

# JAPANESE YEN THE AUSTRALIAN WAY

Rewriting the military numismatic catalogues for British Commonwealth Occupation  
Force Japan & Allied Military Occupation Currency by **TONY JAMES**

A phone call had confirmed the appointment and today was the day! I was on my way to my special meeting with the Archivist of the Reserve Bank of Australia where I was, at last, going to see what was actually held in the records safe that had remained closed for months. It had been ten months since I had received an email from a fellow collector Nik, asking if I could find out anything about an item that was shown on the Reserve Bank of Australia website and was displayed in the Currency Museum in Sydney. This was a trial of a yen denominated occupation currency note issued by the Allies during World War II, designed in Australia. While my initial inquiries had revealed little regarding the 100 yen note, other information led to the revelation of government counterfeiting of Japanese Invasion Money (JIM), and also production of replicas of the Oceania JIM series. What else was waiting to be uncovered?

## Allied occupation of Japan

The postwar occupation of Japan by the Allied Forces is usually remembered as being carried out by the U.S. military. However there was also a contingent drawn from Britain, New Zealand, India and Australia. These troops, which numbered forty thousand at the peak period of occupation, made up what was known as the British Commonwealth Occupation Forces (BCOF). This force was led by Australian commanders for its entire existence.

## Australian presence in Japan 1945-1952

Australia advised Britain that it would participate in the military occupation of Japan on August 17 1945, and by December, arrangements were confirmed for the BCOF under an Australian commander to take part in the occupation.

The Australian presence consisted of the 34th Australian Infantry Brigade Group and the 81st Wing RAAF which consisted of three fighter squadrons. The Brigade comprised the 65th, 66th and 67th Australian Infantry Battalions, the

1st Australian Armoured Car Squadron, 'A' Field Battery Royal Australian Artillery and the 28th Field Squadron Royal Australian Engineers, 130th Australian General Hospital and other supporting units. The headquarters of the BCOF was at Kure near Hiroshima on the south of the main island of Honshu and was initially responsible for the security of the prefectures of Hiroshima and Yamaguchi. Later the area of responsibility was increased to include other parts of Honshu and also the island of Shikoku.

The aims and duties of the BCOF, and therefore the Australian forces, were to "supervise the demilitarisation and disposal of Japanese military installations and armaments, protect Allied installations and exercise military control in five prefectures of Japan. Also to repatriate some 700,000 returning Japanese soldiers and to repatriate over 61,000 foreign nationals to their respective countries. Patrol by land, sea and air to uncover armaments smuggling and black marketeering and also to advise on engineering and town planning assistance in the reconstruction of Hiroshima." (BCOF Assn)

## Occupation and monetary law

The arrival of the US occupation forces and the BCOF, created the need for a sound economic system on which they could operate. The troops needed to be paid and they had to have a secure system in which to spend their money as well. The Japanese yen was suffering from inflation and the official exchange rate moved from 15 to the dollar on September 5 1945 to 50 to the dollar by March 12 1947 through 270 in July 1948 to 360 on April 25 1949.

Article 49 of the Hague Regulations states that the military occupier of a territory is entitled to levy the costs of occupation on the inhabitants of the occupied territory and also that military currency can be issued, denominated in the occupied territory monetary unit. Article 43 states that once the authority of the legitimate power has passed into the hands of the occupier, the occupier should take all the measures in his





power to restore and ensure, as far as possible, public order and safety, while respecting, unless absolutely prevented, the laws in force in the country.

This is considered ample justification for the use of military currency to pay for requisitions. Other cases are also cited in 'Monetary Law' (Banyai) which offer precedents for the use of military currency when the occupier is to maintain law and order, and the existing currency is inadequate for use. Then the national currency may be reorganised by appropriate methods, such as new types and supplies of currency.

The directive by the Joint Chiefs of Staff dated November 3 1945 gives an insight into what financial regulations were made for post War occupation of Japan. Here is part of the instructions given to General MacArthur:

*Part 3 Financial article 36-39*

36. *You may authorize or require the Bank of Japan or any other bank or agency to issue banknotes and currency which will be legal tender; without such authorization no Japanese governmental or private bank or agency will be permitted to issue banknotes or currency.*
37. *You will require the Japanese authorities to make available to you legal tender yen notes or yen credits free of cost and in amounts sufficient to meet all expenses of your forces including the costs of your military occupation.*
- 38.a. *In the event that for any reason adequate supplies of regular legal tender notes are not available you will use supplemental military yen (Type "B") issued pursuant to military proclamation. Supplemental yen will be declared legal tender and will be interchangeable at par without distinction with other legal tender yen currency.*
  - b. *Regular yen currency will include currencies which are now legal tender in the area.*
  - c. *Japanese military yen issued for circulation in territories occupied by the Japanese will not be legal tender and will not be acceptable nor interchangeable with supplemental yen or regular yen currencies.*
39. *You will not announce, establish or permit the use or publication, until receipt of further instructions, of any general rate of exchange between the Japanese yen on the one hand the U.S. dollar and other currencies on the other. However, a rate of conversion to be used exclusively for pay of military and naval personnel and for military and naval accounting purposes, namely 15 regular or supplemental yen equal one U.S. dollar, has already been communicated to you.*

### Occupation currency

It should be noted that while the German economy and financial structure had disintegrated, requiring wholesale

reorganisation, the mechanism of the Japanese government system was essentially intact. Supreme Commander Allied Powers Instructions (SCAPINs) were transmitted to the Japanese and were converted to domestic law or regulations. The first Allied occupation currency was required prior to the actual surrender of Japan, as U.S. forces had entered Japanese territory some time before arrival in the homeland. A provisional currency was improvised and the two issues have become known as Lassiter and Caler series of chits used in Kime Island after the battle of Okinawa. Following this, several Allied military yen currencies were used by the US and BCOF.

### Allied Military Currency (AMC)

Allied Military Yen known as Supplemental yen has been the longest used AMC series of all those issued (German, French and Italian to name just some). While the fighting progressed across the Pacific and former Japanese-held territory fell into the hands of the Allied forces, two varieties of AMC were prepared by the U.S. Identified by a large A or B in the background of the design. They were intended for use in Korea and Japan. The B yen were used as intended in Japan and the Ryukyu Islands and the A yen, initially intended for Korea, were withdrawn after a short period and later experimentally used in Japan as a prelude to the first issue of military payment certificates (MPC).

The A yen were used in Korea from September 7 1945 until July 10 1946 and then in Japan from July 19 1946 to September 30 1946. The notes were issued in denominations of 10 sen, 50 sen, 1, 5, 10, 20 and 100 yen. They were printed in the US by the Stecher-Raung Lithograph Corporation of San Francisco and carry the italic "s" printer's mark. The U.S. Government Bureau of Engraving and Printing produced one issue of 1 yen notes and the Japanese Finance Ministry Printing Bureau printed several issues in the late 1950s including all of the 1,000 yen notes of the B series.



AMC 20 yen "A" front.





AMC 20 yen "B" front & back

The B yen Supplemental series was used in Japan from September 6 1945 until July 15 1948 and was also in use in Ryukyus from April 1 1945 through September 30 1958 due to continued American control in Okinawa.

#### British Armed Forces Special Voucher (BAFSV)

The BAFSV replaced allied military currency for use in the Navy, Army, Air Force Institute (NAAFI) outlets in several British occupation areas after the War. The first series was used in Germany and Austria from 1946 and this series was also used in Japan from May 6 1947. The vouchers of the issue do not have a series designation on them. There are also vouchers that have an overprint due to a small unit known as 'Force T' assigned to Japan but that was not part of the BCOF. These overprints in two types of font say "Issued in H.M. ships afloat for use in N.A.A.F.I. canteens only."

The use of these vouchers did much to slow down black market trafficking although it was very difficult to eliminate the practice. A second series was introduced in Japan on March 28 1948, however only the 2/6 denomination was replaced.

#### Australian army canteen service yen chits

Australia accepted the responsibility for maintenance of the BCOF after the first 90 days and this meant that the Australian Canteen Service became responsible for the canteen requirements of the whole force. At first, the service was hindered by lack of information and basic infrastructure, lack of staff and training and an uncertain supply chain that had low priority. By September 1946 there were five warehouses, 13 issue points and seven canteens providing supplies of wet and dry goods and seven clubs providing cafeteria and recreational facilities. Nearly a year later there were approximately 60 installations including hotels, freezers, stores and shops for dependents. In two years the staff increased from 18 civilian staff to 244 service personnel, 62 expatriate civilians and almost 2300 Japanese nationals. This service, not surprisingly, contributed to a situation ripe for exploitation by individuals and organised groups and official steps were taken to close, or at least limit, opportunities for BCOF personnel to trade canteen goods on the black market and exploit the advantageous yen currency arrangements then in force. Australian Army Canteen Service BCOF 1/2 and 1 yen chits

The chits printed on light card and issued in denominations of half, one, two and three yen were printed by Miller of Melbourne and were perforated at each end like movie tickets. These chits could be purchased only with Australian currency

or a pay book. They could not be purchased with yen, the objective being to reduce the flow of yen currency that originated on the black market. These operated in a similar manner to the American Military Payment Certificates and it is thought that they circulated only until the BAFSV were introduced in May 1947.

#### Military Payment Certificates

Introduced as a means to combat profiteering and black marketeering, the Military Payment Certificate (MPC) had limited convertibility. Servicemen, US government civilian employees and US citizens employed by US firms working for a company of the host nation were prohibited from holding US currency. The local population were prohibited by their own laws from holding MPC and they were to be used only in US facilities such as Post Exchanges (PX).



Military Payment Certificate Series 472 \$10

Schwan and Boling note that if a soldier wanted to buy something in the civilian community he was required to exchange his MPC into local currency. Accumulated local currency could not be converted back into MPC! Thus PX goods sold on the local market needed to be sold for US dollars which were in extremely short supply for the local population, and the black market was severely dampened.

In a similar manner "the members of the BCOF were paid in devaluated Japanese yen which would purchase little on the Japanese market and much in Army canteens. The result was that canteen goods were used frequently as currency. Faced with the same problem the US Forces had introduced Army dollar scrip but it was not until May 1947 that the British Force issued BASVF.... The scrip was changed at short notice in March 1948 leaving the Japanese black marketeers lamenting."(www.Digger History)

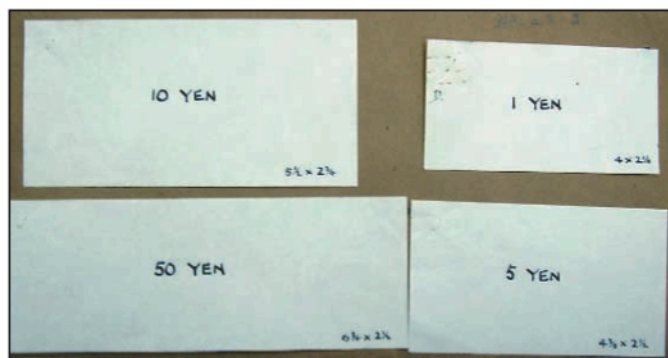
#### Australian BCOF Vouchers

This essay or trial displayed on the Reserve Bank of Australia (RBA) website appears to be an Australian contribution to the above mentioned range of currencies and vouchers that were used by occupation forces in Japan. Initially thought to be the only surviving item in the RBA Archives, it was believed to be a proposed issue for use by the occupied Japanese population. Subsequently it was considered to be a precursor to the sterling-based BAFSV mentioned above. Theo van Elmt,



Essay of 100 Yen, British Commonwealth Occupation Force Japan Special Voucher

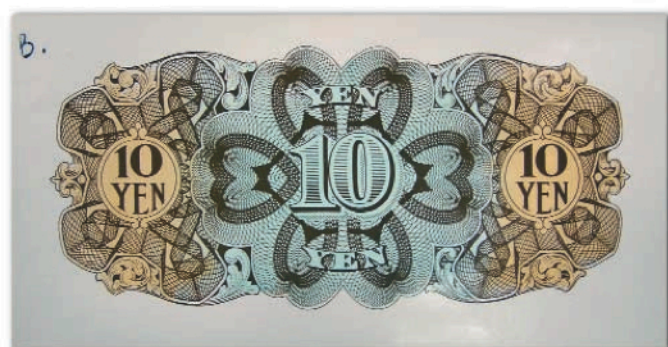




*Cut outs with measurements  
shown for 1,5,10 and 50 yen note sizes*

author of the definitive reference book on the subject believes that this essay was the result of the discussions in the third quarter of 1946 when the voucher scheme for Japan was implemented. The net result was that the existing sterling denominated vouchers were used. The 100 yen voucher shows its infancy in production in that the designated issuer is shown as 'Joint Chief of Staffs, Australia' when it should read 'Joint Chiefs of Staff, Australia.' It was while I was researching this item that I also found the following items in the archives of the RBA.

Item 122 - Allied Military Occupation Currency contains specimens 'A' Photographic proof of front of 10 yen, 'B' Photographic proof of back of 10 yen, and 'C' Sketch design front of 50 yen. These designs were originally produced in February - March 1944 and were the subject of correspondence between Note Printing Branch and Note Issue Department. Originally requested as Allied Military Occupation Currency, Note Printing Department submitted designs in denominations of 10/-, £1, £5 and £10. A design for the back of a £1 note to be suitably modified for each denomination was also included together with a detailed sketch of an A.I.F badge (Rising Sun). These designs were returned with a letter dated 4th February 1944 with a comment that no decision to issue invasion currency has yet been reached. However it would also be appreciated if an additional front design could be prepared incorporating the words "Allied Military Occupation



*A & B Photographic proofs  
of proposed Australian issue for 10 yen*

Currency" in place of "Australian Military Authority" and with a new feature not directly associated with the Commonwealth coat of arms.

Further discussion in late February 1944 resulted in Note Printing submitting amended proofs for consideration in a letter dated 1st March 1944. These were now in yen denominations, with cut outs of the size of the 1 yen, 5 yen, 10 yen and 50 yen notes. The colours with necessary changes for denominations were noted and printing methods were designated to be letterpress for the 1, 5, and 10 yen and intaglio for the 50 yen with two numbers. A symbol was designed coordinating the Laurel Wreath of Honour, the Sword and Scales of Justice with a Latin phrase "Fiat Justitia" (Let/ may justice be done) The submission was acknowledged by Note Issue department on 3rd March with the comment that "the designs should meet requirements should it be decided by the Authorities to issue occupation currency. However it was considered to be very unlikely. Designs and cut outs were enclosed." It was also noted that the designs referred to in the February letter (10/- £1, £5 & £10) were returned under separate cover with a letter dated 7th February 1944.



*'C' Sketch design Front of 50 yen note .*

### More questions than answers

The discovery of these proposed Japanese currency vouchers shows that while the Australian government was aware of the need for a possible substitute currency, when the Allied Forces occupied Japan, other issues were used. Other correspondence in RBA Archives shows close cooperation between the Australian and US forces in the south Pacific regarding currency requirements upon the liberation of New Guinea, Timor, Netherlands East Indies and the Philippines. The existence of the proposed examples of the 10/- and £1 denominated notes remains to be explored. The reason for the use of sterling vouchers when the US and Australia had such an important role in the occupation is still to be discovered. Most interesting is the existence of an illustration of the 10 yen proof in the book Monetary Law by Richard A. Banyai which is said to be from the collection of the author! As the publication date is 1978 this raises the question as to whether other examples exist, or whether a copy (ies) were sent to the US. Alternatively had these archives been examined before being transferred transfer to the present location? While not an issued voucher/currency note the existence of these essays does require inclusion in future reference books and catalogues.

### Acknowledgments

Reserve Bank of Australia for permission to reproduce 100 yen trial BCOFJ Allied Military Occupation Currency 10 yen photographic proof front & back Allied Military Occupation Currency 50 yen sketch design  
David Klinger- Correspondence  
Theo van Elmpt- correspondence

### References

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