

Green Left Weekly, 25 February 2004

How Washington ripped-off Asia's stolen treasure

Gold Warriors: America's Secret Recovery of Yamashita's Gold By Sterling and Peggy Seagrave

Review By Phil Shannon

In June 1945, with US tanks less than 30 kilometres away, General Yamashita, head of the Japanese occupying army in the Philippines, knew the war was lost. He held a farewell party in Luzon province for 175 Japanese chief engineers, in one of the 175 underground tunnel complexes the engineers had constructed. At midnight, with the sake and patriotic singing in full flow, Yamashita (with two of Emperor Hiro-hito's princes) slipped out and detonated dynamite at the tunnel's entrance. Buried 70 metres underground, the engineers had only the mute company of row upon row of gold bars, looted by the Japanese army from the territories it had conquered in Asia.

Thousands of Allied prisoners of war and civilian slave labourers from Asia were also buried alive in underground caves, tunnels and mineshafts after they had built the hidden treasure vaults. The only people who knew of the secret stashes and were meant to remain alive, as Sterling and Peggy Seagrave reveal in *Gold Warriors*, were the Japanese military tops and the imperial family elite, who intended to recover the booty after the war's end.

Despite the murderous precautions taken to protect the secret vaults, US military intelligence officers discovered their existence and seized billions of dollars worth of gold, platinum, precious gems and cultural treasures from the hiding places. Together with Nazi war loot from Europe, the Japanese plunder was funnelled by the US into a secret "Black Eagle Trust", named after the Nazi insignia stamped on gold bullion stolen by the Nazis.

US President Harry Truman set up a secret, high-level government team to launder the stolen assets into 176 bank accounts in 42 countries. In charge was US war secretary Henry Stimson.

The Japanese militarist regime's looting of Asia had been systematic and vast. Government treasuries, banks, factories, homes and art galleries had been raided with ruthless efficiency, exemplified by the meticulous attention paid to hammering the teeth of corpses to extract gold fillings.

Japan's top underworld crime boss, Yoshio Kodama, was made an admiral and put in charge of looting occupied Asia's gangsters. Called "Golden Lily" (after one of Hiro-hito's poems), the operation was headed by the emperor's brother, Prince Chichibu, and managed by some of Japan's top financial figures.

Much of the stolen wealth was taken to Japan, some to pay for the war, but most to slake the greed of Japan's elite. When a US submarine blockade of Japan stopped the flow of loot, it piled up in the Philippines.

Once discovered by the US, it was tapped to finance a post-war Japan that would be an anti-communist bastion in Asia. The Golden Lily loot now financed the clandestine Yotsuya Fund which supported a death squad of Kodama's criminal associates, headed by a US army colonel, which targeted student leaders, liberals, leftists, union organisers, journalists and others who got in the way of the revival of capitalism in Japan.

The Keenan Fund, named after Joseph Keenan, the chief prosecutor in the Tokyo war crimes trials, also drew on Golden Lily funds to bribe witnesses to falsify their testimony so that the reputations of the emperor, right-wing politicians and criminal bosses like Kodama could be refurbished and bolster pro-US and solidly conservative political influence in post-war Japan.

The fund bribed witnesses of Japan's chemical and biological warfare program to commit perjury so that the deadly knowledge they held could be kept secret and passed on to the US military. It also bribed witnesses of the Golden Lily project itself. Making common cause with the Yotsuya Fund, there were violent deaths and suspicious "assisted suicides" of those who resisted the bribes.

Both funds were eventually rolled into the M-Fund, which began at a “modest” US\$2 billion, but grew quickly to be almost 10% of Japan’s gross national product by 1950. The profits financed Japan’s “self-defence” army and the formation of Ja-pan’s hegemonic right-wing Liberal Democratic Party (LDP).

The M-Fund paid huge inducements to all LDP factions to support Nobosuke Kishi, who was actively involved in the use of slave labour as a wartime minister (and with a sideline in narcotics since the 1930s), as LDP leader against a less pro-US rival. During his three-year reign as prime minister, from 1957-1960, the LDP received \$10 million each year from the CIA, chiefly drawn from the M-Fund.

The CIA also joined in the hunt for undiscovered Golden Lily loot in the decades after the war. Like bees to honey, or flies to something much less savoury, treasure hunters from Japan and the US flocked to the burial sites or the seas where treasure-laden ships were scuttled just days before Japan’s surrender.

When the Philippines’ President Ferdinand Marcos, one of Washington’s favourite despots, cut himself in on the action after 1965, he used CIA aircraft, US Air Force planes and US Navy ships to shift the bullion. He used the CIA’s global network of banks (such as the Nugan-Hand Bank in Australia, which had a board packed with retired US intelligence officials) to provide refuge offshore for the “black money”.

Marcos (and Philippines President Corey Aquino in post-Marcos times) also had the help of the CIA, Pentagon-linked private US military firms and private intelligence organisations, which had joined the gold rush. As is the way with thieves, the joint ventures between the looters and politicians were often disrupted by deadly double-crossings and fatal fallings out.

US President Bill Clinton continued his predecessors’ secrecy surrounding Ya-mashita’s gold. He allowed the CIA to remove Golden Lily documents from declassified US records on the war in Asia, to avoid embarrassment for Washington. According to the Seagraves, two weeks into George Bush junior’s presidency, two US Navy ships and navy commandos were despatched to the Philippines to recover more gold to replenish US gold reserves.

Swiss banks remain some of the major repositories and beneficiaries of the loot stolen by Japanese regime (and the Nazis). They cashed in on Switzerland’s neutrality during the war.

One Swiss bank holds more than \$190 billion (bigger than Microsoft’s Bill Gates’ net worth) in a covert US government account, the Seagraves report. US banks also have had their fingers deep in the golden pie, including the Chase Manhattan Bank, the Bank of America, Wells Fargo Bank and Citibank. Just as Swiss banks have denied for decades that they were sitting on, and turning a huge profit from, gold stolen from Holocaust victims, so US banks clammed up about Yamashita’s gold, hoping to wait out the death of potential claimants.

“Black gold” was secretly put to work by all US presidents to “interfere in the political life of sovereign nations, to buy elections, to undercut the rule of law, to control the media, to carry out assassinations, in short to impose America’s will”, write the Seagraves. It was used by the CIA to manipulate post-war elections in Italy, Greece and Japan, to fund the dictator Diem in South Vietnam, to spread anti-communist propaganda during the Cold War, and to reinforce the treasuries of Washington’s anti-communist allies.

For 50 years, the recovery of Golden Lily war loot and its continuing political deployment by Washington has been a state secret. However, Sterling and Peggy Seagrave’s extensive research and investigation — as well as racy tales from the publicity-shy world of gangsters, spooks, private detectives, gold brokers and ruthless politicians — have produced a rich and painstakingly detailed (and occasionally speculative) epic of greed, cover-up and covert political intervention.

Reactionary anti-communism and war loot, which brought Washington and former Nazi leaders and Gestapo torturers together, were also the political mating signals that worked their dirty magic between Washington and Japan’s war criminals and looters.