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Believe it . . . or not

By Roland Kelts

Japan's vast hoard of war booty known as Yamashita's Gold was long thought to be buried in caves in the Philippines. But in their book 'Gold Warriors,' Sterling and Peggy Seagrave sensationally claim that the treasure trove was secretly recovered -- and continues to oil the wheels of politics in Japan and beyond. As Roland Kelts discovered through interviews with the authors, it is a tale as disturbing as they insist it is well-founded IN the months preceding the invasion of Iraq in early 2003, Bush administration officials proclaimed that the United States would do for the Middle Eastern nation what it had done for Japan more than 50 years before: "Democratize it."

The gross oversimplification was roundly demolished by critics across the political spectrum. But not so by author Sterling Seagrave who, with wife and co-author Peggy, has published nine books on Asia and Japan and their relations with the West.

"When you heard Bush say he was going to give Iraq real democracy," Sterling Seagrave said in a recent interview from the couple's home in Europe, "it actually was like [Gen. Douglas] MacArthur saying the same thing about Japan [where he was Supreme Commander of Allied Powers during the postwar Occupation of Japan]."

"Both men were lying, of course."

Just as U.S. President George W. Bush and his cronies know full well about their and America's murky past dealings with Saddam Hussein, so the Seagraves contend that the U.S. -- and MacArthur -- are and were involved in murky, multimillion-dollar secret dealings with Japan that make a mockery of any claims to have "democratized" the vanquished World War II foe.

As sensational and shocking as this may at first seem, a tale of conspiracy and concealment at the very highest levels lies at the heart of the Seagraves' vivid, minutely sourced and documented -- and sometimes gory -- ninth book, "Gold Warriors: America's Secret Recovery of Yamashita's Gold," which was published late last year.

Among serious historians, few doubt that as World War II was ending in inevitable defeat for Japan, Gen. Tomoyuki Yamashita, the Japanese commander in the Philippines, oversaw the burial of vast amounts of bullion, jewels and other loot that the Imperial Japanese Army had pillaged, mainly from Taiwan, China, Korea and the Philippines.

The hoard is believed to have been buried in secret, boobytrapped caves whose whereabouts were known only to those in the upper echelons of the Japanese elite -- including, according to the authors, Emperor Hirohito, via his brother, Prince Chichibu, who is said to have headed the top-secret project codenamed "Golden Lily."

To ensure the secrecy of this operation -- which took its name from the title of one of Hirohito's poems -- thousands of slave laborers and soldiers are said to have been buried alive with the treasure when the caves were dynamited as U.S. tanks rumbled toward them just 30 km away.

That much is hardly disputed.

However, through contacts they made while writing their eighth and equally controversial book, "The Yamato Dynasty" (Bantam Books; 2000) -- which recounts the personal histories, alleged crimes and misdeeds of Japan's emperors, their wives and other members of the Imperial Family through five generations (from 1868, the year of the Meiji Restoration, to the present) -- the Seagraves learned that the "Yamashita Gold" (later known as the Black Eagle Trust or the M-Fund) was eventually discovered by agents of the U.S. Office of Strategic Services (OSS), the precursor of today's Central Intelligence Agency.

Gen. MacArthur was notified of the discovery, the Seagraves were told, and he and other senior U.S. military and security figures inspected the caves. Then, allegedly with U.S. President Harry S. Truman's stamp of approval, it was agreed to keep the booty off the official books.

In support of this stunning claim -- which is one among many -- the authors cite copious, damning evidence both in their book's footnotes and in two companion CD-ROMs. Additionally, the fact that the U.S. still refuses to declassify relevant OSS/CIA materials, in blatant contravention of U.S. Freedom of Information laws, strongly suggests to many scholars and historians that there is something serious to hide.

Though the Seagraves' book may at times read like a political thriller of Joycean scope and detail, it is no less than their attempt to provide readers with the entire provenance of the stockpiled loot known as Yamashita's Gold that is, in the end, the story's central character.

The authors' chief contention is that the vast riches gathered by the Japanese in Asia -- and (yet more astonishingly) much of the Nazis' European loot -- were combined, hidden, disseminated and exploited by some of the most famous names in history, mostly to finance anti-communist efforts, prop up key global banks and manipulate the value of currencies to suit U.S. strategy.

Critics of the book and its authors cite "overheated" prose and periodic bouts of speculation. A reviewer for *Publisher's Weekly* argues that the authors' repeated references to suppressed evidence, however accurate, "make it impossible for the lay reader to judge the book's credibility." And Gilbert Taylor in *Booklist*, while applauding the Seagraves' plethora of sources, points out the challenge posed by their occasional reliance on "the word of single individuals." But in this reader's opinion, the graphic, detailed evidence provided on the two CD-ROMs make the book's central and most compelling claims hard to refute. Indeed, it's hard not to sweat a little when confronted with such a well-documented narrative that implicitly locates real power so far from the people of so-called democratic states.

On the surface, the story the Seagraves recount is arrestingly simple. But it's in their forceful delineation of connections between U.S. powerbrokers and their Japanese counterparts -- and their willingness to name names -- that their story acquires new dimensions, and where "Gold Warriors" acquires its greatest strengths.

"The most important date in the history of Japan and America," Sterling Seagrave now says, "is not Pearl Harbor in 1941, or 1945, when Japan officially surrendered. It's in 1948, when the U.S. oligarchs gained total control of the Occupation in Japan."

The "oligarchs" in question were America's ruling elite who, as the communists gained control of China, grew weary of trying to reform Japan as their fears of its increasingly left-leaning, unionizing populace grew. In a use-it-or-lose-it scenario, that year MacArthur and his SCAP team changed tack from their initial, liberal approach to changing Japan and instead began turning it into a capitalist bulwark against communism, as well as a vital military base.

To do so, large sums of money were redirected to ensure Japan's control by various conservative elements that in large part came together in 1955 with the formation of the Liberal Democratic Party -- as became clear only in the 1990s, due to evidence revealed under pressure from former American POWs demanding compensation through the courts.

"In 1948," Sterling Seagrave argues, "the Americans reversed all reforms, halted all punishment of indicted war criminals, rescued Japan's oligarchs, made all records of the war disappear, began freeing everyone from Sugamo Prison [which housed Japan's most infamous war criminals, including top gangsters and psychopaths], and put Japan's government back in the hands of [later Prime Minister] Nobusuke Kishi and other war criminals and druglords who had conquered all of East and Southeast Asia."

In addition, the Seagraves contend that MacArthur proceeded to establish secret trusts around the globe -- the most famous of which became known as the Black Eagle Trust, or the M-Fund, which was named, they say, after U.S. Maj. Gen. William Marquat, the fund's first overseer. These trusts, they state with detailed supporting data, were initially used to bribe Japanese political leaders, and later for other uses in tune with the shifting priorities of U.S. foreign policy.

"The tragedy [for Japan] is that MacArthur handed power back to the same notorious men who started the war," says Sterling Seagrave. "And their so-called Liberal Democratic Party continues to make a joke of democracy today."

The notion that the 1945-52 Occupation of Japan midway underwent a radical transformation from a reform-oriented agenda to an anti-communist one is not new. As Pulitzer Prize-winning authors John Dower ("Embracing Defeat"; 2000) and Herbert Bix ("Emperor Hirohito and the Making of Modern Japan"; 2001) have both documented, the obfuscation this entailed was mutually accomplished: The U.S. wanted to hide the bulk of Japan's war crimes in order to exploit its military intelligence to establish a secure beachhead in the fight against communism, and Japan, with its hierarchies thrown into temporary disorder, sought money and the return of self-esteem along with a stable, if corrupt, power structure.

The ends very neatly justified the means -- for both countries' elites.

But what's striking about the meticulous research and aggressive storytelling in "Gold Warriors" is the way its authors singlemindedly pursue the trail of Japan's pillaged loot from those caves in the Philippines to financing of military endeavors in the Middle East.

And what's it worth? The late Norbert A. Schlei, the assistant attorney general during the Kennedy administration, who many believe (and the Seagraves powerfully illustrate) was destroyed by the FBI for his research into the M-Fund, recently estimated that "Yamashita's Gold" today amounts to a slush fund of an astonishing \$500 billion-plus -- enabling the U.S. and its allies, most notably Japan, to engage in economic, political and military maneuverings well off the world's radar.

"The secrecy surrounding the M-Fund," Schlei wrote more than 10 years ago, "and the absence of governmental or institutional controls over it had led to abuses so great as to dwarf any governmental scandal in any part of the world . . . [it] has prevented Japan from becoming a truly democratic country."

Far-fetched as it all sounds -- despite the iron fist in an apparently velvet glove that so obviously still grips Japan -- the Seagraves' argument has weighty support.

"Rape of Nanking" author Iris Chang says of their book: "The Seagraves have uncovered one of the biggest secrets in the 20th century."

Author and U.S. security veteran Douglas Valentine wrote last year in the British writer Alexander Cockburn's U.S.-based online magazine, Counterpunch: "I personally think that this story is true, and that the U.S. government, in active collusion with the very people the American people fought to defeat in World War II, has been guilty of fraud and depravity on a global scale."

Gillian Tett, an author and former Financial Times correspondent in Japan, is more lugubrious, telling writer David McNeill in an interview this spring: "The whole [M-Fund] thing is a can of worms. There is a fabulously interesting web of intrigue, but the real story for me is: Why have the conditions been laid for so many conspiracies to flourish? And that's because U.S.-Japan relations are filthy. The U.S. could clear this up, but they've refused to declassify a whole bunch of documents from the 1950s and '60s."

And in his lengthy and overwhelmingly positive assessment of "Gold Warriors" published in the London Review of Books, Japan Public Research Institute President and former CIA consultant Chalmers Johnson offers an unequivocal summation: " 'Gold Warriors' is easily the best guide available to the scandal of 'Yamashita's Gold,' and the authors play fair with their readers by supplying them with massive amounts of their raw research material."

Massive, indeed. While detractors frequently cite the Seagraves' sometimes hyperbolic prose style, in which exclamation points are not uncommon and the tone can shift wildly, the authors themselves are fully armored against assaults on their assertions. "Gold Warriors" is accompanied for a small price by those two CD-ROMs (available via their Web site at [www.bowstring.net](http://www.bowstring.net) ), containing over 900 megabytes of documentary material, photographs and maps that, in the avalanche of small facts it proffers, appears to overwhelm even this enormous lie allegedly foisted on Japan and the world.

"Truth is something governments do not wish to be known," says Peggy Seagrave. "Big corporate media and bootlicking academics have tried to undermine our books by pretending they don't exist or saying that the M-Fund is imaginary. But look at the CD-ROMs. Secrecy, lying and corruption have become the official seal of Tokyo and Washington."

Not just that, but she adds: "The lying about Iraq doesn't hold a candle to the lying about Japan."

Peggy and Sterling Seagrave make Michael Moore, the Bush-bashing director of the award-winning and box-office record-breaking documentary movie "Fahrenheit 9/11" seem like a lightweight. While Moore pops up in New York theaters to greet audiences and on CNN to defend his positions, the Seagraves are in hiding somewhere in Europe -- a life-saving necessity, they say.

"We don't disclose our exact location because we've received death threats after several books," says Peggy Seagrave. "The prudent thing was to avoid celebrity."

Certainly, once you begin leveling accusations and naming names at the highest levels of power, and your books gain a considerable audience (seven of the Seagraves' books have been translated into Japanese and are best sellers for for-

eign authors; “Gold Warriors” has been translated into Chinese, Korean, French, Spanish and Catalan), someone is going to want to know where you are and what else you may have come to know and be about to publish.

Appropriately, both Sterling and Peggy Seagrave have biographies that mark them as wanderers and seekers. Sterling traces his roots to a family of missionaries who first left Massachusetts for Burma in 1832, and stayed on to serve as teachers and doctors. “I’m the fifth generation of my family with ties to Asia,” he notes. “I was 4 years old when Japanese planes from Hanoi began bombing us. I recall it vividly.”

For her part, Peggy says that her father was a civilian engineer for the U.S. Navy, who “brought home foreign friends, including Japanese, German and Russian engineers, many of whom have become lifelong friends.” However, she says that it was when she read historian Barbara Tuchman’s “Stillwell” and “The American Experience in China” as an adult that her “lifelong fascination with Asia” began.

Professionally, Sterling spent four years reporting and editing at The Washington Post before heading back to Asia in the 1960s, from where he contributed freelance stories to newspapers and magazines, made documentary films -- and became obsessed with China and Mme. Chiang Kai-shek. The obsession resulted in his first book, “The Soong Dynasty” (Smithmark; 1987), which became a best seller. It also resulted in his first death threat, he says.

In researching and writing their last two books, “Gold Warriors” and “The Yamato Dynasty,” Peggy says such fears have far from gone away, as they both involved revealing some particularly ugly skeletons in some carefully hidden closets. “We were astonished that Japan’s looting of Asia from 1894 to 1945 remains virtually unknown to this day,” she explains. “Both of our [new] books take a look at different threads of this looting.”

Fortunately, however, the authors say that publication of “The Yamato Dynasty” in 2000 spurred many Japanese deep throats to make contact with them and subsequently to become important sources of information for “Gold Warriors.” Sterling chalks this up to the first book’s “positive and sympathetic” portrait of Emperor Taisho, as well as its groundbreaking inclusion of commoner women in the fragmented lineage of the Imperial family.

Nonetheless, Sterling admits that he and Peggy stumbled upon gold of a literary kind: U.S. involvement in the Yamashita Gold story. “It was pure chance that we discovered hard evidence of Washington’s secret recovery of Yamashita’s gold,” he says.

“We first dealt with the Yamashita Gold ‘legend’ when we were commissioned by Harpercollins to write ‘The Marcos Dynasty’ [Harpercollins; 1988] in the early 1980s. Because of the intimate Marcos involvement with [yakuza godfather and CIA employee] Yoshio Kodama in making recoveries of war loot in the Philippines, we had to investigate that aspect of his life, and the role of Ferdinand and Imelda [Marcos] in moving black gold into banks in Europe, Asia and America. Years later, when we were working on ‘The Yamato Dynasty,’ and discovered the role played by Prince Chichibu as head of Golden Lily, we had to reinvestigate the whole Yamashita Gold ‘legend’ from the Japanese point-of-view.”

One of their sources for “The Yamato Dynasty,” Filipino Ben Valmores, turned out to have been Prince Tsuneyoshi Takeda’s valet. Valmores was spared by the prince [Hirohito’s first cousin] when the burial sites in the Philippines were dynamited and sealed. Years later, when Valmores was in his 70s, he took the Seagraves to “Tunnel-8,” a massive underground complex of tunnels that he said were formerly filled with gold, and identified many of the Japanese princes involved in its construction.

“We had a deadline to meet with ‘The Yamato Dynasty,’ explains Sterling, “so we decided to do a separate investigation of the new discoveries. Essentially, we had to go back to square one, with the looting of Korea, starting in 1895, and come forward painstakingly. The result was ‘Gold Warriors,’ “

Having produced the book, the Seagraves firmly believe that postwar Japan can be understood as a coconspirator in one of the most far-reaching scams of modern history -- with its partner, since 1948, being the oligarchs running the U.S. military-industrial complex and government.

But the Seagraves are no Japan-bashers. “Peggy and I admire the Japanese people, who are fed up with lies. We only attack the control-freaks of the LDP,” says Sterling in his characteristically uninhibited way. “Collusion between the U.S. and Japan has been more profound, because in postwar Europe, the U.S. did not have exclusive control the way it did in Japan.”

The populist streak in such comments also runs like a bright barbed wire through “Gold Warriors.” As such, the work is in stark contrast to ones so immersed in complexities of culture and history, or simply misinformed, as to result in a particu-

larly arch and academic pigeonholing of Japan. With few exceptions, Japan is commonly cast as an uber-contemporary and weird circus nation, or as a hopelessly arcane, opaque and distant land. Between the two poles, charges of corruption and cronyism often flourish.

A far more pragmatic and even humane approach characterizes the Seagraves' work, infusing their commentary, however charged, with warmth. "Gold Warriors" is a thrilling read, whatever your perspective, but it is also a sad book, tinged with pathos.

"The big losers [in this story] have been the Japanese people," Sterling points out, "who have had their postal savings looted to feed the greed at the top."

Far from on the brink of bankruptcy at the end of World War II, Japan, the Seagraves argue, merely had its postwar wealth consolidated and contained among the elite, largely through the maneuverings of Gen. MacArthur and his cronies, both Japanese and American.

"The Japanese people knew in the 1940s and '50s, just as the Iraqi people know today, that politicians installed by America were only puppets. It's not democracy at work, it's 'American democracy' at work," Sterling asserts.

He does, though, see hope for Japan -- far more so than for America.

While "Gold Warriors" has yet to find a Japanese publisher, its authors sense a shift in public attitudes toward unpalatable truths. "Japan is changing," they say. "Fear is no longer universal there, as it has been for centuries."

But the United States, at least according to Sterling, is rapidly heading in the opposite direction. "Successive U.S. administrations have actually copied Japan by silencing, infantilizing, spoonfeeding and stupefying the public while singing them lullabies of patriotism and moral superiority," he says. "And this became easier after 9/11."

Of course, it remains to be seen whether the Seagraves' book will ultimately be accepted into the pantheon occupied by John Dower's and Herbert Bix's recent tomes and Robert Whiting's groundbreaking "Tokyo Underworld." But however it withstands the test of time, it burns fiercely with an intensity and intelligence that are impossible to ignore.

Roland Kelts is a Tokyo-based writer from New York. *Gold Warriors: America's Secret Recovery of Yamashita's Gold* (Verso Books; Sept. 2003; 384 pp) is available from Kinokuniya bookstores in Japan, at 3,120 yen. It can also be ordered through amazon.com (at \$26, or \$18.20 after discount), and through amazon.co.jp (2,490 yen).

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