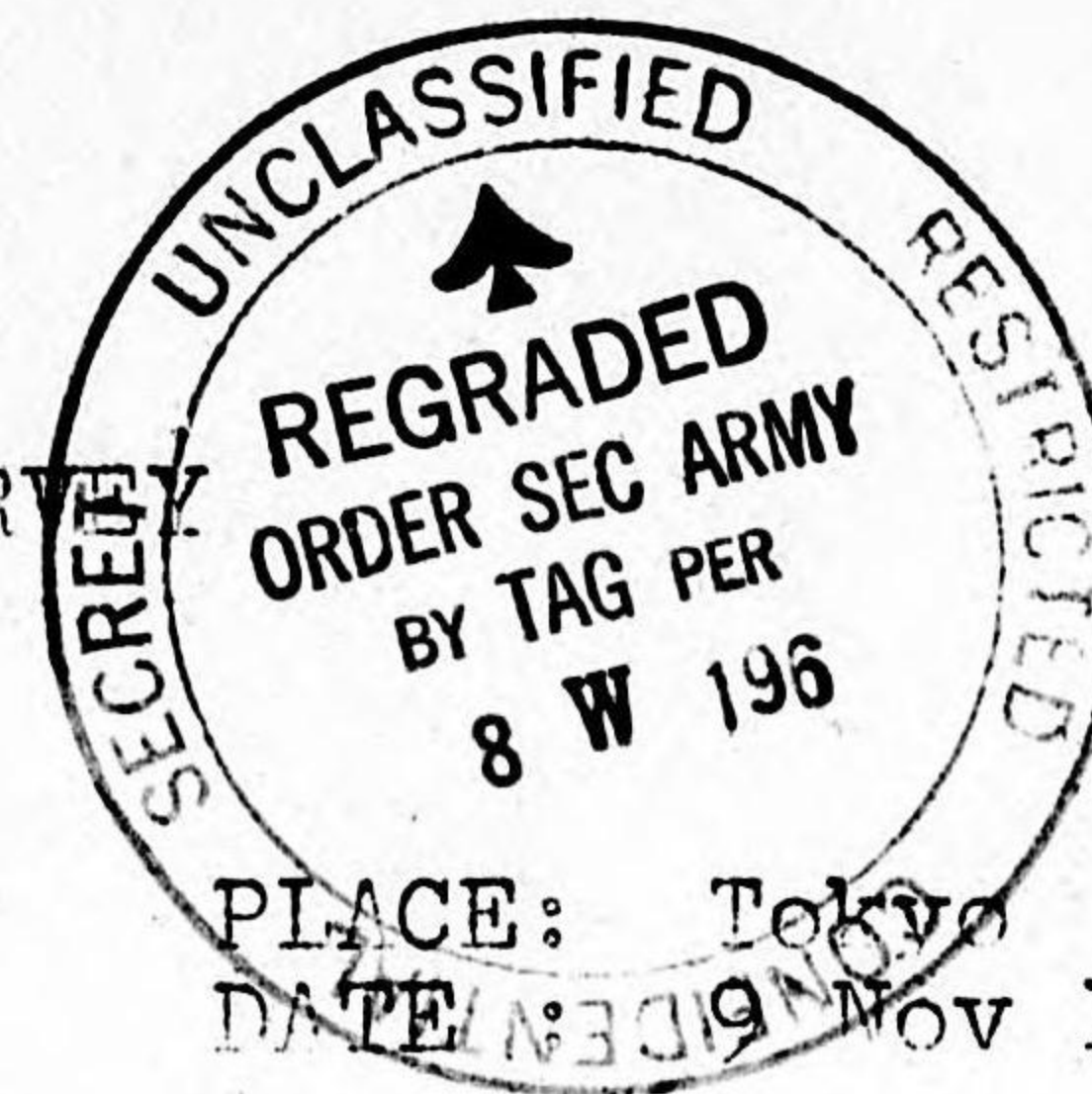


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R E S T R I C T E D

HEADQUARTERS  
U.S. STRATEGIC BOMBING SURVEY  
(PACIFIC)  
APO 234



INTERROGATION NO. 313

DIVISION OF ORIGIN: Oil and Chemicals.

SUBJECT: 1. Co-operation between Military & War Industrialists.  
2. Government Regulation of War Industries.

PERSONNEL INTERROGATED AND BACKGROUND OF EACH:

Prof. OUCHI, Hyoei. Graduated Tokyo Imperial University 1910 and entered Ministry of Finance. Went to U.S. to study Trust Companies, returned 1917. Appointed Assistant Professor of Economics, Tokyo Imperial University. Promoted to Professor. Went to Germany for study. Stayed three yrs and returned 1923. Remained at TIU until 1937. Arrested and jailed until 1939 for alleged connection with Peoples Front and for admitting he had read Karl Marx. At trial was declared not guilty but was not allowed to teach. Reinstated a few days ago.

Prof. ARIZAWA, Hiromi. Graduated from Tokyo Imperial University 1920. Appointed Assistant: then in 1922, Assistant Professor. Went to Germany and stayed until 1928. Upon return, appointed Lecturer on Statistics at Tokyo Imperial University. Arrested in 1938 for same reason as Prof. OUCHI. Subsequent history similar to his also.

Prof. WAKIMURA, Yoshitaro. Graduated 1924 from Tokyo Imperial University. Appointed Assistant, and two years later Assistant Professor. Studied shipping and oil. In 1935 went to England for 18 months and to U.S. for five months, studying shipping and oil. Arrested in 1937 for same charge as Professors OUCHI and ARIZAWA. Two or three years ago asked to become Oil Adviser to Imperial Fuel Development Company. Resigned in 1945 and in Sept 1945 appointed Research Officer of the Foreign Office. Returned to the University a few days ago.

WHERE INTERVIEWED: Room 340, Meiji Building.

INTERROGATOR: Mr. L. S. Galstaun (Civ.).

INTERPRETER: Mr. Yoshihashi.

ALLIED OFFICERS PRESENT: Mr. J. G. Schaafsma, Comdr. G. G. Lamb, Lt Comdr W. H. Evans, Lt. Harris (GHQ), and representative from Overall Economic Effects.

SUMMARY: See Text.

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R E S T R I C T E D

*Walt*

Both the Army and Navy were extremely secretive with their plans, so that it is quite likely that civilians were never fully acquainted with Army-Navy plans until orders were placed with the civilian producers.

The Cabinet Planning Board, established about 1931, was charged with the collection of data on natural resources and munitions making facilities. The building of the Planning Board burned in 1938 or 1939. It is possible that records earlier than this time were destroyed. The building was rebuilt.

In 1943 the Planning Board became the Munitions Ministry.

Lt. General Suzuki (now held as a war criminal) an intimate friend of Gen. Tojo, was head of the Planning Board. The Navy did not get along with Suzuki, apparently because Suzuki was believed to favor the Army over the Navy.

Genki Abe, former chief of Metropolitan Police, was sub-chief under Suzuki. He is now in custody. Abe probably has documents. Takenosuki Miyamoto, now dead, preceded Abe as sub-chief.

Subsequently Suzuki became chief of the Bureau for Promotion of Labor Productivity. He remained its chief until the end of the war.

From the outside it seemed that cooperation between civilians and military was not good. Outside of being given instructions to produce certain quotas, it was agreed by all three professors that the civilians were not given any information. The professors believe this is true in spite of family ties between the leaders of private industry and the military.

With regard to destruction of original records by orders, the professors felt that personal copies of the department heads may, in some cases, be preserved. (This is substantiated in the case of Capt. Kirino, I.J.N., Interrogation No. 293.) Distribution of copies of records is unknown to the professors.

The Government definitely encouraged expansion of War Industries such as alcohol, synthetic oil and nitric acid plants.

The Monopoly Office of the Finance Ministry promoted alcohol.

The Organic Chemical Industry Law, passed three or four years ago, may include organic glass and butanol. (Butanol was vital in the Japanese iso-octane plants.)

In 1941 Sangyo Setsubi Eidan (an organization for Promotion of Industrial Equipment or Facilities) was organized under the Sho Ko Sho (Ministry of Commerce & Industry) and later transferred to the Gun Ju Sho (Munitions Ministry).

Ginjiro Fujiwara, former Minister of Commerce and Industry, was the first president of Sangyo Setsubi Eidan and served in the Cabinet as Minister without portfolio.

This organization had one department which financed chemical expansion (for example, nitric acid), another for ship-building, etc.

Mr. Fujiwara resigned and was succeeded by Mr. Hirose. When Hirose became Minister of Welfare, Mr. Kyoji Kaneko be-

came president of Sangyo Setsubi Eidan.

Senji Kinyu Kinko (Organization for Wartime Financing) financed development and expansion of munitions industry. This bureau was closed by G.H.Q. order about 1 September, 1945.

BLOCKADE

All industries dependent on shipping were affected by the blockade (aluminum, steel, oil are a few examples). The effects of the blockade were first felt about a year ago, and became acute in March or April, 1945. Aluminum was critical earlier.

The Oil Refineries had a capacity of around 3,000,000 KL/year. During the Guadalcanal campaign, the Navy used almost all of the stored stock. Before Guadalcanal, civilians had some oil but none after.

During May or June, 1945, two tankers managed to run the blockade. None arrived after that.

SYNTHETIC OIL

A shortage of coal hit the synthetic oil plants about two years ago. The Fischer-Tropsch plants were short on catalyst. Most of the catalyst raw materials (cobalt) came from Germany, some from the U. S. and the Belgian Congo. The last American supply arrived in 1940.

Though cobalt was available, nickel (30%) was tried as a partial substitute to conserve the supply of cobalt. Production eventually declined 5-10%. As cobalt ran low, an iron catalyst developed by Prof. Kita of Kyoto Imperial University was substituted. Production declined about 30%. The Japanese had only one Fischer-Tropsch catalyst plant at Miike which was never bombed.

Fischer-Tropsch capacity was given as follows:

Miike	- - - - -	56 reactors
Hokkaido	- - - - -	40 to 50 reactors
		(actually 30 were in use)
Nagasaki	- - - - -	16 to 20 reactors
Manchukuo	- - - - -	12 to 15 reactors

No Fischer plants were believed hit and all operated to the end of the war.

Hydrogenation plants comprised a few small units at Nagoya and Yokkaichi. Raw material was not critical. The main difficulty lay in the high temperature and high pressure operation. First plans were to obtain the reactors from Germany, but actually they were purchased from the U.S.

The Nagoya Hydrogenation plant was destroyed.

TETRA ETHYL LEAD

Production was largely in the hands of the Mitsui interests. There were two or three plants, all destroyed.

CRUDE OIL

Certain refinery run sheets showed oil from Iran and "Syria". "Syria" turned out to be a phonetic rendering of the Ceria field in Borneo.

NATIONAL ECONOMY

The National Expenditure was divided into

1. National Consumption
2. New Investment
3. War Expenditures.

(1) was held fixed, but (2) and (3) were allowed to expand in proportion to the inflation.

Before the war, national income was around 10 billion yen. About 2 - 3 billions went for government expenditure, 2 - 3 billions for new investment, the rest for national consumption.

In 1944 war expenditure took about 80 billions, new investment 6 - 7 billions, and national consumption about 13 billions.

In 1945 national consumption was about 11 billions.

The professors were careful to point out that these figures were estimates and not based on real research.

TEXTILES

Rayon was controlled by the Ministry of Commerce and Industry through and with the Artificial Silk Control Association.

Pulp was controlled by the same ministry through another control association.

Military demand was controlled by the military.

The professors did not know where stockpiles or depots were located. They suggested that the Textile Association may know, and gave the name of Keizo Seki as the man who could supply factual data.

Dyestuffs and chemicals for textiles came under the Chemical Bureau (Ministry of Commerce & Industry) and the Chemical Industry Control Association.

Spindles, looms and machinery came under the Machinery Bureau (Ministry of Commerce & Industry) and the Industrial Machinery Control Association.

The textile plants were largely converted to aircraft manufacture.

Clothing was rationed but unavailable. Each person was allotted 100 points per year, which would permit purchase of approximately one wool suit if the suit were available.

(RESTRICTED)

### POLITICAL MOVEMENTS

All three professors stated that they were and are unaffiliated with any political organization but were well acquainted with the political trends in Japan.

The first anti-communist law was passed in 1928. The law was broad in coverage and the interpretation even broader. Any student who even read pamphlets on communism was likely to be arrested.

The next few elections will determine the political complexion of Japan. The Nisseikai (Conservative) is likely to win the majority of seats in the Diet at the coming election.

Next in strength to the Nisseikai is the Shin Nippon Jinto (Liberal) led by Mr. Hatayama. It is a center group and may capture 60 to 70 seats.

The leftist group, Nippon Shakaito has about the same strength as the Shin Nippon Jinto.

The Social Democrats have no real leadership. Three older men, Messrs. Abe, Takano and Kagawa are the most important party members. Their program will depend on events. If they gain power, they will probably go rightist. If not, they will go to the left.

In any event, even if the Nisseikai loses some of its present popularity, it is unlikely that any of the liberal or leftist groups will gain a majority in the Diet for the next year or two. The occupation has, however, changed the political complexion of the people and they are moving to the left. The "Communist" movement, which is one more in name than in belief, is proceeding mainly on the thesis that the Imperial Household must be abolished. This idea, at present, does not have significant mass support.

### RELATIONS BETWEEN JAPAN AND THE U.S.S.R. - JAPANESE THINKING ON THE WAR

Regarding the U.S.S.R. the people were trained to hate Russia so much that the non-intervention pact negotiated by Matsuoka and the U.S.S.R., and the official turn from a "hate Russia" to "love Russia" propaganda line failed to make much headway with the people.

The denunciation of the Russo-Japanese trade treaty in April, 1945 made little impression because not too many people in Japan were sufficiently versed in foreign affairs to realize its significance.

The Government realized that the war was lost after the naval battle off Leyte, and the heavy bombing in March, 1945, plus the denunciation of the trade treaty by the U.S.S.R. set them to find means for bringing hostilities to an end. Prince Konoye attempted to secure the mediation of the U.S.S.R. to establish terms with the United States and Britain.

The atomic bomb and the Soviet invasion of Manchuria were the incidents which made clear to the people as a whole that the war was lost.

(RESTRICTED)

COOPERATION WITH GERMANY AS AXIS PARTNER

A special military mission to Germany, headed by Gen. Yamashita (now on trial in the Phillipines) was despatched to study German military methods and techniques of war.

A few submarines brought instruments and technical books.

Considerable help was obtained in the field of aviation.

The people as a whole felt that the axis was a failure, in spite of the fact that much mention was made of the Trans-Siberian railroad as a means of linking the countries for communication purposes.

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