSUJI'S "CONFIDENTIAL REPORT"

Source: NIPPON SHUNO, May 15, 1957

By: Masaya SETA

Who Received How Much Money and When?

A Report by Masanobu TSUJI

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From my information network I got wind of the fact that approximately 700 million yen worth of political strategic fund has been distributed by Red China and the Soviet Union among Japan's renovationist camp. The sources of this information are as follows:

I. Information Route

1. Through my ten-year stay in China in the past I shared my fate with large numbers of the Chinese, and for this reason I, transcending racial and ideological differences, have not a few Chinese friends among Chinese refugees in Hongkong and among Peiping Government leaders.

2. I got the above-mentioned information mostly from these old Chinese friends of mine last fall (1955) when I visited Peiping.

3. The information is also based to some extent on definite data which I obtained from the Bank of Tokyo.

II. On the Financial Aid to the Japan Communist Party, the Japan Socialist Party, Ninkyoso (Japan Teachers Union), and Sohyo (General Council of Trade Unions of Japan) from Communist China

(Items marked with circles are most reliable)

1. To the request for financial aid which Mr. Masaburo SUZUKI made when he visited Peiping in 1954, Vice-President LI Fu-chun of Communist China replied that aid amounting to several tens of millions of yen might be considered. Later, 60 million yen was forwarded to Mr. SUZUKI from Red China in the form of a trade account.

The remittance was handled by Mr. LEI Jen-min (present vice-chief of the Foreign Trade Department) according to instructions by LI to MAN Han-shen (former vice-chief of the Foreign Trade Department). (I got this information last year in Peiping from leaders of the Peiping Regime.)

2. Information which a Chinese (a friend of mine) brought directly to me as news he heard directly from Mr. FAN Chi-wen (chief of the Unified Front Operation Department) revealed that Mr. FAN Chi-wen carried with him 150,000 dollars (50 million yen) when he visited Japan in the spring of 1955 and distributed it among the Japan Socialist Party and the Japan Communist Party at the ratio of seven to three.

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o 3. The Chinese dramatic troupe which recently visited Japan under the leadership of MEI Lan-fang included in its 86 members 12 Communist Party maneuverers for Japan. Their head was Mr. SUN Ping-hua (vice-chief of the Liaison Section, Chinese People's International Cultural Association, who joined the dramatic troupe in the capacity of its vice-chief). I had talked with him twice.

A Chinese maneuverer (a friend of mine) who was one of SUN's subordinates provided me with secret information that "Chairman KOBAYASHI of Kidgyoso (Japan Teachers Union) called on Mr. SUN at the Hotel Teito at about 11:00 p.m., on the night of May 31, 1956 and received from the Chinese dramatic troupe 60 million yen as well as the profit from the admission fees as campaign fund for the Upper House election, and that in exchange for this, Chairman KOBAYASHI pledged to fight to the last for the Socialist Party".

The money which the dramatic troupe brought to Japan amounted to 72 million yen of which 12 million yen was to cover its miscellaneous expenses and the remaining 60 million yen was designed for donations to political parties. How much revenue the troupe accrued from admission fees is not known yet.

o 4. For the Chinese Sample Fair held in Japan at the end of 1955 Red China remitted to Japan 169 million yen of which 129 million yen was expenditure registered on the account book and 40 million yen designed as political donations.

The proceeds were estimated to exceed at least 100 million yen, but there are no signs of the money having been sent to China. It appears that the money has been pooled in Japan as political fund.

5. When Mr. MEI Jen-min visited Japan (in the spring of 1955) as head of the Chinese trade mission, he carried with him 60 million yen. Of this sum 10 million yen was earmarked as miscellaneous expenses and 50 million yen as fund for forming Chinese bases in Japan. Out of 50 million yen 30 million yen was handed over to Mr. Jichiro MATSUMOTO, a left Socialist.

6. At the time of Sokyo's spring labor offensive of this year Red China gave as a gift 6.3 million yen to Tanro (Japan Federation of Coal Mine Workers Unions).

7. Mr. LIU Ning-i (chairman of the General Council of Chinese Trade Unions) brought 40 million yen when he visited Japan, and gave a greater part of the sum to Sokyo.

8. Tetsu KATAYAMA and Saburo ENDO (former General), on their way home from Peiping, received in Hongkong 40 million yen in the form of a trade account settlement as a campaign fund for the safeguarding of the Constitution.

o 9. During 1955 a total of 169,309,620 yen was remitted to the Bank of Tokyo from Red China through the Bank of London and the Hongkong branch of the Bank of Indo-China, most of which has been channeled into a political fund.

o 10. On July 5, 1952, Socialist Dietman Akira KAWAMI received from Red China 7,702,276.82 yen.

o 11. This year (1957) the following persons received money from the bank on exchange for receipts signed by them in their own handwriting:

Yoshio DOMORI (Socialist):	8 million yen (in two installments)
Kozo INOMATA (Socialist):	2 million yen (through his acquaintance)
Tomio NARAZAKI:	5 million yen (on behalf of Jiichiro MATSUWOTO)
Yoshitaro HIRANO:	2 million yen
and many others.	

12. Soviet Ambassador TICHVINSKY expended since his arrival in Japan approximately 90 million yen for political maneuvers.

Summing up, it is estimated that approximately 720 million yen has been forwarded to Japan excepting small sums given to individuals.

LIAO Cheng-chih Apologizes

Inasmuch as this amazing report was submitted by Mr. Masanobu TSUJI, a Dietman, as his autographic report, to the Kanazawa District Procurator's Office on July 5, 1956, we can hardly take it as a false or concocted report.

The report specifies at its end that the items marked with a circle are most reliable information. In other words, report on the donations of 60 million yen to Nikkyoso from the Chinese dramatic troupe, 100 million yen from the Chinese Sample Fair, 159 million yen in 1955 and approximately 16 million yen to Socialist Dietman KAZAMI, DOMORI and INOMATA, are alleged to be well-grounded.

Mr. TSUJI is a publicity man and is criticized for making publicity stunts. He made this "720 million yen story" a major theme of his electioneering speeches for last summer's Upper House election. On that account he was indicted on June 16 by Mr. Sadamori UCHIYAMA, Chairman of the Ishikawa Prefectural Farmers Association, on the charge of violating the Public Office Election Law (election obstruction). The accusation offered TSUJI a good opportunity to edit his story and submit it to the Kanazawa District Procurator's Office. The report was so well-grounded that the accuser hurriedly withdrew his complaint, it is said.

The Mainichi's evening edition dated July 20, 1956, quoted Justice Minister MAKINO as stating at a cabinet meeting of the same day that he would have the Public Security Investigation Commission and other public peace authorities conduct concrete investigations on various rumors about the sources of funds of Nikkyoso, for instance, the rumor that a large sum of money was donated to it by the Chinese dramatic troupe, and that he would adopt appropriate measures.

The Justice Minister made this statement, probably because he had been in receipt of a report regarding the "TSUJI Report". Then how have the investigations progressed and what measures have been taken? Mr. TSUJI was acquitted on July 28 with the Kanazawa District Procurator's Office ruling that "TSUJI's 720 million yen story is his electioneering speech".

"The TSUJI Report" has a sequel. Mr. Saburo ENDO who was mentioned in the report as having received together with Mr. Tetsu KATAYAMA 40 million yen from Red China as fund for the Constitution safeguarding campaign and who is called a "Red General", visited China last fall again as a member of the 15-man ex-military goodwill mission. A rumor has it that Mr. S. (name withheld) who joined the said

mission attempted to ascertain the contents of the "TSUJI Report" by seeing LIAO Cheng-chih, a standing committeeman of the Chinese People's Rally, in Peiping but that Mr. LIAO waved his hand in an exaggerated manner and asked to be excused from that story. Then the accuracy of the "TSUJI Report" seems incontestable.

The Chinese Dramatic Troupe's Spending in Japan

There is no means of ascertaining whether the Chinese dramatic troupe really brought to Japan as much as 72 million yen as maneuvering fund. However, a figure near to 12 million yen which the "TSUJI Report" referred to as miscellaneous expenses, is available. The troupe's spending in Japan can be calculated by comparing the sum it brought to Japan with that it took home. According to the surveys by the Haneda Custom House, the members of the troupe made the following monetary reports:

SHIH Chih-chun, secretary of the Chinese Dramatic Academy; officer of the Peiping Government's Public Security Department; chief of the second unit, Peiping Municipal Information Investigation Office; inspector of the Chinese dramatic troupe members, and maneuverer toward Japan, spent in Japan 2,600 pounds in cash and 11,917 pounds by a traveller's check.

FEI Ta (reporter of the People's Daily, officer of the Public Security Department, information collector, who took charge of collecting information in Korea during the Korean War as Public Security Department officer) reported as having carried 211 dollars and taken home the same sum.

YUAN Kuang-ho (stage director, chief of the Chinese Dramatic Academy's Production Office, information collector) reported as having brought 100 dollars and taken home the same sum.

CHEN Hsing-hua (secretary of the Chinese People's International Cultural Association, information collector, member of Red China's Central Unified Front Operation Corps) reported as having brought 11,900 dollars by a traveller's check and taken home 900 dollars in cash.

YANG Chih (secretary of the Chinese Dramatic Academy, information censor of the Public Security Department, inspector of the dramatic troupe) reported as having brought 4,000 dollars and taken home 1,000 dollars.

Another person unidentified spent 2,887 pounds by traveller's check.

To sum up, the troupe spent in Japan 4,700 dollars in cash, and 11,900 pounds and 11,804 pounds by travellers check. In terms of yen, the troupe spent in Japan approximately 20,776,600 yen. It is certain that at least this amount of money was left behind in Japan by the said troupe.

Channels of "Red Fund" Inflow

Here let's take a look at channels of "Red Fund" inflow, by taking up a number of recent illustrations. The narcotics smuggling case of LI Chin-chui and his party who were rounded up by the Tokyo Metropolitan Police Board on July 29, 1954.

involved smuggling of narcotics, watches and strategic goods and was the largest in scale after the war. When Li Chin-shui, a narcotics magnate of the Orient, was nabbed, 15,179 grams of crude heroin and solid morphine was seized, a figure surmounting the total confiscation of 1954. The police authorities were dumfounded at the scale of his smuggling.

The smugglers included Chinese Communist Party members, but the police authorities are not in possession of direct evidence that narcotics smugglers are the agents of Red China's overseas operation corps. Yet they are fully convinced of this fact and are now desperately collecting evidence. The illegal and secret channels of "Red Fund" inflow which a certain public peace office ascertained recently have the following system:

I. Sources of Fund to be Handed Over to the Japan Communist Party from Red China

1. Financial aid from the Soviet Union to the Japan Communist Party

Fund forwarded to JCP through Communist China is used as Communist China's fund for illegal exports to Japan.

2. Fund of Chinese capitalists under the Communist regime

The Chinese residents of Japan who are engaged in illegal transactions with Red China are mostly Chinese capitalists under the Communist regime. With their property in Red China having been confiscated, they have come to Japan by means of their overseas assets. They smuggle strategic goods to Red China and share the profit with the JCP. Needless to say, their families are held in Red China as hostages.

3. Part of the wages of Japanese residents in China and fines collected from them

The money collected from Japanese residents in China in the name of funds for resisting the U.S. and assisting Korea, and of patriotic bonds and victory bonds as well as donations to the fund for obtaining arms, is being secretly remitted to JCP.

Those Japanese on whom fines were imposed as a result of the three-, four- and five-point resistance campaign conducted from January till May, 1952, were compelled to sell their houses and property to pay the fines. If not, they are having the fines subtracted from their monthly wages. Many of them need one or two more years to pay the fines in full, it is said. The fines thus collected are to be remitted to Japan.

II. Methods of Remitting Operation Funds to Japan from Red China

1. Method to be used in case Red China exports goods to Japan

In case Red China's Import and Export Association or firms under its supervision export coal, salt and soy beans to Japan, they almost invariably add ten per cent to the contracted shipments, explaining to consignees that the additional

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is to raise sojourn expenses of their buyers in Japan. They ask consignees to hand over to their buyers, when they show up, an equivalent of ten per cent of the proceeds. Japanese consignees, on the other hand, register in their books only the contracted sums and give surpluses (entrusted yen) to such buyers in cash.

2. Method to be used in case Red China imports goods from Japan

In this case the Red Chinese deposit money in Japanese firms by establishing Letters of Credit for sums larger than contracted ones. Japanese firms cook accounts by giving an appearance as if ordered articles were shipped by makers through second companies of their own and surplus money were the profit of those second companies. Those second companies go out of existence whenever they become unnecessary.

3. Camouflaging as bills of exchange

This method is to pay Hongkong dollars or U.S. dollars to Hongkong firms which have branches in Japan and receive from their Tokyo branches remittances in yen at the presentation of the receipts.

4. Distribution of profits accrued from smuggling.

III. Smuggling and Sharing of Profits with JCP

Generally speaking, those who are connected with JCP are in charge of procuring strategic goods to be smuggled to Red China. The Toyota Automobile Company reportedly donated four million yen to JCP in 1956 by exporting auto parts to Communist China. The Tokyo Optical Works, too, is reported to have made donations to JCP after receiving orders from it for goods to be smuggled to Red China.

Laundry-men topped the number of Chinese who were smuggled into Japan in 1956. It is because laundry-men who can frequent steamers or U.S. military installations without causing suspicion find it easy to carry away smuggled articles from ships and collect information from U.S. military organs. For this reason it is said that JCP is inviting laundry-men from Red China, especially Wei-hai-wei. The profit is of course shared with JCP.

Red China's Leadership Over Japan

In October 1952 what was called the Asia and Pacific Area Peace Conference was held in Peiping. To attend the conference 13 Japanese "renovatedists" including Genemon KAKAMURA of the Zenshinza troupe stowed away. The conference decided, as one of its resolutions, to fight for free passage between Japan and China.

This news which was immediately conveyed to Japan gave rise to the "let me go to China" and "let me go to Korea" campaigns in Japan. Passage between Japan and the Chinese Continent which had been illegal and secret has become illegal and open. The visit to Japan of Madam LI Teh-chuang touched off an interchange of goodwill missions as well as free flow of money and goods into Japan from China.

Mrs. Tomi KORA, famous for the so-called "KORA Fund" was the first to visit Red China on a goodwill mission. Her visit to China in 1952 resulted in drawing from Red China hundreds of millions of yen in the form of trade settlement. She keeps the money under the custody of Mr. SUN of the Hua Chun Company located in the Bank of China Building in Hongkong.

She got into trouble concerning her passport, but managed to join the mission to Red China and obtained there an invitation to attend the first World Women's Conference held from June 5, 1953 at Copenhagen. She did not attend that conference, however. She had her daughter Maki and her secretary Atsuko KASHIMAGI attend it. After the conference and after the disbandment of the Japanese mission the two visited the Soviet Union and Red China in private capacity. From Peiping they went back to Paris instead of going home. MAKI, who had not had much money in the beginning was possessing a check for a huge sum of money when she arrived at Paris. She attempted to use S.C.I. of UNESCO which she and her mother had hitherto used politically, in order to cash the check, but staff members of the S.C.I. Headquarters refused to cash it for her on the ground that a bank would not accept a check of a dubious source especially when the payee was an individual person. (according to the report to the S.C.I. Japan office).

This check is the so-called "KORA Fund" and is now kept at a bank in Hongkong. Money is drawn whenever necessary for necessary purposes. Mrs. KORA alleges that the check in question was the traveller's check which she sent to her daughter on the remnant of her travelling expenses she deposited in a bank of Hongkong and that the sum was only 370 pounds (approximately 370,000 yen). She further says that her daughter must have had a hard time to cash the check because it was in pounds sterling.

Readers themselves will judge whether a check for only 370 pounds or 370,000 yen deserves the name of a "check for a stupendous sum of money". When she disengaged, after a quarrel, Mr. Shigeru MATSUYAMA who acted as her secretary at the time of her visit to the Soviet Union, she said, "I drew all my bank deposit and even got an advance from a women's magazine company by promising to write for it to raise Mr. MATSUYAMA's travelling expenses." A contribution fee of a women's magazine is 10,000 or 20,000 yen at most. Does anyone leave as much as 370,000 yen in a Hongkong bank if he is in such needy circumstances as to ask for an advance of a small sum?

The "Red Fund" has captivated even the Quaker lady. The public peace authorities estimate the "KORA Fund" deposited in Hongkong at about 200 million yen in terms of the value of 1953.

RASTVOROV's 1,000-yen Bills

When the RASTVOROV case broke out, an AF reporter stated in his article for the Shukan Asahi that "the Soviet Mission at Mamlana has an account nearly 500,000 dollar worth." The public peace authorities are still unable to grasp the substance of this fund in spite of their desperate probe. This dollar fund is deposited in an American bank in Tokyo. An exchange of dollars into yen is done through due procedures. Spendings even in dollars out of this fund are very small. For instance when a Soviet goes home, be it by ship or airplane, a sum nearly equivalent to the passage fare is drawn from the deposit.

However, nothing is known about the Soviet Mission's yen fund. No doubt it has yen deposits in commercial banks in the name of individuals, but the truth is quite unknown. At the report that RASTVOROV had 40,000 or 50,000 yen when he disappeared, the police authorities made desperate efforts to locate the destination of his 1,000-yen bills. If they were obtained, their source could be traced by their numbers. The police ascertained that he gave a tip of 2,000 yen to a Turkish bath girl on the day of his disappearance, but she had already spent it when the police reached her. So, nothing could be done with the bills.

Early in 1953 the responsibility for operations toward Japan was shifted from the Soviet Union to Red China by negotiations. The organ now in charge of such operations is Red China's Overseas Operations Corps. As its affiliate, the Corps has an intelligence organ called the Central Unified Front Operation Corps.

As is indicated by the story so far mentioned, Red China stakes its honor on its operations toward Japan. The Soviet Union conducts its own espionage activities, and the initiative of the operations toward Japan is gripped by Red China. As the "KORA Fund" and the "TSUJI Report" reveal, Red China's investment in Japan surpasses all imaginations.

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