

X - 78 - 41. The China Weekly Review, August 9, 1941. "Sensational Disclosures
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Return

Sensational Disclosures of Japanese Intrigue In the United States

THE order freezing Japanese assets in the United States was issued on Saturday, July 26. In the five days which elapsed between the issuance of the freezing order and the end of the month, there were sensational disclosures concerning Japanese espionage and intrigue in the United States and insular possessions in the Pacific. These disclosures were largely obscured in the news by the more sensational developments concerned with Japan's moves to the south.

Full details regarding the extent of Japanese intrigue in the United States, Hawaii and the Philippines are not yet available, but recent news reports from Washington and elsewhere have indicated the far-reaching extent of subversive activities.

The recent expulsion of German consular officials from the United States and the round-up of Nazi agents, whose activities are still under investigation, led to disclosures showing the link-up between Japanese agents, the Nazi American Bund and the Fascist clubs in the U. S.

Latest and most sensational disclosure of Japanese intrigue was covered in a *United Press* dispatch from Washington on July 31, telling of the recent seizure in Hawaiian waters of 19 pseudo-fishing boats, which had been used by the Japanese for spying purposes in connection with the activities of the U. S. Navy and defense program in the Pacific. According to Elmer L. Irey of the U. S. Treasury Department's Enforcement Agencies, the crews of the seized vessels included officers of the Japanese naval reserve. As a result of the seizure the Government indicted 71 Japanese, mostly aliens, and three Honolulu fishing companies, which were found not to be bona fide. Mr. Irey reported that the fishermen and owners of the vessels had made frequent requested return trips to Japan for the announced purpose of obtaining "medical treatment."

Mr. Irey reported further that the Japanese fishing boats were found to be equipped with long-range radios sufficiently powerful to maintain communication with Tokyo and other Japanese shore stations. Some of the boats also had complete sets of hydrographic charts, including detailed outlines of waters about Hawaii. Another report stated that several sets of radio photographic cameras also were found on the boats and that the crew of each vessel contained a member of the Japanese Naval Reserve. In all cases it was found that while the boats carried the U. S. flag, the actual owner in every case was a Japanese subject.

Martin Dies, member of Congress from Texas, who is head of a special committee which has been investigating un-American activities, reported on August 1 that he had unearthed sensational evidence of a Japanese plot to sabotage the west coast of the United States. He said that a former member of a Japanese Consulate had testified that Japanese naval officers were operating from Terminal Island off Los Angeles, in cooperation with Japanese fishermen, whose craft could be easily converted into torpedo boats.

The Dies Committee reported that the freezing of Japanese assets had placed a further check on subversive activities of Axis agents in the United States, Hawaii, the Philippines and Latin America. The opinion was expressed that while Japanese activities were extensive, they were not as extensive as those of the Germans and Italians. A member of the committee expressed concern over the Japanese policy of regarding Japanese throughout the world as dual citizens of Japan as well as the country in which they resided.

Statistics of Japanese in U.S., including American born, are not available, but there are said to be 70,993

Japan-born Japanese in the United States proper. Total for both groups probably exceeds 150,000. Japanese in Los Angeles exceed 30,000. The number in Hawaii, including American-born, is 155,042, while the Japanese in the Philippines are thought to number about 25,000, most of whom live in Davao.

According to the Institute for Propaganda Analysis, the Japanese Government, a partner in the world Fascist Axis, has for several years been spending anywhere between US\$7,000,000 and US\$10,000,000 a year in building up and perfecting its propaganda and espionage agencies

Day-by-Day in Tokyo



Syndicated Cartoon in *The China Press*

in the United States. According to a late report of the Institute, the Japanese propaganda machine in the United States is the "biggest, the most impressive and by far the most expensive of any foreign power." In view of the attention which has been devoted to Nazi agents and their activities in the United States it seems strange that there has never been an official public investigation of Japanese propagandists or espionage in the United States. Various explanations have been offered for this failure, one being that Japanese agents have so many friends in high places that they have been able, up to now, to forestall such an investigation.

While Americans have been quick to criticize the appeasement policies of European nations, few Americans are aware that the same appeasement policy which built Nazi Germany in Europe and then plunged two continents into war against it, are now showing similar results in the United States. An official Japanese short-wave radio broadcast from Tokyo to the United States on the evening of December 15, 1940 revealed that plans had been formulated for the creation of an "influential" appeasement bloc in the United States, and within two months such a bloc was formed with William R. Castle (of Honolulu) as one of its spokesmen. Others connected with the so-called "appease-Japan" group included at least two

prominent American publishers, Father Coughlin, leader of the "Christian Front," and William Dudley Pelley, who calls himself the Chief of the "Silver Shirts." The aim of this group, based on statements of members, was to obtain popular support for a so-called Far Eastern "Munich," which would leave Japan in control of all of China's ports, industries and the most fertile of her provinces. One stated reason for advocating this point of view was that America "could not fight on both oceans at the same time," hence it would be better to give Japan what she wanted in the Pacific, in order to be free to deal with the Germans on the Atlantic. According to an extended analysis of Japan's undercover drive in the United States, which appeared in the magazine *Friday*, the American

"Big Brother Will Help"



Chicago Daily News

appears with Japanese connections were trying to accomplish by propaganda what the Japanese armies had failed to accomplish since they intervened in Manchuria in 1931—the disruption of Chinese resistance. Space is not available for a reprint of the complete report, but it stated that the Japanese propaganda machine in the United States was operated through innumerable controlled organizations, news and photo agencies, tourist and shipping bureaus, chambers of commerce, so-called "silk research" committees, and through the many heavily-financed Japanese consulates scattered over the country. Through the Japanese "culture" agencies Japanese and pro-Axis propaganda was spread among colleges, libraries, forums, press, radio, women's clubs and fraternal societies. Scores of skilful publicists advocated a "realistic" Japanese viewpoint to Wall Street and to Washington.

The center of the Japanese propaganda machine in the United States is the "Japanese Institute, Inc." which occupies 10,000 square feet of space, elaborately furnished, in the expensive Rockefeller Center. Here Japanese agents from all parts of the United States and neighboring countries meet, confer, receive instructions and are hired and fired. From these offices in Rockefeller Center, and sub-offices in the Tribune Tower, Chicago, and in San Francisco, literally flow thousands of tons of propaganda material throughout the United States. The Institute, obviously, receives its inspiration, instruction and finances direct from Tokyo.

Many of the Americans who are or have been connected with the Institute in one way or another, are known in the Far East. Some of the names listed in the report were, Frederick J. Moore, former newspaperman in Tokyo, Peiping and Shanghai; Major-General John O'Ryan, who visited Shanghai two years ago; Robert A. Wright, Arnold Donald Bate, former Shanghai newspaperman; Helmut L. Ripperger, Frederick Valentine Williams, who was sent to Nanking two years ago for the purpose of interviewing Wang Ching-wei, head of the Japanese-protected "National" government of China. Williams previously had political connections with the Democratic Party in California. Upon his return to the United States, Williams posed as an "unbiased" observer

and in imitation of Dr. Goebbels spread the propaganda that Japan was fighting to save China from "red atheism." He lectured on this subject before several pro-Catholic organizations following his return.

Others listed in the report included Wendell F. Colton, Jr., connected with an office in San Francisco, which received US\$17,795 from the Japanese Board of Tourist Industry and US\$9,650 additional, for "cultural" propaganda. Another, a New York publicist named William J. Baxter, was president of a so-called International Economic Research Bureau, and previously was connected with "silk" research. Baxter wrote a book, "Japan and America Must Get Together." Another, well known in Shanghai, is Carlol Lunt, publisher of a little magazine *China Digest*, who has been connected with the Japanese many years as a lecturer and publicist. He makes frequent trips across the Pacific from the United States to Tokyo, presumably to obtain fresh instructions on how to "win" America for Japan. Another on the West Coast is David Warren Ryder, who writes books that are circulated by the thousands by the Japanese Chamber of Commerce at San Francisco. A California woman, Mrs. Winifred Bentz of Santa Barbara, delivers a stock lecture on "Backward China," which obviously is paid-Japanese propaganda. Prescott Dennis operates in Washington, D. C., where he circulates a news-service of Japanese propaganda.

Much of the Japanese propaganda circulated in the United States follows the Nazi pattern of anti-Semitism. This was true of the propaganda circulated by Peter Stahrenberg, head of the pro-Nazi *American Nationalist Press*, which had close Japanese connections. He frequently editorialized on the subject, "Do You Want a Bolshevized China?" Charles B. Hudson, who had an office in Lincoln, Nebraska, also combined Japanese and Fascist propaganda. General Harboard, once prominently connected with Radio Corporation of America, delivered several lectures, following his return from the Far East in 1937, on the subject, "Japan is Waging Our Battle for Civilization."

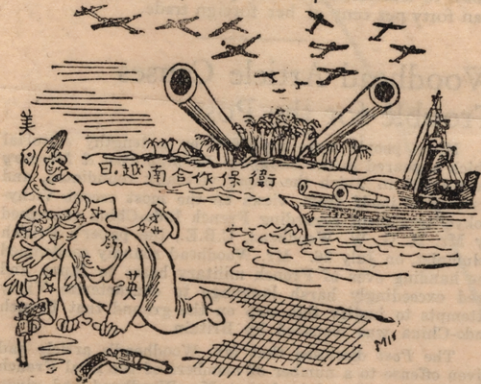
As mentioned previously, Japanese propaganda in the middle-western states, is centered in Tribune Tower, office of the *Chicago Tribune*, powerful anti-Administration paper, owned by Col. Robert R. McCormick. Col. McCormick tells visitors that he "doesn't like the Chinese," so he only has one correspondent in the entire Orient, Mr. Kimpei Sheba, a Japanese, in Tokyo. Shortly after the outbreak of Sino-Japanese hostilities in 1937 Col. McCormick closed the two *Tribune* bureaux in China—at Peiping and Shanghai—and since has concentrated his "coverage" of the Orient at Tokyo, where Mr. Sheba serves as sole correspondent in Asia for the "World's Greatest Newspaper." When Col. Charles A. Lindbergh delivered his speech in Chicago on the "Asiatic Menace," in which he allegedly failed to mention Japan, he was reported to have made his headquarters in Tribune Tower. Another former *Tribune* protege, Harry Augustus Jung, violent anti-Semite, poses as an American Fascist and circulates pro-Japanese propaganda in the Central States. Another frequent visitor at the various Japanese propaganda offices in Tribune Tower is Charles J. Zeller, who has a connection with the House of Mitsui.

Another distributor of Japanese propaganda, who once visited in Shanghai, is Count Anastase Vonsiatsky, a White Russian Fascist, who married a rich American woman, and since has used her money to finance his magazine *The Fascist*. He is associated with two others in this activity, Capt. John B. Trevor, president of the "American Coalition," and Walter S. Steels, who preaches the doctrine of a "realistic attitude" toward Japan.

Two others, who deserve separate paragraphs, are Ralph Townsend and William Dudley Pelley. Townsend came to the Far East in 1931 and served exactly three months in the American consulates at Shanghai and

Amoy, following which he resigned and returned to the United States as a lecturer and writer of books advocating the Japanese point of view in the Orient. His first book, "Ways That Are Dark," damned the Chinese race from every point of view and at the same time damned in equal fashion the traditional American policy in the Orient. The Japanese Chamber of Commerce in San Francisco bought thousands of copies of this and Townsend's succeeding books, which are distributed all over the United States to libraries, members of Congress, preachers, editors and other moulders of public opinion. It is worthy of special note that Townsend's books are prominently displayed at the "Germania Book and Specialty Corp." of New York, chief source of Nazi propaganda in the Eastern States.

Franco-Japanese "Cooperation"



Japanese army organ, Sin Shun Pao, published in the Chinese language at Shanghai, shows Roosevelt and Churchill terrorized by Franco-Japanese "cooperation in the defense of Indo-China against the Anglo-American gunmen."

Wm. Dudley Pelley is the publisher of an anti-Semitic magazine *Liberator*, and reputedly a leading worker in the U. S. Fifth Column. Prof. Jiro Yogo of Yokohama recently referred to Pelley as one of the outstanding advocates of "understanding" between Japan and America. He recently charged that the "Jewish International" was responsible for the trouble in China.

So much for the "culture" angle. Turning to the commercial side, further columns could be filled with names and descriptions of Americans, with powerful and profitable Japanese connections, who argue that Japan should be given the right-of-way in the Orient because Nippon "is such a good customer of America." These men have profited immensely from the sale to Japan of steel, scrap, munitions, oil, and the other things which have enabled the Japanese war machine to overrun much Chinese territory and blast thousands of Chinese towns and villages and their inhabitants to smithereens. Also prominent in the list of Japan's protagonists were officials of chambers of commerce in Los Angeles, Seattle, San Francisco, Portland, Galveston, Houston, New Orleans. In this list was included Col. James E. Edmunds, former associate editor of the *Cotton Trade Journal*, and Herbert M. Bratter, former official of the U. S. Department of Commerce, who urged American recognition of Japan's conquest of Manchukuo. Another, Charles E. Sharron of the *New York Journal of Commerce*, visited Japan and upon his return devoted an entire supplement of 100 pages in his paper to "America's Economic Interest in Manchukuo." The supplement was filled with advertisements of the South Manchuria Railway and subsidiaries and the big Japanese companies, hence it was no mystery who financed Mr. Sharron's trip.

Direction of this far-flung propaganda machine in U.S.A. naturally heads up in high places in Tokyo, but

actual control is in the hands of Japanese "experts," including K. K. Kawakami, nominal correspondent for Tokyo papers, at Washington; Viscount Kikujiro Ishii, director of propaganda; Admiral Matsuzo Nagaio, head of the "Institute" in Rockefeller Center.

WHOM WILL THE FREEZING HURT MOST—JAPAN OR U.S.A.?

—BY JOHN AHLERS—

FREEZING of Japanese assets in the United States, enforced from July 26, does not constitute a dangerous blow against Japan but, boomerang-like, will disastrously affect American Far Eastern trade, the Tokyo press pretends upon inspiration of the Japanese Cabinet Information Board. Newspapers in Japan for the past fortnight were full of pseudo-commercial articles which tried to minimize the importance to Japan of trade with the Anglo-Saxon countries, while at the same time magnifying the commercial losses which Uncle Sam is supposed to suffer as a result of the freezing action. Such articles, of course, were not backed up by even the most elementary figures. The arrival here of a booklet full of detailed figures on value and volume of the United States' foreign trade, published by the Foreign Commerce Department of the Chamber of Commerce of the United States at Washington, is therefore very timely. The booklet covers the three-month period January-March, 1941, and shows the present real situation, since during the April-to-July period only minor changes occurred in the major directions and commodity groupings of U.S. foreign commerce.

This booklet ought to be found in all ante-rooms of American consulates, Chambers of Commerce, and business firms. It makes most interesting reading, and reveals a series of truly startling facts generally little realized. It reduces to absurdity two well-known Japanese claims which used to play an important part in Japanese propaganda calculated to lure Washington into continuation of unconditional appeasement vis-à-vis Japan. One of these claims is that American trade with Japan proper is worth much more than American trade with countries where Japan endeavors to establish her "new order." The other is that trade with Japan means to the United States as much as does American trade to Japan. Both of these propaganda claims are intended to induce Americans to believe that by opposing Japan they stand to lose more or at least as much as they stand to win. Both claims are completely unjustified in the light of the American official foreign trade figures which are being used in the following paragraphs. All figures are in American currency, and apply to the first three months of the current year.

In the field of American exports Japan, it is true, remains the fourth customer of the United States. But her share in U. S. exports is a mere 3.3 per cent. If trade figures be a yardstick of political interest, the British Empire is entitled to almost twenty times greater American accommodation than Japan because the Empire's share in U. S. exports has increased to 63 per cent. As a customer of America, compared with Britain's Empire, Japan is a dwarf. Besides, American exports to Japan follow a sharply downward trend. For the three-month period under review, as compared with the previous year's corresponding period, these exports declined by no less than 48 per cent. On the other hand, American exports to Asiatic dependencies of Great Britain during the same period increased as follows: India—50 per cent; Hongkong—56 per cent; Burma—139 per cent; Malaya—238 per cent.

Now let us compare American exports to Japan, valued at \$32,808,000, with U. S. exportations to countries of the Far East threatened by Japan. Exports to these countries were as follows:

Philippines	\$23,744,000
Netherlands Indies.....	21,637,000
China	19,988,000
Malaya	12,393,000
Hongkong	6,546,000
Burma	2,685,000
French Indo-China.....	1,951,000
Thailand	1,791,000
Total.....	\$90,735,000

It turns out that the United States sells to countries threatened by Japan almost three times as much as to Japan itself. Besides, American exports to most of these countries are increasing while American sales to Japan are declining. About one-sixth of American exports now go to Asia, and 60 per cent of this goes to countries menaced by Japan.

Nobody can honestly deny that these figures impressively argue against the Japanese propaganda claims. Yet much more impressive are corresponding figures on American imports from the Far East. The United States this year is deriving more than one-third, to be precise 36.5 per cent, of its imports from Asiatic countries, and mostly from the countries invaded or menaced with invasion by Japan. From such countries Uncle Sam buys over one-quarter of his total imports, while South America supplies but 20 per cent of American importations. Japan has but a share of a mere 4.3 per cent in U.S. imports. American imports from Far Eastern victims or prospective victims of Japan are:

British Malaya	\$ 85,742,000
Netherlands Indies	43,717,000
Philippines.....	22,104,000
China	16,494,000
French Indo-China	8,076,000
Total	\$176,133,000

Including small imports from Hongkong, Thailand and Burma, the United States during the first quarter of this year bought from these countries over \$180,000,000 worth of supplies. From Japan, during the same period, the U.S. derived but \$30,010,000 worth of supplies. British Malaya alone is a source of supplies three times more important than Japan. All the countries in question together surpass Japan six times as exporters to the U.S. These countries yield two of the four most important commodities in American imports, viz., rubber and tin, constituting a full fifth of all American imports from abroad.

For these commodities and other important produce and metals exported by Japan's present and intended victims in East Asia, normal Japanese import demand is on the average but one-tenth of normal American import demand. Yet Japan by all means endeavors to cajole these countries into submission. It is clear that she is motivated by a desire, not so much to secure her own supplies, as to obtain control of vital foreign sources of supply of the United States. Pretending to be concerned about the materialization of her own economic self-sufficiency, Japan in reality wants to dissolve America's intimate economic relations with East Asia. If she succeeded in establishing her hegemony in what she prefers to call the "Great East Asia Co-Prosperity Sphere," she would have at her mercy two-fifths of the United States' foreign sources of supplies. To acquire a position from which economically to dictate to America—that is what Japan really tries to achieve.

It is obvious from the figures cited above that Japan's propaganda claims as regards the nature of American trade interests in the Far East have no basis in fact. The simple facts are that the United States, economically, is infinitely more interested in the East Asiatic countries threatened by Japan than in Japan herself. It is equally a fact that Japan's trade with America amounts to but little in United States foreign trade as a whole. Japan shares with but 4.3 per cent in American imports, and with only 3.3 per cent in U.S. exports. The United States, on the other hand, in Japan's trade with non-yen-bloc countries, shares with some 45 per cent in Japan's imports, and some 35 per cent in the country's exports. It is clear which of the two countries stands to lose more from discontinuation of their mutual trade: the United States stands to lose less than four per cent, but Japan more than forty per cent of her foreign trade.

Woodhead Article Causes Trouble for the Post

Many people were mystified by a lengthy editorial which appeared in the *Shanghai Evening Post & Mercury* on July 30 in which the paper virtually repudiated, and dissociated itself from, views on the most recent Vichy-Tokyo agreement regarding French Indo-China expressed by Mr. H. G. W. Woodhead, C.B.E., the paper's British columnist, on July 26. Mr. Woodhead roundly condemned the handing over of French military bases to Japan and used exceedingly harsh language to characterize Vichy attempts to justify this step on the ground that French Indo-China was menaced by Britain.

The *Post* disclosed that Mr. Woodhead's article had given offense to a number of members of the local French community and explained that Mr. Woodhead had given expression only to his personal views. It regretted that Mr. Woodhead had written as he did and that the paper had lent itself to the dissemination of his article.

The *Post*, an American newspaper, has its publishing offices at 19 Avenue Edward VII in the French Concession. Through the medium of the ubiquitous bamboo telegraph word has gone abroad that the *Post's* climb-down on the Woodhead article followed a visit to the publishers by representatives of the Concession authorities. These gentlemen informed the *Post* that French police guards, stationed outside the *Post* building as a precaution against terrorist attempts against the paper, were to be withdrawn to mark French displeasure at Mr. Woodhead's article. And they were withdrawn.

In view of the fact that the *Post* has frequently been an object of terrorist bombings by agents of the Nanking puppet government, and that several members of its staff have been killed by them, it is difficult to believe that, in retaliation for what was considered an offensive piece of writing, the responsible French authorities would go so far as to withdraw obviously needed protection. Yet this is precisely what they did. The guards returned to duty after the *Post* had made amends as described above.

The *Post's* act of appeasement had its inevitable consequences. A news broadcast in the Russian language over the Post-Mercury station was promptly banned by the Concession police. The broadcaster was Mr. V. V. Drozdoff, assistant editor of the *Russian Daily News*, a Soviet newspaper. His broadcasts consisted in the main of releases by *Tass*, the official Soviet news agency, on the Soviet-German war. The *Post* itself explained that Mr. Drozdoff had been taken off the air because he had violated his contract with the station which called for "straight" newscasts without any comment—and Mr. Drozdoff had been commenting.

The French Concession authorities long ago hitched their wagon to the Vichy star. This explains their extreme sensitivity to any criticism of the Petain regime and its doings in the Far East and, of course, their hostility to anything savoring of Soviet propaganda.