Dear Sonny,

Received your cartoon of cigarettes. Thanks. I can use them. Also sent you a cablegram on your birthday which I hope arrived by May 5.

The rainy monsoon season approaches. I dislike it almost as much as the humid heat that follows. They tell me last summer was mild. If this is so I hate to look forward to the summer.

Last weekend I went to Atami again. Stayed at Mr. Kaneko's house. Rained every day and I saw little more than the weekends in the beautiful garden.

I hope we can see our way clear to the winding up of this trial. And I also hope the judge will make for the summer. The work is not only difficult and boring but actually is taking the strength of most of us. How the old men stand it I don't know.

Just note I attended another meeting of business men. It is called the Society Club and meets once every six days. I am the only American member. Steve Higashi had an article in trade the other day saying certain business men will be allowed in Japan soon. It is enclosed.

Actually, I need never worry about a place to live again. I can
always return to Japan where there are a few people who really like me. This seems strange but it's true. And the way I feel about things right now I don't care much about where I go. About any place in home.

I would like to go back to F.C. for a while because this is a strain besides being undesirable. Then too I am Lance one for the sight of you, Capt. That is my role I only hold.

So—Capt. Watanabe just came to my room so I must close. Will write again soon.

[Signature]
Reopening Of Foreign Trade With Japan Slated For July 15

Mission Expected To Leave For Japan To Complete Arrangements

By STEWART HENSLEY

WASHINGTON, May 5 (UP)—The State Department has set July 15 as the tentative date for resumption of private trading with Japanese by foreigners.

Authoritative sources told the United Press a combined State, War, Treasury and Commerce Department mission was expected to leave for Japan “probably within a week” to make final arrangements with General of the Army Douglas MacArthur.

The plan will permit a limited number of foreign buyers to go to Japan under a quota system and deal directly with the Japanese.

Housing Shortage Felt

Officials here said the major difficulty in getting the plan in operation by July 15 lies in the acute housing shortage in Japan. Since the housing program for the army dependents has not kept pace with the needs, many dependents have had to be quartered in hotels, which otherwise could be used for foreign businessmen.

It is the desire of General MacArthur and officials here to open the way for foreign business to give financial assistance to Japanese manufacturers by financing imports of raw materials.

Private banking interests in this country are not willing to finance purchase by American businessmen of raw materials to ship to Japanese manufacturers unless they can be given a lien on the manufacturers' products, backed up by some form of solid security.

SCAP's export division is not willing to assume the risk of guaranteeing fulfillment of contracts and securing banks and foreign businessmen against possibility of loss on raw materials.

Details Being Worked Out

The plan has been worked out in preliminary form with General
State Department officials who accompanied the Krug-Harrison mission to Japan last January.

The United States plan consists of two parts.

First, it provides that private businessmen of foreign countries may go to Japan and contact directly with Japanese manufacturers for purchase of their products. However, there would be no discussion of price between them. The Japanese State Trading Corporation would pay Japanese manufacturers the price in yen for the goods, determined by the cost of production, plus a nominal profit.

The goods would then be shipped to a foreign buyer who would pay for them by remitting to SCAP's export account the price in dollars, sterling or other currency determined by a fair value of the goods in the world market.

While this system would avoid the necessity for establishing a formal commercial exchange rate for the yen, it would in effect provide some basis for determining what the rate should be when Allied officials believe the time propitious for setting it.

SCAP's Validity Recognized

Officials here recognize the validity of SCAP's position and are casting about for some other method of securing loans.

One plan, which is considered, would provide for the transfer of about $150,000,000 of Japanese gold into SCAP's export account to be (Continued page 4, col. 4)