

OKADA, Kikusaboro

20 Feb 47

Gave copy of Curriculum Vitae to Mr. Dunigan; to be returned to us.

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DIRECT EXAMINATION of OKADA, Kikusaburo,
by Mr. Okamoto.

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* The witness stated that in 1918 he was commissioned in the Army, and in 1943 was appointed Major General. In 1945 he became a member of the Military Affairs Bureau, and remained there until the end of the war. From 1935 on he was mostly in the War Preparations Section of the Mobilization Bureau of the War Ministry, and was connected with the formulation of plans for national and military mobilization.

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* The witness stated that Exhibit 841, the outline of the Five-Year Plan for production of war materials, War Office, June 23, 1941 (1937) was drawn by himself. * Each plan had a definite purpose and it meant the increase of Japan's national power. Exhibit 841 is entirely concerned with military plans. Exhibit 842, the essentials of the Five-Year Program of important industry, May 29, 1937, the resume of policy relating to execution of summary of Five-Year Program of important industries, June 10, 1937, and Outline of the Plan for the Expansion of Production Power by the Planning Board, has many military aspects in it, but it is a plan for establishing a peacetime economy. Japan was in a position, however, that she had to take measures to cope with the expansion of Russia's military power.

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* The Soviet's development of its industries could be called startling only after the second Five-Year plan. In 1929 its steel production had attained a pre-war level, but after the two Five-Year Plans it was three and a half times in excess of pre-war days. In 1933 the USSR ranked third in steel production in the world and second in Europe. The next year it had advanced to second in the world and first in Europe. By 1937 its steel production had reached 17,700,000 tons. Japan further believed that the Soviet was about to begin a third five year plan, and they were forced to conclude that Japan should try to reach half of the Soviet's planned production by the completion of her third five year plan.

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- 18275 * The Army's first demand was that before the year 1941 the production of steel in Japan and Manchuria should total ten million tons. However, enforcement was delayed because of slowness by the government, and the amount produced was a little lower than expected amount including 995 million tons in Japan and 62 million tons in Manchuria, or a total of 157 million tons. It was a plan for establishing a peace time economy in which a great deal of the military element was included.
- 18276 Japan had no idea of waging a war. * Since many of Japan's important industries depended on raw materials imported from abroad, Japan's economic basis was shaky and independence unreal. She was at a disadvantage in international trade. Prior to this Japan had been able to maintain a precarious trade balance through the textile industry and a few light industries. It was believed that Japan should develop her heavy industries to be qualified as a modern state for the future welfare of her people.
- 18277 Japan believed that the Soviet would start on the third five year plan, and Japan started its plan so that it would end with Soviet's third five year plan, but there was no special Japanese meaning behind the year * on which Japan's five year plan was scheduled to end. Any plan for industrial development must come from a cycle of years, and it was intended that when the first plan was finished they would embark upon a second five year plan, so no importance was placed on the end of 1941 when the first five year plan was scheduled to end.
- 18278 * The outbreak of the China Incident was not in their minds when they drew these plans. With respect to Exhibit 841, this plan was not used because of the sudden outbreak of the China Incident and it died a natural death. The plans in exhibit 842 * were put completely awry because of the Incident, and the carrying out of the plan was not possible in 1937 and actual execution began only in 1938. The plan became a four year one. This can be seen here from the heading of part 3 of exhibit 842 in which the date of the plan was decided by the Cabinet, and from the yearly estimates for production of each kind of material.
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Exhibit 841 was not actually used because the outbreak of the Incident necessitated much bigger plans for increasing production, especially in munitions. In order to give the military as much as possible for military consumption, the plans in 842 had to be curtailed and changed so that the actual execution was quite different from the plan.

18280 Both exhibits planned only a very limited economic control. However, the outbreak of the China Incident * made necessary the mobilization of industry and a large-scale economic mobilization, and finally a total mobilization of national strength. The plans were only possible of execution and of being carried out on the assumption that a great incident or war would not occur during the period of the plan. There were no plans other than these for waging of war against China.

18281 * He is positive that exhibit 841 was abandoned before its realization. No orders were given for execution of plans as embodied in exhibit 841. The plans were official, however. They received the approval of the War Minister on June 23, 1937. However, the approval for carrying them out was not given. Before they could be carried out many problems had to be taken care of. If the plans were to be sent to the various departments of the army without first taking care of these various problems, it would be meaningless.

18282 * There were parts which concerned ministries other than the War Ministry. The plans which had to be carried out with other ministries were embodied in exhibit 842, and the remaining portions in 841 were to be carried out after discussion with the various ministries. The plan of exhibit 841 was set up without any previous consultation with other ministries. It was merely an indication of the direction in which they planned to go, and to carry it out they had to take up the various details and consultations with other ministries. The Finance Ministers had no connection with these plans.

18283 * If one would examine the top of the document he would see the words "military secret". If it was to be circulated among the various departments in the army, under regulations for secret documents the documents would have been given a classification number.

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If the matter had been carried out according to plan, it would have gone on in the direction mentioned, but on July 7, the China Incident broke out and it was impossible to carry out in detail and put into effect the matters pertaining to the plan in two weeks. * The army was faced with giving a much more detailed and specific order which would adequately cover the needs of the situation instead of a rough and small-scale plan.

To meet the needs of the China Incident, it was necessary to have a large supply of goods to fill up the attrition caused by war. Exhibit 841 is a peace-time plan and was concerned with the guiding of the munitions industry in the framework of the small peace-time budget. Such a plan could not keep up with the heavy losses which the Incident entailed. The plan was based on the amount of the budget which the army expected to be able to secure during the years 1937 to 1943. They hoped to get in seven years three billion yen.

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* After the Incident broke out there was an expenditure of three billion yen authorized, and in September 1937 a special budget of fourteen billion yen was authorized for the army. In 1938 and succeeding years, the Army budget increased by several tens of billions. The plan of exhibit 841 was insufficient to meet the requirements of the China Incident. The plan itself says that from the standpoint of controlling the pace of its execution, Japan shall depend first on the basis of the sixth war budget.

Furthermore, the plan says that it was to cope with the present situation and establish the foundation of national defense powers accompanying the perfection of armaments.

In 1936 the Army believed that to cope with the Soviet it had to replenish military preparations between 1937 and 1942. This was called the six year plan for military replenishment. The budget which the War Ministry originally planned was cut, and the length of years was increased by one so that it became a seven year plan, with a total budget of 30 billion yen, to which the Finance Ministry consented.

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This was on the understanding that in the case of actual spending, discussions would be conducted on the basis of the actual situation after the whole thing had been presented for approval to the Diet.

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* With respect to the three billion yen budget, it was to be used for seven years, but it was not officially approved by the Ministry of Finance or the Diet. The Army, however, took it for granted for the purpose of formulating a plan. Exhibit 841 is one of these plans, and was formulated on the basis that it would be approved on the basis of the fixed budget. In the year 1937 there is no other budget considered to be fixed but the sixth budget. It would be impossible to say that the long range budget for 1937 to 1943 was fixed.

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* In 1943 the total annual army aircraft production rose to 1505. Army aircraft production jumped in June 1944 to a monthly production of 1505. The figures quoted from exhibit 841 is quite apart from the actual production of war-time production.

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The witness stated that the reason why the figures of annual budgets * seemed to decrease toward the end of the final year was that it was planned in accordance with the arms replenishment plan.

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* The witness stated that whereas counter measures against depression had been taken in Manchuria, they were not taken in Japan since there was a general expansion in manufacturing. In the event of a depression because of decrease of munitions or war materials the general industries in Japan could absorb the excess power. * In

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Manchuria there were no government-owned arsenals. In Japan there were a number of them, so that in the event production decreased this would not necessarily lead to any reduction in civilian demand since the reduction could be made in the government-owned factories and arsenals and protection given to civilian production enterprises. With the decrease in the use of munitions goods it was anticipated that there would be a depression in this industry around 1941 and 1942, and it was in the light of this that counter measures were considered with respect to Manchuria.

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18300 When asked with regard to the plan of exhibit 841, aside from the military budget, was there any state protection of civilian production and industries, the witness stated yes. * This was planned with reference to the aircraft industry. The army and navy aircraft production was 3,000, but the plans called for plant installations with a capacity to produce 10,000 through further protective government measures. This shows that the plant capacity was to be 10,000 per year, but actual production was to be limited to 3,000 per year, and the unused capacity was to be given government protection. This was not carried into effect.

18301 * The aircraft production was based on apprehension and fear of Soviet expansion, and it was the desire that even though the budget was small Japan should devote her utmost to promoting the aircraft industry, and in the event of an emergency all efforts could be concentrated on the single point of increasing Japan's air power. In order to show that the aircraft industry was projected against Russia, the witness stated * in the first year the total plane production goal was 12,866. It was decided the division between the army and navy * would be made in accordance with the army and navy mobilization agreement, and the division would be made at the ratio of 62 to 38.

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18309 * The army was the principal force to be used in the event of emergency, and got the greater share of airplane production.

18310 Part Two of exhibit 842 was a plan drafted by the War Ministry and presented to the Cabinet. Its preparation was completed on May 29, and it was tendered to the Diet afterwards. The second part was of materials for reference purposes pointing out items which ought to be realized in connection with Part One, * and the War Ministry did not necessarily agree with some of the items in it. It was designated as a tentative or draft plan and was not officially submitted to the Cabinet. Part Three is the plan drawn up by the Cabinet in accordance with the Army plan, and was approved by the Cabinet on January 17, 1939. This was a Cabinet decision a year and a half later, and is as a result of the China Incident.

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Although the Army called for a five year plan, the Cabinet changed it to a four year one. In addition to these divisions, there was another plan prepared by the General Staff.

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* YOSHINO was not minister of commerce and industry when the Cabinet approved the plan of expansion of production. Exhibit 841 was proposed to the Cabinet, but YOSHINO was not minister of commerce and industry at that time.

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The part labeled Resume of Policy in exhibit 842 was not at any time given to any governmental department, but it was shown for reference purposes to the competent departments in charge. However, * he did not believe that the ministers themselves saw the plan.

With respect to the General Staff plan, at first the War Minister disapproved it, stating that it was impossible of execution. The witness was the only person who fervently advocated the necessity of realizing the industrial expansion plan. This was around April, 1937, two months before the China Incident.

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The attitude of the War Ministry to the General Staff plan was different, depending on the time, but when the General Staff made the plan for its proposal the whole ministry except the witness showed no interest. Later, when the personnel began to realize that this was an important measure, the higher officials, including UMEZU, became positively interested in it. With respect to 841 and 842, there is a difference in UMEZU's attitude. As to 841 being purely military, he did not show any particular interest. Before the outbreak of the China Incident, War Ministry officials did not have deep-interest in the question of how to guide or lead the munitions industries.

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* However, as to 842, since it was political it drew the attention of the officials in the War Ministry, so that they became active supporters. The General Staff drew a plan, and it was most apprehensive with respect to the national power and military strength of the Soviet Union, and because modern national defense rested on a strong industrial foundation.

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18315 At that time the Chief of the Second Section of the General Staff was Colonel ISHIHARA, who later became Director of the First Division of the General Staff and promoted to the rank of Major General. He was the * first propelling force of the industrial plan, and the witness knew his intentions, both directly and indirectly. While ISHIHARA's idea while hoping for the construction of Japan's peace-time economy was evident, he was apprehensive with regard to the pressure and menace of the Soviet Union and the need for securing Japan's national defense. He was also much interested in preserving Manchukuo. He hoped to replenish Japan's national defense as against the Soviet so that it would be secure without fighting.

As to China, it was his hope and desire to promote intimate and friendly relations on the basis of the good neighbor principle, and after the Marco Polo Bridge Incident he advised repeatedly that they exercise patience and restraint with respect to that affair.

18317 * After the Army submitted its plan, the Cabinet gave close scrutiny and study to it, but the China Incident suddenly broke out. It was unavoidably necessary for the cabinet to give due consideration to the matter of adjusting imports in the light of Japan's special position in trade. The necessary items were those for increase in mobilizing Japan's war materials. They had to effect a mobilization of war materials because of the increase of personnel. The demand for material was made around October, 1937, and it was no longer sufficient to adjust merely imports. The whole supply of materials needed to be adjusted. This was then called the Material Supply Plan, and this later developed into the Materials Mobilization plan. * Various other complicated and extensive plans were called for. Because of this, the study of the army's five year plan did not progress. Despite the army's request that the industrial expansion plan be started from 1937, nothing was done in that year, and the four year plan went into effect in 1938, but in the beginning nothing was done toward organizing it. The plan therefore, with respect to the year 1938, was started only as an annual plan limited only to that year.

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18319 The whole plan was not organized as a coordinated one until the end of the fourth year, January 17, 1939, by a cabinet decision. The fact that a five year plan was reduced to four and was not organized until the end of the period indicates how disorganized the plans were. * This organization was brought out by the fact that the completion of part 1 is indicated in the exhibit under date of May 29, 1937, and part 3 was decided by the Cabinet in January 1939, and the annual schedule only begins in 1938.

18320 Part One of 842 concerned Japan and Manchuria together, but Part 3 concerns only Japan. When the War Ministry made a request to the government it also made a request to the Kwantung Army to contact and consult with the Manchukuo Government to bring about the realization of the plan. The Manchukuo Government gave this proposal immediate study and formulated the Manchukuo * five year industrial plan, inaugurated in 1937. The plan included the obtaining of natural resources and raw materials from North China, but the development of that area was not included in it.

When asked why the scope of 842 was reduced, the witness stated that prior to the China Incident the Army requirements of ordinary steel was 20,000 tons a year, but with the outbreak of the Incident its requirements for the latter half of 1937 jumped to over 200,000 tons, and to over 600,000 tons in 1938. The peak of requirement reached the figure of 980,000 tons.

13821 * The Navy demands for steel increased, and civilian industries needed it for the construction of a large number of factories in accordance with the demands of the army and navy. Since such a situation was not anticipated at first, the belief was that no more than 20,000 tons was necessary for military replenishment. Because of the use of such large amounts of iron and steel, it was inevitable that a sufficient quantity of iron and steel could not be channeled for the industrial plans in general.

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* The goal of the plan was nearly approached or surpassed only in connection with special industries, light metal industries, machine tool industry, and the automotive industry. * In connection with other industries, there was a great sacrifice. The synthetic oil industry met the greatest handicap. The electric power industry and the building of train coaches also suffered unavoidable handicaps, as well as the chemical industry. Only the machine industries bearing some relation to direct war industries such as arms manufacture and airplanes managed to expand or grow. The original intention of overcoming the greatest handicap, the lack of raw materials, was in vain.

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The witness stated he could say that the plan was not in preparation for the Pacific War, * since the goal in the production of synthetic oil was expressed in figures. Another point is with respect to the speedy and epical efforts to bring about a self-supply in raw materials without having to depend upon imports.

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In order to prosecute the China Affair as of 1941, the consumption of petroleum would be as follows: aviation gasoline and ordinary gasoline, 230,000 kiloliters, and 1,050,000 kiloliters of heavy oil. Under the plan, the goal for gasoline in the last fiscal year of this plan was for Japan, 290,000 kiloliters; Manchuria, 330,000 kiloliters; crude oil in Japan, 850,000 kiloliters, Manchuria 280,000 kiloliters.

What he meant by the statement "try not to depend as much as possible on outside supplies" was that even in wartime the necessary imports of war materials would be continued. Japan relied for its supply of these materials on the Anglo-American bloc, and would have to rely on her supply from this bloc.

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CROSS-EXAMINATION of OKADA
by Brigadier Quilliam

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The witness repeated that Exhibit 841 was not shown to other ministries. When questioned about Exhibit 2227, a * summary or extract from the Five-Year Plan, Exhibit 841, the witness said that that summary was with reference to 842. He did not agree * that Exhibit 2227 was a summary of Exhibit 841.

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With reference to the memorandum signed by AKIYAMA and addressed to HIROTA, the witness said he did not know AKIYAMA. The witness pointed out that the subject matter in this outline of the Army's Five-Year Plan showed that it was an expansion plan for raw materials with respect to automobiles, machine tools, steel, petroleum, synthetic oil, pig iron, alcohol, etc, while Exhibit 841 related to aircraft, automobiles, tanks and arms. The items mentioned in Exhibit 2227 are mentioned in Exhibit 842. Exhibit 841 related to purely military items, * while 842 relates to defense materials in general and principally to raw materials and fuel.

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With respect to Exhibit 841 the witness stated that he noticed the wording that the goal was to be five years hence and that 1942 and thereafter required wartime capacity. This did not * indicate that there would be a war by 1941. It merely meant that army aircraft production for the 140 plane squadrons would be completed, since it would be meaningless if the companies were organized without supplying them with airplanes.

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With respect to paragraph 5-C stating that in the event hostilities broke out during that year special measures for rapid replenishment of equipment would be devised, the witness stated that this had reference to 1942. * When asked whether he still persisted in saying that the year 1941 had no significance, the witness said it was merely an estimate as to whether or not, if hostilities opened between Japan and the USSR in 1941, Japan could supply sufficient aircraft to 140 air companies.

NARRATIVE SUMMARY OF THE RECORD
(March 13, 1947)
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REDIRECT EXAMINATION OF OKADA
by Mr. Okamoto

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The witness stated that he wrote the words "first year of hostilities" as they appeared in the document himself, and was merely an estimate * of whether the supply could be replenished when the organization of aircraft squadrons were completed. Plans were formulated to extend to the year 1943 and a renewal was expected. The witness pointed out * that prior plans had been formulated, one showing 1935 as the first wartime year, and there had been a national mobilization plan many years before showing 1933 as the first wartime year, and 1934 as the second.

INTERNATIONAL MILITARY TRIBUNAL FOR THE FAR EAST

THE UNITED STATES OF AMERICA, et al

-vs-

ARAKI, Sadao, et al

A f f i d a v i t

OKADA, Kikusaburo

I, OKADA, Kikusaburo, having first duly sworn according to the customary form as in attached formula depose and state as follows:

I had been in the service with the Mobilization Plans Bureau of the War Ministry since 1935, and was the Chief of the Preparation Section since March 1940 to March 1943. Because of my position, I am acquainted with the status of Japan's war resources prior to the outbreak of the Pacific War.

I. On Storage of Oils and Other War Resources.

1. The Japanese Army had stored some of the important war resources which Japan lacked, under the term of "Materials for War Preparations". It was merely a small amount of



Translated by
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materials that had originated from the remains of materials after the Russo-Japanese War. Especially, as to oils which had been the vital resource for Japan, she was completely lacking in storage until the outbreak of the China Incident.

2. It was with the six-year plan of completion of armament starting in 1937 that the army intended to store oils for the first time. According to the plan merely 200 thousand Koku, i.e. approximately 36,000 k.l.-odd was planned to be stored until 1943. (1 kilolitre makes 5.54 koku). Even this small-scale storage of oils had not actually come underway until the day of the Lukouchiao Incident.

3. At the outset of the China Incident it became impossible for the army to neglect the lack of storage of oil. American crude oil was rapidly bought up in the fall of 1937, and the minimum of aviation oil was secured for the Army. This was the first occasion of the Army's storage of oil. With this increased activity, the amount obtained was barely sufficient to satisfy the need of the Army's air power for a year at that time, even if the civilian storage of oil was put together with the Army's.

Although the Navy had been storing oils previously and civilians also were under obligation to storing oil, Japan, as a whole, was woefully lacking in oil.

4. Since then, because the China Incident, contrary to our expectations, had not simply settled, and because the United States had gradually strengthened the "moral embargo" on the other hand, Japan also had to store strategic resources as much as possible. She repeated special importations of oils and other important resources that she was lacking, in addition to the ordinary importation of them.

The "initiative" of the special importations had every time been taken by the army, whose sponsor was always the Preparation Section of the Mobilization Plans Bureau of the War Ministry of which I was the responsible person. Japan had no idea of general embargo of the foreign trade before the summer of 1940.

5. In January, 1940, the Commercial Treaty between Japan and the United States lapsed. As aggravated economic pressure was applied to Japan and the problem of the Axis Powers between Japan, Germany and Italy appeared, Japan made a further jump in its policy of storing strategic resources.

In the summer of the same year I had proposed a study of supply and demand of materials in case of the worst to the director-general of the Planning Board, which was subsequently adopted. It was a study, subject to a certain assumption, for Japan to maintain the current conditions of national economy for at least two years in case she should be

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under economic blockade. By utilizing this study, I conceived an idea to reinforce the strategic fragility of Japan's economy, which was proposed to the Planning Board and subsequently accepted as a preventive measure. With an approval of the cabinet, the special imports to some extent were made and the storage was notably increased. For the first time there had been thus arranged the minimum preparation to face the economic blockade.

In spite of the fact that the first study was simply a study, admiral YOSHIDA, the minister of the Navy at that time, had strictly prohibited participation of the staff of the Navy Ministry with it.

Besides I hereby make it clear that I had never taken any order or directive from my superiors beforehand concerning the proposals I made on these two occasions.

II. Attempts to Surmount the Crisis by Pushing Synthetic Oil Industry.

6. I have already testified to the circumstances, in which development of peacetime economy and plan for industrial construction for the purpose of securing safety against Soviet were seriously hampered because of the China Incident. Above all the synthetic oil industry was the hardest hit.

The synthetic oil industry, which to start out with needs an immense volume of steel for (factory) construction, became incompatible with military demand for steel for the China Incident. Especially manufacturing of highpressure response pipes and assorted pipes was restricted by the domestic capacity of production. Because of the China Incident, additional demand for enormous volume of coal presented a puzzle for the future of the industry. Difficulties in getting cobalt as a catalyst could not be elittled. What is more, as a fundamental problem there was even a technical incomplection.

In order to tide over these obstacles once and for all, it was planned to import technique, equipment and materials largely and widely by taking advantage of the Trade Agreement between Japan and Germany. However, this plan also resulted in failure due to the outbreak of the European War in August 1939.

7. After that, early in 1941, when diplomatic relations with the United States became worse, a rapid attempt was made to develop the synthetic oil industry to avert the crisis, disregarding the fact that the synthetic oil industry was in such difficulties as above-mentioned.

That is to say, in early 1941 the KONOYE Cabinet - in the cabinet meeting, omitting the traditional conference between ministries - once and for all decided the matter of rapidly expediting the synthetic oil industry, which was planned originally by the Commerce and Industry Ministry. The goal of production was set at 2,000,000 tons annually, but after attaining that goal it was intended to increase further up to 4,000,000 tons annually. We believed then that the plan could not be materialized without adjusting such fundamental national policies to face the China Incident as to the attitude of the state, scale and speed in completing armaments, and so on. The plan, however, was decided in the cabinet meeting, giving us no time to process such opinion fully to our superiors.

As anticipated, the government before long came to a sad plight in endeavoring to decide in the cabinet meeting the annual mobilization plan of materials, whose contents were quite contrary to the above plan. On making the decision, however, the government had been so seriously worrying politically

that the government had no intention of abandoning the previous plan.

The method appearing in Prince Konoye's memoirs, to surmount the crisis with 4 million tons of synthetic oil was based on the above mentioned plan, which never materialized.

3. In October 1941 when the TOJO Cabinet was formed, various investigations were urgently and seriously conducted by the demand of the prime minister himself, in order to find out the final decisions on national policies. Among the subjects of the investigations were the one to avoid war by rapid and large-scale expansion of the synthetic oil industry. We were ordered to investigate as to ^{the} possibility of the idea.

Finance Minister KAYA proposed on the floor of the Liaison Conference on 28 October 1941 that the government could tide over the crisis and avert war by executing the 4 million ton plan of synthetic oil and by putting it together with storage of oils of the army and the navy. That is, in early morning of the next day, the 29th, I was informed by the Chief of the Bureau of the matter and asked for my opinion on it.

In response to our report of "impossible", War Minister TOJO expressed dissatisfaction, ordered more fundamental investigation, and requested the Planning Board to make a thoroughgoing investigation of it in his capacity as Prime Minister.

Finance Minister KAYA further suggested production of 2,500,000 tons of synthetic oil by 1946 - putting the rest off for later years, and to make clear the quantity to be allocated each year. Director-general SUZUKI of the Planning Board, also, expressed his view that he would like to execute a plan to produce 2 million tons of the synthetic oil - using 500,000 tons of steel in two years. I was informed by the Bureau Chief of this and conducted the investigation.

The foregoing statement is the enumeration of the facts that there were continued efforts to avoid the Pacific War, even in the last stage, in the form of economic or technical counter-measure of pushing the synthetic oil industry, as well as the efforts in diplomatic activities.

9. After that, even the Planning Board reached the conclusion that rapid and major development for the synthetic oil was impossible at that stage.

The following is the outline of the part relating to the synthetic oil in the report which the Director-General SUZUKI of the Planning Board submitted to the Imperial Conference of 5 November 1941 and which for the first time put an end to discussions among government officials on synthetic oil.

(1) Assuming that 5,200,000 tons of synthetic oil would be produced, the necessary personnel and materials were:

Steel	2,250,000 tons
Cobalt	1,000 "
Coal	30,000,000 "
Funds	¥ 3,800 millions
Coal Workers	380,000 persons

(2) Assuming to have been able to obtain them, necessary time for construction of the plants was:

Approximately 6 months - for low-temperature carbonization plant.

Approximately 2 years - for synthetic plant and hydrogen-attaching plant.

In other words more than three years were required to complete the whole plants.

(3) Besides when closely examining the domestic capacities to produce high-pressure reaction pipe and various "pipes" it was nearly impossible to secure self-supporting policy of liquid fuel in a short time by solely depending upon synthetic oil. And even though to invoke power of authorities, it would take at least 7 years.

(4) Therefore it is not proper under the urgent situation to depend solely upon synthetic oil.

III. Judgement on National Power under "Hypotheses to Open War in April, 1941."

10. Since January 1941, the Preparation Section of the Mobilization Plans Bureau, War Ministry, reached a conclusion that they should avoid the commencement of war, as a result of making an investigation of the national power in regard to the two hypotheses of "opening war on April 1 1941" or "maintaining the status quo". The findings of the investigation were reported to War Minister, Tojo and Chief of General Staff, Sugiyama, both of whom approved the conclusion to avoid the opening of war. I was the person who had supervised and commanded the investigation, and had explained and reported the findings of the investigation to the Minister and the Chief of Staff, and after my report they approved it.

As is seen in the attached certificate (a), the originals of these two reports were burnt. But as I retain in my possession the copies of these reports distributed to me as sectional chief at that time, I am able to produce them.

Besides, prior to the investigation, no other organization in our country had conducted an investigation of that kind. And also I had never taken orders nor directives in advance concerning the investigation from the superiors.

11. "Absolutely no war with the Soviet" was the condition in investigating what happens in case of "opening war". The judgement in the report - which I wrote personally - was that "the national strength of the Empire viewed from the aspect of the materials in our country cannot be safe in carrying out a protracted war against Britain and the United States", and also that "We will have enough strength roughly about the end of two years to crush the enemy. However, there is an apprehension that at about that time a shortage of liquid fuel, at least for a limited period of time, may be experienced and that the economic potential will be much disturbed if the war should be protracted".

As an official document the entire judgement does not exist today as stated above, but from a copy in my possession I am submitting a portion that contains the judgement as Annex I.

Moreover the part of the investigation concerning liquid fuel recognized that "there will be no shortcomings for various operations for the first year", and judge "for the second year, though there will be no difficulties for air operations, heavy oil allotted for sea operations is likely to run short in protracted warfare, and it is hopeless to meet the demand for a decisive battle". We presumed, however, the in case resources in the Netherland Indies could be caught intact and in good condition, the fuel crisis would not arise in the latter half of the second year.

Again concerning the shipping which is the motive power of Japan's production, we stated in the investigation that, assuming a war would be opened in April, the vessels to be drafted by the army and navy should be fixed at the limit of about 2,500,000 tons, which was far short of the demands for operations. We thought it possible, however, to open war in winter on the ground that, taking advantage of the slack season of shipping in winter, the additional one million tons of vessels would be available, even admitting some of the drafted vessels would be lost on the way. In the investigation at that time we merely estimated that the loss of vessels would be no more than 400,000 tons at the beginning of war, but there was no small anxiety over securing transportation if situations of war occurred contrary to our expectations. This was because we had heard influential opinions from some officials of the Navy concerning estimated loss of vessels, which estimated 800,000 tons for the first year, 600,000 tons for the second year and 700,000 tons for the third year. Yet we opined that reduction of transport capacity resulting from drafting vessels corresponded to the loss of 6 million tons of coal, 2,350,000 tons of iron ore and other no small amount of materials. As for iron, the level of 4 million tons of production can be maintained by using iron ore stocked previously, whereas much importance should be attached to the result due

to the loss of 6 million tons of coal over various fields of industries. Again, as the materials stocked were bound to be almost consumed during the two years after war opened (68% in the first year, 17% in the second year of hostility), there were anxieties over our resiliency after the third year.

12. In the investigation with the assumption that the status quo would be maintained, we also arrived at a judgement. Although the official document is not in existence, as stated above, the part containing the judgement is attached to this affidavit as Annex II copied from the duplicate in my possession.

Explaining the judgement, firstly we pointed out that, assuming the following conditions, i.e., Japan would not enter into economic rupture with Britain and the United States, that trading with their colonies in the East Asia would also be continued to a certain extent, and that economic negotiations of Japan with various regions in the South would also make certain progress, the national power of our country. in case the status quo was maintained, would continue to drop in 1941 and 1942, but would take a little upward trend in later years. Secondly, we pointed out that national power would seriously be lowered if the foregoing assumptions did not happen due to a decrease of storage of oil, our national defense would be weakened extremely.

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13. Finally we have reported, under the title "Combined judgement on investigations carried out on assumptions of 'opening war' and 'maintaining status quo'", which was to compare the two investigations, that so long as import of oil was not to be interrupted by an all out embargo we should bear the situation in patience. However, regarding that part there are no official document as certified by the 1st Demobilization Bureau (attached certificate (b)), nor is my copy in existence.

Explaining the judgement, first we pointed out that assuming the following conditions, i.e., Japan would not enter into economic rupture with Britain and the United States, that trading with their colonies in the East Asia would also be continued to a certain extent, and that economic relations of Japan with various regions in the South would also be certain progress, the national power of our country, in 1941 the status quo was maintained, would continue to drop in 1941 and 1942, but would rise a little upward trend in later years. Secondly, we pointed out that national power would seriously be lowered if the foregoing assumptions did not happen due to a decrease of storage of oil, our national balance would be weakened extremely.

IV. Freezing of Assets and Catastrophe of Japan.

14. With the freezing of assets on 26 July 1941, Japan was driven into a completely blockaded economy and indeed entered into a position facing catastrophe after the time when she would have consumed her stocked resources in two years. To explain the situation regarding oils which were vital to Japan, the total amount of oils stocked by the army, navy and civilians were:

Aviation gasoline approx.		1,170,000 k.l.
Ordinary	"	830,000 "
Kerosene	"	320,000 "
Light oil	"	320,000 "
Heavy oil	"	4,430,000 "
Machine oil	"	360,000 "

As against this, volume consumed in 1941 were:

Aviation gasoline approx.		150,000 k.l.
Ordinary	"	80,000 "
Kerosene	"	10,000 "
Light oil	"	4,000 "
Heavy oil	"	1,050,000 "
Machine oil	"	150,000 "

In consequence if the China Incident continued aviation gasoline would be only 870,000 k.l. and heavy oil 2,330,000 k.l. in two years, which amounted to merely being capable of

sustaining as little as one year for battle in the air against

a strong power and for one year for protracted operations on the sea, already too short for decisive battle on the sea.

Thus Japan fell into the so-called sagging difficulties.

We were judging, when the army and the navy faced the decisive battle or operations, the amount of aviation gasoline which

would be needed would be about 400,000 k.l. each a year, i.e.

800,000 k.l. for both Army and Navy. This exceeded the above-

mentioned amount of storage. The amount of heavy oil which

would be needed for the navy would be more than 2,000,000 k.l.

in protracted operations, which would in two years leave little

of the aforementioned stock of heavy oil.

350,000	"	light oil
4,450,000	"	heavy oil
550,000	"	machine oil
1,000,000	"	aviation gasoline approx.
80,000	"	ordinary
10,000	"	kerosene
4,000	"	light oil
1,050,000	"	heavy oil
150,000	"	machine oil

In consequence of the China Incident continued aviation gasoline would be only 870,000 k.l. and heavy oil 2,350,000 k.l. in two years, which amounted to barely being capable of

V. Judgment upon the national strength on the basis of assumption of opening war in November 1941.

15. Encountered with hardship through the freezing of funds and the stoppage of oil importation, ^{the} Preparations Section of Mobilization Plans Bureau, the War Ministry, had been rectifying the investigations of the former judgment on the national strength on the basis of assumption of "opening a war on November 1, 1941" since September of 1941 (16th Year of Showa). But about the last period of the KONOYE Cabinet, War Minister TOJO requested our Section to reexamine its investigations, and asked for a clear prospect, concerning particularly, oil, shipping, iron, coal and foodstuffs.

By that time similar investigations were being conducted in the Navy Ministry, too, and discussions had been made between the two Ministries with regard to oil, shipping, etc., but no such investigations had been made in the Planning Board up to that time.

16. The above investigations did not differ so much in substance from the judgment on the basis of assumption of "opening a war in April", but the situation has become more serious than ever, with the decrease in stock of oil resulting from the stoppage of oil importation.

17. Through the investigations made at that time, it was judged that oil could be obtained from the Netherlands Indies to the extent of 1,000,000 T.l. in the first year and 3,000,000 K.l. in the second. But in the subsequent discussion between the Army and the Navy, this estimate was

rectified by the Army to the lowest, i. e. 300,000 K.l. in the first year and 2,000,000, in the second, adding special ingenuities to the method of consumption to overcome somehow that shortage.

As for the result of this discussion, there was of course no change at all in the desire to reach an agreement through diplomatic negotiations. The authorities concerned in both Ministries were to continue further investigations, taking into consideration a war which might have to be waged in order to get rid of the danger in national defense, resulting from oil blockade, in case the diplomatic negotiations should fail to bring about agreement.

18. Next, with regard to the shipping problem, the shipping capacity to be requisitioned by the Army and Navy, and their periodic increase or decrease were ascertained for the first time as the result of that investigation, in consequence of which the prospect of the transportation of goods became gradually apparent, viz.

Firstly, shipping capacity needed:

- (1) In order to continue the import of supplies, a monthly average of 3,000,000 tons of shipping capacity available for goods was needed;
- (2) But when that shipping capacity was reduced to 2,500,000 tons, and if (A) iron and steel and rice were given the allocation of 100% transporting capacity, (B) coal, salt, fertilizer, soya beans, ores, brick and raw cotton could not be given more than 80%, and (C) other resources, 44%.

- (3) When it was reduced to 2,000,000 tons, and if 100% and 70% were maintained for iron and steel and rice in (A) and the important resources in (B) respectively, the other resources in (C) could not be given more than 8%.
- (4) When it was still further reduced to 1,500,000 tons, and even if iron and steel and rice in (A) were cut down to 80%, and the important resources in (B) to 40%, the other resources in (C) could be given but 1%.

From the foregoing it was generally surmised that the situation was serious, although the above ratio could be adjusted among (A), (B) and (C) with one another.

Secondly, shipping capacity available:

- (1) According to the investigation in August, 1941 the actual capacity of ships with more than 1,000 tons was 5,980,000 tons at the end of July, 1941; in addition to this, the total capacity of small-sized ships and controllable steam-launches was 650,000 tons, which were obtained after having been converted by taking into account their availability. The grand total of the above capacity early in November, including 90,000 tons of new ships to be built by October would be 6,720,000 tons;
- (2) If this grand total shipping capacity was reduced by the total capacity of 1,100,000 tons of ships, such as those in dock or detained, tankers, government ships, fishing boats, repair-ships and store-ships (excluded from requisition);

(3) The balance of shipping capacity available early in November, 1941 was 5,620,000 tons.

Thirdly, increase and decrease of available capacity:

(1) Ships lost:	800,000 tons (1st year)
(2) Ships seized:	100,000 " (")
(3) Ships newly built:	430,000 " (")
	550,000 " (2nd year)
	600,000 " (3rd year)

Fourthly, shipping capacity requisitioned by the Army and Navy:

Navy:	1,600,000 tons
Army:	1,800,000 " for first 4 months
	900,000 " after 7th months, as result of gradual decrease.

(Afterwards the Navy and Army still plan to increase requisition.)

Fifthly, shipping capacity needed for transporting goods on public demand based on the above calculation:

(1) Supposing that much damage would be sustained early in the first year.

Minimum: 1,670,000 tons.

Of this, if passenger ships (540,000 tons) were converted into cargo boats (100,100 tons) the actual capacity would become 1,270,000 tons.

Monthly average: Actual capacity 1,300,000 tons for first 4 months.
Actual capacity 2,200,000 tons for the subsequent
8 months.

- (2) If no damage was sustained after the second year, the actual converted capacity of ships for public demand would reach as much as 3,000,000 tons, but if otherwise, the figures would be changed. If, however, 600,000 tons were lost in the second year and 700,000 tons in the third, the above figure, 2,200,000 tons, would decline to some extent. In order to cover this deficit, the only way is to build new ships.

Sixthly, in summing up the foregoing, we judged as follows:

- (1) The transporting capacity 1,300,000 tons early in the first year were indeed too small to hope for anything, but if we had recourse to the compulsory store of iron ores and the utilization of various stocks, and especially if such were limited to the quiet transportation period of winter, production could be maintained, and if that transporting capacity were restored to that subsequent actually converted 2,200,000 tons, the supply of goods of actually converted 2,500,000 tons' space inclusive of various counter-measures would probably be possible;
- (2) After the second year, if no large number of ships were lost through the successful military and naval operations, that transporting capacity would gradually increase.

19. With regard to various important goods, I investigated the matter from the above shipping condition, and taking the utilization of their stock into account.

20. In order to explain the above points, I prepared a diagram and reported it verbally on its basis to the War Minister.

This diagram, however, does not exist at present, as is certified by the 1st demobilization official certificate (C).

The War Minister ordered us to refer it to the Military Affairs Section, as it was closely related with other various problems, and studied my report from every angle. The attitude of the War Minister, TOJO, at that time, as far as we subordinates took it, was nothing but to order us to make various investigations.

At that time, although the military circles at large felt a great unrest in regard to making a war, particularly to the shipping situation, there was an atmosphere that Japan could not face the future danger which might be caused by the blockade of oil.

VI. Judgment on the national strength by the TOJŌ Cabinet prior to the opening of the war.

21. When the TOJŌ Cabinet was formed in October of 1941 (16th Year of Showa), it was decided that all the arguments concerning national policies were put aside for the present, and all the problems should be investigated from the very beginning. Thorough-going investigations of the national strength, therefore, without being satisfied with those hitherto made by the military authorities, were instituted, making the Planning Board as the center of examination, and the result was submitted to the Liaison Council, in order to formally form a final estimate of the national strength.

As has already been stated, the problem of synthetic oil was also thoroughly investigated at this time.

22. The following were the judgment of the Planning Board in case war might be avoided:

(1) Supposing the standing requisitioned ships to be 2,150,000 tons, and newly constructed ships 500,000 tons in the first year, 700,000 tons in the second and 900,000 tons in the third, goods on civil demand of the self-supplying sphere could be transported monthly 5,770,000 kilotons in the first year, monthly 7,770,000 in the second and monthly 8,970,000 in the third.

On the basis of this calculation, 4,820,000 Kilotons of ordinary steel and steel material may be needed in the first year, 4,970,000 in the second, and 5,200,000 in the third.

- (2) Next, although goods from French Indo-China and Thai, which are the only supplying spheres for Japan, absolutely needed, because of the world-wide suspension of trade, the procurement of them was expected to become difficult through machination and interference on the part of Britain and America.
- (3) In conclusion, the stocks of various goods for domestic consumption will gradually decrease, and particularly so with those of liquid fuel. As an example I may cite the case of crude oil.

The following are the quantities of crude oil for supply:

Home production	1st year	360,000 K.L.
	2nd "	400,000 "
	3rd "	440,000 "
Synthetic oil	1st "	300,000 "
	2nd "	500,000 "
	3rd "	700,000 "

Against the above supply, its civil demands amount to 1,800,000 K.L. If the deficit were to be covered by the military stock, the civil demands can be met until the third year, but at the end of that year, will it become difficult to do so. If classified, the above

deficit will be in Kerosene, ordinary machine-oil, high class machine-oil and diesel crude oil.

Even though a fundamental reestablishment of the synthetic oil enterprise is planned, satisfactory results cannot be expected at present.

23. Next, the prospect of the Planning Board in case of war being waged was that the oil difficulties might be overcome by the procurement from newly occupied areas, and the shipping problem, too, might be solved somehow or other; thereby it was judged that minimum quantities of supply of important goods might also be maintained, viz.

(1) Oil: According to the joint-investigation of the Army and Navy, the total quantities of supply were 850,000 K.L. in the first year, 2,600,000 in the second and 5,300,000 in the third. If the prospect of supply and demand is made on the basis of these figures plus 8,400,000 K.L. of domestic stock, there will be a balance of 2,550,000 K.L. in the first year, 150,000 in the second and 700,000 in the third year, which will meet the need though not satisfactorily. According to the estimate on the 1st of December, air-fuel was 1,110,000 K.L. This will cause some shortage in the second or third year.

(2) Shipping: Transporting capacity was judged on the basis of the supposition that, in order to maintain

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the supply of goods, a monthly average of 3,000,000 tons of ships for civilians were needed; damages, estimated from 800,000 tons to 1,000,000 tons in the first year, could be supplemented by 3-year consecutive ship building of yearly average 600,000 tons; and the requisition quantity by the Army and Navy would be 3,900,000 tons in the first period, but would decrease to 2,800,000 afterwards.

(3) Important goods: After taking into consideration the current production quantity of iron and its future decrease, as well as the decrease in rice import from abroad, the procurement of important goods from the occupation areas in the South was anticipated.

(4) After summing up the above, the judgment on the national strength was made in a concrete shape.

24. It was at the end of October that the foregoing estimates were finally agreed upon, and it was on the 1st of November that this was approved by the Liaison Council. And it was on the 5th of November that the President of the Planning Board SUZUKI reported it in the Imperial conference. It is, however, regrettable that this record does not exist at present.

On this 18th day of July, 1947,

at I.M.T.F.E.

DEPONENT: /s/ OKADA, Kikusaburo (seal)

I, OKADA, Kikusaburo, hereby certify that the above statement was sworn by the Deponent, who affixed his signature and seal thereto in the presence of this Witness.

On the same date, at the same place.

Witness: /s/ KIYOSSE, Ichiro (seal)

OATH

In accordance with my conscience I swear to tell the whole truth withholding nothing and adding nothing.

/s/ OKADA, Kikusaburo (seal)

Appendix I

Excerpt from a copy of the titled document, prepared by the Mobilization Plans Bureau of the War Ministry, investigated on June 1 in the 16th Year of Showa (1941), re-investigated in March and rectified in April of the same year.

Hypothetical appreciation of the
Empire's material strength.

Judgment

1. The national strength of the Empire as viewed from the aspect of materials cannot be free from anxiety in carrying out a protracted war against Britain and the U.S.A.

As long as the enemies prefer to resort to decisive battles and challenge us accordingly, we should be able to maintain resiliency to destroy them until about the end of the second year. However, there is an apprehension that at about that time a shortage of liquid fuel, at least for a limited period of time, may be experienced and that the economic war potential will be much disturbed if the war situation should be protracted.

This shortcoming will arise from the stoppage of importation and slackness in amplifying productivity. Production of steel

and light metal may become brisk later unless bottoms for transportation are very much depleted, but the expansion of domestic production will not in any way compensate for the stoppage of importation of the materials for the specific steel and non-iron metals; the gradual consumption of the present stock may barely patch up the need of the first two and half years, but will result in an extreme shortage of supply from the third year onward.

As for the supply of liquid fuel, apprehension that there may exist a non-supply period between the time of restoration and development of the Dutch East Indies resources and that of the complete attrition of the hoard has not been quieted. This will emphasize the importance of shipping bottoms and will subsequently cause decreased coal transportation, with the result that industry as a whole will slump and the straightened circumstances in the field of light industry materials will pile difficulties on already existing anxieties concerning domestic problems.

2. However, if circumstances so necessitate and Japan, with a view to deliberately seeking a way out of the difficulties, should decide to seize an opportunity of resolutely entering into war against Britain and the U.S.A., the operations should be executed in such a way that the warfare in the southern regions be terminated in the quickest possible manner and the resources

in the Dutch East Indies be captured in the best condition, so that the above-mentioned apprehensions may be eliminated.

With regard to the question of bottoms for transportation, the most discrete attention will be required to coordinate the operations and the economic problems, and, in particular, to secure the existing bottoms.

Needless to say, in determining upon the resolution to wage war against Britain and the U.S.A., the present state of material strength makes it absolutely necessary for Japan to adhere to the fundamental necessity in this war of giving no rise to a Soviet-Japan war and of stabilizing domestic problems.

Moreover, when the resolution upon war is reached, the following points should be thoroughly studied beforehand and counter measures must be prepared to the fullest extent:

1. Because of the protracted war against Britain and the U.S.A., both the means of increasing army and navy armament and establishment of industries will not develop along the expected course.

2. There will be a considerable declination for a time in supply of various materials.

3. As long as the requirement of materials can be covered with the resources available within the Greater East Asia, the shortage can be filled sooner or later by devising some competent measures to utilize those resources, but the supply of non

ferrous metals and the metals as raw materials for the specific steel will be bound to experience an extreme shortage.

After the occupation of the southern regions, attention should be concentrated upon making the most effective use of such materials as are exclusively found in those regions alone (tin, rubber, quinine) and of the special products of tropics. It is suggested that by offering these items to Germany, Italy and other axis countries as well as to the Soviet and other neutral countries, effort should be made to obtain in exchange from them or from other parts of the world through their intermediation the required materials to promote the war potentials of the Empire. Attention must also be drawn to the surplus materials of that area which will have to lose their world's market through Japan's occupation, and a new trade policy should be established in such a way as would minister to each other's wants among Japan, Manchoukuo, China and the southern regions. The question of bottoms for transportation has great influence upon practice of this policy, and its outlook so far is not quite reassuring.

Before making any determination in relation to the above appreciation as to the propriety and the time of execution of war against the southern regions, the separate report entitled "Deduction of Empire's strength based on the appreciation of the present situations" should also be studied and a synthetic decision be made thereupon.

Appendix II

"Hypothetical appreciation of the Empire's material strength on the basis of the present conditions".

(Excerpt from a copy of the titled document, prepared by the Mobilization Plans Bureau of the War Ministry in March in the 16th Year of Showa (1941))

1. Decision

Japan should expedite economic negotiations with the Netherlands Indies as soon as possible to devote herself to the establishment of the selfsupplying sphere of East Asian countries. Simultaneously, she should avoid provoking Britain and America meaninglessly, relying to the end upon the resources of their "block", to foster her national strength, thus prepare herself for possible war in the future.

Certificate (a)

The Undersigned, who is chief of the Archives and Documents Section, the First Demobilization Bureau of the Demobilization Office, certifies that the Bureau does not have in custody the original of the following two documents, these having been burnt at the time of the termination of the War.

1. "Hypothetical Appreciation of the Empire's Material Strength" Prepared by the Mobilization Plans Bureau, the War Ministry, Examined in January, 1941, Revised in March of the same year, and Re-Examined in April of the same year.

2. "Hypothetical Appreciation of the Empire's Material Strength on the Basis of the Present Conditions," Prepared by the War Preparations Section of the Mobilization Plans Bureau, the War Ministry, in March, 1941.

On July 11, 1947

At Tokyo

(Signed) MIYAMA, Yojo (seal)

Chief of the Archives and Documents
Section, the First Demobilization Bureau

I hereby certify that the above document was signed and sealed in the presence of this witness.

On the same date

At the same place

Witness: (signed) KYOSE, Ichiro (seal)

Material Strength on the Basis of the Present

Conditions," Prepared by the War Research Section

of the Mobilization Bureau, the War Ministry,

Revised in March of the same year, and re-examined

in April of the same year.

in March, 1941.

Material Strength on the Basis of the Present

Conditions," Prepared by the War Research Section

of the Mobilization Bureau, the War Ministry,

On July 11, 1941

At Tokyo

(Signed) KYAMA, Yozo (seal)

Chief of the Archives and Documents
Section, the First Demobilization Bureau

Certificate (b)

The Undersigned, who is chief of the Archives and Documents Section, the First Demobilization Bureau of the Demobilization Office, certifies that the Bureau does not have in custody the original of the following document, it was at the time of the termination of the War

"Combined Decisions reached regarding appreciation of the Empire's Material Strength on the Basis of Two Hypotheses - Possible War and Status Quo," Prepared by the Mobilization Plans Bureau, the War Ministry, in April, 1941.

On July 11, 1947

At Tokyo

(signed) MIYAMA, Yozo (seal)

Chief of the Archives and Documents Section, the First Demobilization Section.

I hereby certify that the above document was signed and sealed in the presence of his Witness.

On the same date

At the same place

Witness: (signed) KIYOSE, Ichiro (seal)

Certificate (c)

The Undersigned, who is chief of the Archives and Documents Section, the First Demobilization Bureau of the Demobilization Office, certifies that the Bureau does not have in custody the document entitled "Diagrams on a Hypothesis of War on the Basis of Various Investigations" prepared by the War Ministry around October, 1941, which was burnt at the time of the termination of the War.

On July 11, 1947

At Tokyo

(signed) MIYAMA, Yozo (seal)

Chief of the Archives and Documents Section,
the First Demobilization Bureau.

I hereby certify that the above document was signed and sealed in the presence of this Witness.

On the same date

At the same place

Witness: (signed) KIYOSE, Ichiro (seal)

OKADA, Kikusabro

Address to be supplied

Request by: TOJO, Hideki

Former Major General and former official of Cabinet
Planning Board.

This witness will be able to testify concerning the aims
and purposes of the Five Year Plan of 1939.

Okada, Kikusaburo

Former major general & former
member of the Cabinet Planning Board.

OKADA, Kikusabro

Address to be supplied

Request by: TOJO, Hideki

Former Major General and former official of Cabinet
Planning Board.

This witness will be able to testify concerning the aims
and purposes of the Five Year Plan of 1939.

(1 of 15)

OKADA, Kikusaburo.

address to be supplied.

Request by: Tojo, Hideki

Former Major General and former official of
Cabinet Planning Board.

This witness will be able to testify concerning
the aims and purposes of the Five Year Plan
of 1939.

REPORT BY: LT. JOHN A. CURTIS
13 Jan 47

MEMORANDUM FOR THE FILE:

SUBJECT: OKADA, Kikusaboro

Former Maj Gen and former official of the Cabinet
Planning Board.

Copies; 3 File
1 Newbill

CURRICULUM VITAE:

Name OKADA, Kikusaburo.
Date of Birth: 13 January 1897:
Permanent Domicile: 294 Soshamachi, Todoin Nishiiri 1, Takohashidori, Kyoto City.
Present Address: 1203 Kitazawa 1 chome, Setagayaku, Tokyo Metropolis.

7 Mar 1936: Appointed Secretary in Resources Bureau.

1 Nov 1937: Promoted to Lieutenant Colonel of Infantry.

4 Jul 1939: Assigned to China Despatched Army Headquarters.

1 Aug 1939: Promoted to Colonel of Infantry.

9 Mar 1940: Appointed Chief of War Preparations Section, War Preparations
Bureau, War Ministry.

11 Mar 1943: Appointed Chief of Staffs of 15th Division.

2 Aug 1943: Promoted to Major General.

5 Oct 1944: Assigned to Military Fuels Central Depot.

28 Sep 1945: Assigned to Military Affairs Bureau, War Ministry.

1 Dec 1945: Assigned to Historical Facts Research Division, Secretariate,
First Demobilization Ministry.

1 May 1945: Appointed Shokutaku in above Ministry.

12 March 1947

MEMORANDUM FOR: Mr. Tavenner
FROM: L. C. Dunigan
RE: OKADA, Kikusaburo

There is no file on the above named person in the office but I have run across the following while preparing for another witness:

One TAKEUCHI, Ayoaki was interviewed on May 6, 1946 by Joe B. Williams in connection with the Manchurian Incident. Takeuchi was formerly a correspondent for the Tokyo-Osaka News from 1917-1940 and from July 1941 to January 4, 1946 was Secretary to the Japanese Chamber of Economics in Shanghai; in connection with the 5-year plan for Manchukuo Takeuchi stated the following:

That the instigators of the plan were Hoshina, Nicki, and Kishi, Shinsuke; Hoshina at the time being Director of the General Affairs Board for Manchukuo; Kishi Vice-Minister for Manchurian Industries Board and later Assistant Director of General Affairs Board in Manchukuo, and later Vice Minister of Commerce and Industry in Japan. In 1941, he, Kishi was Minister of Commerce and Industry in the Tojo Cabinet. At the time the plan was put into effect the Commander in Chief of the army in Manchuria was General UEDA, Kenkichi and he was also Ambassador.

Takeuchi stated that the plan was sponsored by the army and that that fact was common knowledge. Takeuchi did not want to be a witness because Hoshina and Kishi were his personal friends.

(Note: After Okada, the present witness, has testified about the 5-year plan he should be asked about Hoshina, Kishi and Ueda. Hoshina, is, of course, a defendant, and Kishi and Ueda have been subpoenaed by Tojo as his witness in addition to developing evidence against Hoshina an attempt should be made through Okada to discredit Kishi and Ueda as much as possible before they take the stand as witness for Tojo.

NARRATIVE SUMMARY OF THE RECORD
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OKADA - Direct

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Page

DIRECT EXAMINATION OF OKADA, Kikusaburo
by Mr. Logan

24,853

24,855

The witness identified Exhibit 2767 * as his affidavit and stated that with certain corrections it was accurate and true. * The affidavit stated that the witness had been with the Mobilization Plans Bureau of the War Ministry since 1935 and was chief of its Preparations Section from March 1940 to March 1943. He was therefore acquainted with the status of Japanese war resources prior to the Pacific war. The army had stored some important war resources which Japan lacked under "Materials for War Preparation." This was only a small amount originating from the materials remaining after the Russo-Japanese war.

24,856

As to oils, Japan was completely lacking in storage until the outbreak of the China incident. With the 6-year plan to complete armaments beginning in 1937, the army intended for the first time to store oil, and according to the plan only 36,000 kilolitres were to be stored until 1943. * This did not actually get under way until the day of Marco Polo. With the outbreak of the China incident it was impossible for the army to neglect storing oil. American crude was purchased rapidly in the fall of 1937 and the minimum of aviation oil secured. This was the first time for army storage of oil.

24,857

Even with this increased activity the amount was barely sufficient for the needs of the army air power for a year at that time, even if civilian oil storage was included with the army's. Although the Navy had been storing oil previously and civilians also had to store oil, Japan woefully lacked oil. Since that time, because the China incident was not settled simply and because the United States gradually strengthened its moral embargo, Japan had to store strategic resources as much as possible. She had special importations of oil * and other resources she lacked, in addition to ordinary imports. The initiative for special imports was from the army, and its sponsor was always the Preparations Section of the Mobilization Plans Bureau.

Japan had no idea of general embargo of foreign trade before the summer of 1940. In January 1940, the United States Commercial Treaty lapsed and as this aggravated economic pressure was applied, Japan made a further jump in its policy of storing strategic resources.

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24,858

In the summer of 1940 the witness proposed a study of supply and demand of materials in case of the worst to Director General TAKEUCHI of the Planning Board. This was afterwards adopted. This study, being subject to a certain assumption, was for Japan to maintain current national economic conditions for at least two years in case of economic blockade. By using this study later the witness had the idea of reinforcing the strategic fragility of Japan's economy * and arriving at a plan. With Cabinet approval certain special imports were made and storage increased. For the first time there was minimum preparation to face economic blockade. Despite the fact that this was only a study, Admiral YOSHIDA, Navy Minister, prohibited participation of his staff in it. The witness had never taken any order or directives from his superiors beforehand concerning these two proposals.

24,859

Because of the China incident the synthetic oil industry was the hardest hit. * This industry, which needs an immense volume of steel for construction, was incompatible with military demand for steel for the incident. Manufacture of high pressure response pipes and others was restricted by domestic capacity. Also, because of the incident, the additional demand for coal presented a puzzle for the future of the industry. There were difficulties in getting cobalt as a catalyst. There was also technical incompleteness.

To get over these obstacles once and for all, it was planned to import technique, equipment and materials widely by taking advantage of the German Trade Agreement. This also failed because of the outbreak of the European War.

Early in 1941 when diplomatic relations with the United States became worse, rapid attempt was made to develop the synthetic oil industry to avert a crisis, disregarding the fact of all its difficulties. In early 1941 the KONOYE Cabinet, in a cabinet meeting which omitted the conferences between ministries, decided to rapidly expedite the synthetic oil industry which had been planned originally by the Commerce and Industry Ministry. The production goal was fixed at two million tons annually, but it was intended to increase it up to four million. They then believed that the plan could not be materialized without adjusting fundamental national policies to face the China incident as to the attitude of the state and the scale and speed of

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24,861

completing armaments. The plan was decided in the Cabinet without giving time to process such opinions fully to their superiors. As anticipated, the government came to a sad plight in trying to decide the annual mobilization plan of materials, whose contents were quite contrary to this plan. In making the decision the government had been so seriously worried politically that it had no intention * of abandoning its previous plan. The method in KONOYE's memoirs of surmounting the crisis with four million tons of synthetic oil was based on this plan which never materialized.

24,862

In October 1941, on TOJO's demands, various investigations were urgently and seriously conducted to ascertain final decision on national policies. Among the subjects of investigation was one to avoid war by rapid large-scale expansion of synthetic oil. They were ordered to investigate the possibility of this. KAYA proposed to the Liaison Conference on October 28, 1941 that the government should avert war by executing this plan of synthetic oil and put it together with storage of oil of the army and navy. Early in the morning of the 29th the opinion of the witness was asked on this. In response to the witness' report of "impossible" TOJO expressed dissatisfaction, * ordered more fundamental investigation and requested the Planning Board to make a thorough-going investigation.

KAYA also suggested production of 2,500,000 tons by 1946, putting the rest off for later years and to make clear the quantity to be allocated each year. SUZUKI also expressed the view that he wanted a plan to produce 2,000,000 tons of oil, using 500,000 tons of steel in two years. The witness also investigated this.

This is an enumeration of the facts but there was a continued effort to avoid the Pacific War in the form of economic or technical counter-measure of pushing the synthetic oil industry. Later the Planning Board concluded that rapid and larger development of synthetic oil was impossible at that stage. At the Imperial Conference of November 5 SUZUKI's report put an end to discussions on synthetic oil. He reported that to produce 5,200,000 tons of synthetic oil they needed 2,250,000 tons of steel, a thousand tons of cobalt, 30,000,000 tons of coal, 3,800,000,000 yen and 380,000 coal workers. If they could obtain them they would need six months to construct a low-temperature

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24,864

carbonization plant and two years to construct a synthetic plant and hydrogen-attaching plant. When they closely examined domestic capacity to produce reaction pipes and other pipes, it was impossible to secure a self-supporting policy of liquid fuel in a short time depending solely on synthetic oil * and it would take at least seven years. He reported that it was therefore not proper under the urgent situations to depend solely on synthetic oil.

Beginning with January 1941, the witness' section had reached the conclusion that they should avoid beginning war as a result of investigating national power with respect to the two hypotheses of opening war on April 1, 1941 or maintaining the status quo. These findings were reported to TOJO and SUGIYAMA, who both approved the conclusions to avoid war. The witness supervised and commanded the investigation, explained and reported the findings to TOJO and SUGIYAMA and obtained their approval. The originals of the two reports were burned but the witness has copies of them.

24,865

Prior to this no other organization had conducted an investigation of this kind. The witness had not been given any order or directives in advance from his superiors on the investigation. As a condition in investigating what would happen in case of opening war, it was fixed that there should be absolutely no war with the Soviet. The judgment of the report which the witness wrote was that Japanese national strength, viewed from the materials standpoint, was not safe in carrying out a protracted war against Britain and the United States and that they would have enough strength roughly at the end of two years to crush the enemy. There was an apprehension that at that time a shortage of liquid fuel, at least for a short period, might be experienced and the economic potential would be much disturbed if the war be protracted.

24,866

The official document no longer exists, but he was submitting a portion from a copy in his possession. * The investigation on liquid fuel recognized there would be no shortcoming for various operations for the first year and for the second year there would be no difficulties for air operations and heavy oil for sea operations is likely to meet the demand for a decisive battle. They presumed that in case resources in the NEI could be gotten intact the fuel crisis would not arise in the latter half of the second year.

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24,869

The investigation stated that if the war opened in April the vessels to be drafted by the Army and Navy would be fixed at about 2,500,000 tons, far short of operational demand. It was thought possible to open war in winter because if they took advantage of the slack shipping season an additional one million tons would be available even though some would be lost en route. They estimated that the loss of vessels at the beginning would not exceed 400,000 tons but there was much anxiety about securing transportation if the war went contrary to expectations.

24,870

They had heard from some navy officials that there might be an estimated loss of 800,000 tons the first year, 600,000 * the second, and 700,000 the third. They figured that reducing transport capacity from drafting vessels corresponded to a loss of 6 million tons of coal, 2,350,000 tons of iron ore. As to iron, the 4 million ton production level could be kept by using stocked iron ore. Since the stocked materials were bound to be almost used up in the first two years, there were anxieties about resiliency after the third year. They also arrived at a judgment in the event the status quo was maintained, which is part of Annex II.

24,871

In explaining the judgment they pointed out that if Japan did not break economically with Britain and the United States, trading with their colonies in East Asia would be continued, * economic negotiations with various southern regions would make progress, Japan's national power would continue to drop in 1941 and 1942 but would take an upward trend in later years. They also pointed out that if these assumptions did not happen due to decrease of storage of oil, national defense would be weakened extremely.

24,872

On the two investigations they reported that so long as oil imports were not interrupted by an all-out embargo, they should bear the situation patiently. With the freezing of assets on July 26, 1941, Japan was driven into a blockade economy and faced catastrophe after she would have consumed her stocked resources * in two years.

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At that time Japan had stocked aviation gas 1,700,000 k.l.; ordinary gas - 830,000 k.l.; kerosene - 320,000 k.l.; light oil - 320,000 k.l.; heavy oil - 4,430,000 k.l.; machine oil - 360,000 k.l. In 1941 there was consumed out of these quantities, respectively, 150,000, 80,000, 10,000, 4,000, 1,050,000, 150,000. If the China incident continued, aviation gas would fall to 870,000 k.l. and heavy oil to 2,330,000 k.l. in two years, which meant that they would be capable of sustaining only one year of battle in the air against a strong power and one year of protracted operations on the sea, which was too short. Japan fell into sagging difficulties.

24,873

They felt that when the army and navy * faced decisive operations they would need about 400,000 k.l. aviation gas per year each, which exceeded the amount in storage. The navy would need heavy oil of more than 2,000,000 k.l., leaving little in storage after two years. Based on this hardship the Preparations Section * rectified its investigations on the basis of an assumption of opening war on November 1, 1941. TOJO, at the end of the KONOYE Cabinet, requested the section to re-examine its investigations and asked for a clear prospect on oil, shipping, iron, coal and food. The Navy Ministry was conducting similar investigations and the two ministries had discussed matters on oil and shipping, but there had been no investigation as yet by the Planning Board.

24,874

24,875

The investigations did not develop much in substance over the previous ones, but the situation had become more serious with the decrease in oil. * While the earlier investigations judged that they could get from the NEI a million kilo litres of oil in the first year and three million in the second, the subsequent discussion between the army and navy rectified this to 300,000 in the first year and 2,000,000 in the second. They added special ingenuities to the consuming methods to overcome the shortage.

There was, of course, no change in the desire to reach an agreement through diplomatic negotiations. Both ministries continued further investigations, considering the possibility of war in case the negotiations failed.

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24,876

With regard to the shipping problem, the capacity to be requisitioned by both army and navy and their periodic increase or decrease was ascertained for the first time and the prospect of transportation of goods * became gradually apparent. To continue the import of supplies they needed a monthly average of 3,000,000 tons. If the shipping capacity was reduced to 2,500,000 tons, and if iron, steel and rice were given 100%, coal, salt, fertilizer, soya beans, ores, brick and raw cotton could not be given more than 80% and other resources not more than 44%. If it were reduced to 2,000,000 tons and 100% and 70% were given for iron, steel and rice and other important resources, the remaining resources could not be given more than 8%. If further reduced to 1,500,000 tons and even if iron, steel and rice were cut to 80% and the second category of resources reduced to 40%, the others could be given only 1%. The situation was deemed serious.

24,877

According to investigations in August 1941, the actual capacity for ships with more than 1,000 tons was 5,980,000 tons. In addition, small-sized ships and steam launches had a capacity of 650,000 tons. The grand total in November, including 90,000 tons of new ships, would be 6,720,000 tons. This might be further reduced by a total capacity of 1,100,000 tons. It was expected that 800,000 tons would be lost the first year, 100,000 seized; and that newly built ships would be 430,000 the first year, 550,000 the second and 600,000 the third. * The Navy would requisition 1,600,000 tons, while the army would requisition 1,800,000 the first four months and 900,000 after the seventh month. If much damage was sustained in the first year, the minimum they would need would be 1,670,000 tons. And if passenger ships were converted into cargo boats, the actual capacity would become 1,270,000 tons. The actual monthly average would be 1,300,000 for the first four months with actual capacity of 2,200,000 for the subsequent eight months. If there was no damage after the second year, the actual converted capacity for ships for public demand * would reach 3,000,000 tons, but if otherwise the figures would change.

24,878

24,879

If 600,000 and 700,000 tons were lost in the second and third years, the figure of 2,200,000 would decline. To cover this deficit new ships had to be built. Transporting capacity of 1,300,000 tons the first year was too small to hope for anything, but if they had recourse to compulsory storage of

Page

iron and use of various stocks and if it were limited to the quiet transportation period of winter, production could be maintained, and if the capacity were restored to 2,200,000 tons the supply of goods of 2,500,000 tons space would probably be possible. After the second year, without large losses, the transporting capacity could gradually increase.

24,884

To explain these points the witness prepared a diagram and reported on it orally to TOJO. The diagram has been lost. * TOJO ordered it referred to the Military Affairs Section which studied the report. TOJO's attitude at the time was nothing but to have them make various investigations.

24,885

There was an atmosphere that Japan could not face the future danger which might be caused by an oil blockade. When the TOJO Cabinet was formed, it was decided that all arguments on national policies would be put aside for the present and all problems reinvestigated. Thorough-going investigations of national strength were begun with the Planning Board as the center. The result was submitted to the Liaison Conference to formally form a final estimate.

24,886

The problem of synthetic oil * was thoroughly investigated at this time. In case war was avoided, the Planning Board estimated that if the standing tonnage was 2,150,000 tons and there was an increase of 500,000, 700,000 and 900,000 tons in the first three years, they could transport goods on civil demand monthly of 5,770,000 kilotons the first year, 7,770,000 the second year and 8,970,000 the third year.

On this calculation the needs of ordinary steel and steel materials would be 4,820,000 kilotons, 4,970,000 and 5,200,000 in the first three years.

With respect to goods from FIC and Thai, their procurement was expected to become difficult through British and American machination and interference. The stocks of various goods for domestic consumption would decrease, particularly as to liquid fuel.

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24,887

In the case of crude oil the home production for the first three years would be 360,000, 400,000 and 440,000 k.l. Synthetic oil for the same period would be 300,000, 500,000, and 700,000 k.l. Civil demands amounted to 1,800,000 k.l. If the deficit were met by military stock, civil demands could be met until the third year, but after that it would be difficult. The deficit would be in kerosene and other oils; even though there was a fundamental re-establishment of the synthetic oil enterprise, satisfactory results could not be expected.

24,888

In case war was waged, the Planning Board decided that the oil difficulties might be overcome by securing it from newly occupied areas and the shipping problem might be solved, and it was felt that minimum quantities of supplies * of important goods might be maintained. The joint investigations of the army and navy showed that the total quantities of supply were 850,000, 2,600,000 and 5,300,000 k.l. in the first three years. If the supply and demand estimate was made on these figures, plus the 8,400,000 k.l. of domestic stock, there would be a balance of 2,500,000 the first year, 150,000 in the second, and 700,000 in the third, which would meet the demand but not satisfactorily.

Air fuel was to become short in the second or third year. As to transporting capacity they assumed a need of 3,000,000 tons of ships for civilians per month. The damages, which were estimated from 800,000 to 1,000,000 tons the first year could be supplemented by a three-year shipbuilding of an average of 600,000 tons. The requisition quantity by the army and navy would be 3,900,000 tons the first period, but would decrease to 2,800,000.

24,889

It was anticipated * that there would be procurement of important goods from the southern occupied area. The judgment on national strength was made then in concrete shape at the end of October. On November 1st it was approved by the Liaison Conference and on November 5th SUZUKI reported it to the Imperial Conference.

Page

24,891

Appendix I, the document prepared by the Mobilization Plans Bureau on January 1, 1941 and rectified April 1941, stated that Japanese national strength could not be free from anxiety in carrying out a long war against Britain and the United States. As long as the enemies resort to decisive battles, Japan could maintain its resiliency until the end of the second year. There is apprehension that there will be a shortage of liquid fuel at least for a limited period and that the economic war potential would be disturbed in a protracted war. This shortcoming will arise from import stoppage and slackness in increasing productivity. The production of steel and light metal * might become brisk unless shipping was much depleted but the expansion of domestic production would not compensate for stoppage of importation of the materials for the specific steel and non-iron metals. There would be an extreme shortage from the third year on.

24,892

As to liquid fuel there is fear that there would be a non-supply period. This also emphasizes the importance of shipping problems and will subsequently cause decreased coal transportation with the result that the industry as a whole will slump. If circumstances necessitate and if Japan, with a view to diligently seeking her way out should decide to seize an opportunity of entering a war against Britain and the United States, operations should be executed * so that the war in the south could be terminated quickly and the resources of the NEI be captured so that these apprehensions may be eliminated.

It is absolutely necessary for Japan to adhere to a fundamental policy that there be no Soviet-Japanese war, and to stabilize domestic problems.

24,893

When a resolution on war is reached, certain points should be thoroughly studied beforehand and counter-measures prepared. Because of a protracted war the means of increasing armament and establishing industry will not develop as expected. There will be a considerable decline * in various supplies. If the resources can be covered from Greater East Asia, the shortage can be filled sooner or later through some competent measure of utilizing it, but there will be an extreme shortage in non-ferrous metals.

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After occupying the southern regions they should concentrate at once to make more effective use of materials found exclusively there by offering these to Germany, Italy and other Axis countries and the Soviet and neutrals in exchange for materials needed to promote Japan's war potentials. They must also pay attention to the surplus materials which will have lost their world market because of the occupation, and a new trade policy should be established to administer to each other's wants among Japan, Manchukuo, China and the south.

24,894

Shipping has great influence in practice on the policy and its outlook is not reassuring. Before making any determination on war against the southern regions, a separate report entitled "Deduction of the Empire's Strength" should be studied.

24,895

Appendix II stated that Japan should expedite economic negotiations with the NEI as soon as possible to devote herself to setting up the self-supplying sphere of East Asiatic countries. She should avoid provoking Britain and the United States meaninglessly, relying on their resources to foster her national strength * and prepare herself for possible war in the future.

DIRECT EXAMINATION by Mr. Levin.

24,896

The witness stated that it was towards the end of October 1941 that the government ministers agreed to the estimate and the agreement with the High Command was reached on November 1st. * The persons who agreed were the ministers at the end of October and included the War and Navy Ministers and the President of the Planning Board. The Transportation Minister would not have a very deep relation with these matters but would have some connection with shipping. The Ministry of Communication would not have great connection with the problem of losing ships or having ships requested by the army and navy. He considered that the ministers who participated in the agreement were those present at the Liaison Conference of November 1st.

24,897

He did not know what kind of discussion went on at the end of October. When the Liaison Conference was held on November 1st, the witness had to be there in the waiting room and he heard their conversation during recess. Whether the Communications Minister participated in the agreement at the Cabinet Conference at the end of October the witness could not say.

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CROSS-EXAMINATION by Mr. Comyns Carr

24,898

The witness stated that the documents he mentioned in his affidavit were in the hands of Dr. KIYOSE. He also stated he did not have any copies of other documents similar to the ones he presented. He stated that usually the members of the Liaison Conference were fixed, but from time to time others attended for special reasons. On November 1st those who attended were the Premier, War, Navy, Foreign and Finance Ministers, the President of the Planning Board, the Chiefs of the Army and Navy General Staff, the Vice Chiefs of the two staffs, * Directors of the Military Affairs Bureau and the Mobilization Plans Bureau of the War Ministry and the Directors of the Naval Affairs Bureau and Mobilization Plans Bureau of the Navy Ministry, and some bureau chiefs of the Foreign Office.

24,900

24,908

Exhibit 2768, a study by the United States Foreign Economic Administration, October 1945, stated * that by the middle of 1944 Japan's losses had so reduced the number of oceangoing ships that she could not find the transport to supply her military forces in various areas or to move the raw materials needed to maintain the 1943 level of industrial output. To have her construction equal losses she would have had to build in 1944 at the rate of 2,500,000 gross tons. As of September 5, 1945 * Japan did not have more than 200,000 gross tons of merchant tonnage left.

24,909

24,910

Ever since the Restoration Japan had paid close attention to shipping and began a subsidy program in 1896. The boom conditions of World War I diminished the need for subsidies, but soon afterwards the annual amount of subsidies tended to revert to its former figures. * During the 1920's there was a long period of depression in the shipbuilding industry. Subsidies amounted to 10,000,000 yen in 1927. In this period there were no direct subsidies, but the government aided builders by bounties on domestic steel production and import exemptions. In 1929 a program to assist shipping by loans on easy terms was framed and a fund of 30,000,000 yen set up, but due to the depression little use was made of this.

A slow increase began and was accelerated in the early 30's by a government-subsidized program of merchant ship construction. Under government direction Japan acquired

Ex 2767

Def. Doc. No. 1786

Translated by
Defense Language Branch

INTERNATIONAL MILITARY TRIBUNAL FOR THE FAR EAST

THE UNITED STATES OF AMERICA, et al

-vs-

ARAKI, Sadao, et al

A f f i d a v i t

OKADA, Kikusaburo

I, OKADA, Kikusaburo, having first duly sworn according to the customary form as in attached formula depose and state as follows:

I had been in the service with the Mobilization Plans Bureau of the War Ministry since 1935, and was the Chief of the Preparation Section since March 1940 to March 1943. Because of my position, I am acquainted with the status of Japan's war resources prior to the outbreak of the Pacific War.

I. On Storage of Oils and Other War Resources.

1. The Japanese Army had stored some of the important war resources which Japan lacked, under the term of "Materials for War Preparations". It was merely a small amount of



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materials that had originated from the remains of materials after the Russo-Japanese War. Especially, as to oils which had been the vital resource for Japan, she was completely lacking in storage until the outbreak of the China Incident.

2. It was with the six-year plan of completion of armament starting in 1937 that the army intended to store oils for the first time. According to the plan merely 200 thousand Koku, i.e. approximately 36,000 k.l.-odd was planned to be stored until 1943. (1 kilolitre makes 5.54 koku). Even this small-scale storage of oils had not actually come underway until the day of the Lukouchiao Incident.

3. At the outset of the China Incident it became impossible for the army to neglect the lack of storage of oil. American crude oil was rapidly bought up in the fall of 1937, and the minimum of aviation oil was secured for the Army. This was the first occasion of the Army's storage of oil. With this increased activity, the amount obtained was barely sufficient to satisfy the need of the Army's air power for a year at that time, even if the civilian storage of oil was put together with the Army's.

Although the navy had been storing oils previously and civilians also were under obligation to storing oil, Japan, as a whole, was woefully lacking in oil.

4. Since then, because the China Incident, contrary to our expectations, had not simply settled, and because the United States had gradually strengthened the "moral embargo" on the other hand, Japan also had to store strategic resources as much as possible. She repeated special importations of oils and other important resources that she was lacking, in addition to the ordinary importation of them.

The "initiative" of the special importations had every time been taken by the army, whose sponsor was always the Preparation Section of the Mobilization Plans Bureau of the War Ministry of which I was the responsible person. Japan had no idea of general embargo of the foreign trade before the summer of 1940.

5. In January, 1940, the Commercial Treaty between Japan and the United States lapsed. As a gravated economic pressure was applied to Japan and the problem of the Axis Powers between Japan, Germany and Italy appeared, Japan made a further jump in its policy of storing strategic resources.

In the summer of the same year (1940) I had proposed a study of supply and demand of materials in case of the worst to the director-general of the Planning Board, which was subsequently adopted. It was a study, subject to a certain assumption, for Japan to maintain the current conditions of national economy for at least two years in case she should be

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under economic blockade. By utilizing this study, I conceived an idea to reinforce the strategic fragility of Japan's economy, ^{thereafter} ~~which was proposed to the Planning Board and subsequently accepted as a preventive measure.~~ *and arrived at a certain plan* With an approval of the cabinet, the special imports to some extent were made and the storage was notably increased. For the first time there had been thus arranged the minimum preparation to face the economic blockade.

In spite of the fact that the first study was simply a study, admiral YOSHIDA, the minister of the Navy at that time, had strictly prohibited participation of the staff of the Navy Ministry with it.

Besides I hereby make it clear that I had never taken any order or directive from my superiors beforehand concerning the proposals I made on these two occasions.

II. Attempts to Surmount the Crisis by Pushing Synthetic Oil Industry.

6. I have already testified to the circumstances, in which development of peacetime economy and plan for industrial construction for the purpose of securing safety against Soviet were seriously hampered because of the China Incident. Above all the synthetic oil industry was the hardest hit.

The synthetic oil industry, which to start out with needs an immense volume of steel for (factory) construction, became incompatible with military demand for steel for the China Incident. Especially manufacturing of highpressure response pipes and assorted pipes was restricted by the domestic capacity of production. Because of the China Incident, additional demand for enormous volume of coal presented a puzzle for the future of the industry. Difficulties in getting cobalt as a catalyst could not be belittled. What is more, as a fundamental problem there was even a technical incompleteness.

In order to tide over these obstacles once and for all, it was planned to import technique, equipment and materials largely and widely by taking advantage of the Trade Agreement between Japan and Germany. However, this plan also resulted in failure due to the outbreak of the European War in August 1939.

7. After that, early in 1941, when diplomatic relations with the United States became worse, a rapid attempt was made to develop the synthetic oil industry to avert the crisis, disregarding the fact that the synthetic oil industry was in such difficulties as above-mentioned.

That is to say, in early 1941 the KONOYE Cabinet - in the cabinet meeting, omitting the traditional conference between ministries - once and for all decided the matter of rapidly expediting the synthetic oil industry, which was planned originally by the Commerce and Industry Ministry. The goal of production was set at 2,000,000 tons annually, but after attaining that goal it was intended to increase further up to 4,000,000 tons annually. We believed then that the plan could not be materialized without adjusting such fundamental national policies to face the China Incident as to the attitude of the state, scale and speed in completing armaments, and so on. The plan, however, was decided in the cabinet meeting, giving us no time to process such opinion fully to our superiors.

As anticipated, the government before long came to a sad plight in endeavoring to decide in the cabinet meeting the annual mobilization plan of materials, whose contents were quite contrary to the above plan. On making the decision, however, the government had been so seriously worrying politically

that the government had no intention of abandoning the previous plan.

The method appearing in Prince Konoye's memoirs, to surmount the crisis with 4 million tons of synthetic oil was based on the above mentioned plan, which never materialized.

3. In October 1941 when the TOJO Cabinet was formed, various investigations were urgently and seriously conducted by the demand of the prime minister himself, in order to find out the final decisions on national policies. Among the subjects of the investigations were the one to avoid war by rapid and large-scale expansion of the synthetic oil industry. We were ordered to investigate as to ^{the} possibility of the idea.

Finance Minister KAYA proposed on the floor of the Liaison Conference on 28 October 1941 that the government should tide over the crisis and avert war by executing the 4 million ton plan of synthetic oil and by putting it together with storage of oils of the army and the navy. That is, in early morning of the next day, the 29th, I was informed by the chief of the Bureau of the matter and asked for my opinion on it.

In response to our report of "impossible", War Minister TOJO expressed dissatisfaction, ordered more fundamental investigation, and requested the Planning Board to make a thoroughgoing investigation of it in his capacity as Prime Minister.

Finance Minister KAYA further suggested production of 2,500,000 tons of synthetic oil by 1946 - putting the rest off for later years, and to make clear the quantity to be allocated each year. Director-general SUZUKI of the Planning Board, also, expressed his view that he would like to execute a plan to produce 2 million tons of the synthetic oil - using 500,000 tons of steel in two years. I was informed by the Bureau Chief of this and conducted the investigation.

The foregoing statement is the enumeration of the facts that there were continued efforts to avoid the Pacific War, even in the last stage, in the form of economic or technical counter-measure of pushing the synthetic oil industry, as well as the efforts in diplomatic activities.

9. After that, even the Planning Board reached the conclusion that rapid and major development for the synthetic oil was impossible at that stage.

The following is the outline of the part relating to the synthetic oil in the report which the Director-General SUZUKI of the Planning Board submitted to the Imperial Conference of 5 November 1941 and which for the first time put an end to discussions among government officials on synthetic oil.

(1) Assuming that 5,200,000 tons of synthetic oil would be produced, the necessary personnel and materials were:

Steel	2,250,000 tons
Cobalt	1,000 "
Coal	30,000,000 "
Funds	¥ 3,800 millions
Coal workers	380,000 persons

(2) Assuming to have been able to obtain them, necessary time for construction of the plants was:

Approximately 6 months - for low-temperature carbonization plant.

Approximately 2 years - for synthetic plant and hydrogen-attaching plant.

In other words more than three years were required to complete the whole plants.

(3) Besides when closely examining the domestic capacities to produce high-pressure reaction pipe and various "pipes" it was nearly impossible to secure self-supporting policy of liquid fuel in a short time by solely depending upon synthetic oil. And even though to invoke power of authorities, it would take at least 7 years.

(4) Therefore it is not proper under the urgent situations to depend solely upon synthetic oil.

III. Judgement on National Power under "Hypotheses to Open War in April, 1941.

10. Since January 1941, the Preparation Section of the Mobilization Plans Bureau, War Ministry, reached a conclusion that they should avoid the commencement of war, as a result of making an investigation of the national power in regard to the two hypotheses of "opening war on April 1 1941" or "maintaining the status quo". The findings of the investigation were reported to War Minister, Tojo and Chief of General Staff, Sugiyama, both of whom approved the conclusion to avoid the opening of war. I was the person who had supervised and commanded the investigation, and had explained and reported the findings of the investigation to the Minister and the Chief of Staff, and after my report they approved it.

As is seen in the attached certificate (a), the originals of these two reports were burnt. But as I retain in my possession the copies of these reports distributed to me as sectional chief at that time, I am able to produce them.

Besides, prior to the investigation, no other organization in our country had conducted an investigation of that kind. And also I had never taken orders nor directives in advance concerning the investigation from the superiors.

11. "Absolutely no war with the Soviet" was the condition in investigating what happens in case of "opening war". The judgement in the report - which I wrote personally - was that "the national strength of the Empire viewed from the aspect of the materials in our country cannot be safe in carrying out a protracted war against Britain and the United States", and also that "We will have enough strength roughly about the end of two years to crush the enemy. However, there is an apprehension that at about that time a shortage of liquid fuel, at least for a limited period of time, may be experienced and that the economic potential will be much disturbed if the war should be protracted".

As an official document the entire judgement does not exist today as stated above, but from a copy in my possession I am submitting a portion that contains the judgement as Annex I.

Moreover the part of the investigation concerning liquid fuel recognized that "there will be no shortcomings for various operations for the first year", and judge "for the second year, though there will be no difficulties for air operations, heavy oil allotted for sea operations is likely to run short in protracted warfare, and it is hopeless to meet the demand for a decisive battle". We presumed, however, the in case resources in the ^Netherlands Indies could be caught intact and in good condition, the fuel crisis would not arise in the latter half of the second year.

Shipping

Again concerning the shipping which is the motive power of Japan's production, we stated in the investigation that, assuming a war would be opened in April, the vessels to be drafted by the army and navy should be fixed at the limit of about 2,500,000 tons, which was far short of the demands for operations. We thought it possible, however, to open war in winter on the ground that, taking advantage of the slack season of shipping in winter, the additional one million tons of vessels would be available, even admitting some of the drafted vessels would be lost on the way. In the investigation at that time we merely estimated that the loss of vessels would be no more than 400,000 tons at the beginning of war, but there was no small anxiety over securing transportation if situations of war occurred contrary to our expectations. This was because we had heard influential opinions from some officials of the Navy concerning estimated loss of vessels, which estimated 800,000 tons for the first year, 600,000 tons for the second year and 700,000 tons for the third year. Yet we opined that reduction of transport capacity resulting from drafting vessels corresponded to the loss of 6 million tons of coal, 2,350,000 tons of iron ore and other no small amount of materials. As for iron, the level of 4 million tons of production can be maintained by using iron ore stocked previously, whereas much importance should be attached to the result due

to the loss of 6 million tons of coal over various fields of industries. Again, as the materials stocked were bound to be almost consumed during the two years after war opened (68% in the first year, 17% in the second year of hostility), there were anxieties over our resiliency after the third year.

12. In the investigation with the assumption that the status quo would be maintained, we also arrived at a judgement. Although the official document is not in existence, as stated above, the part containing the judgement is attached to this affidavit as Annex II copied from the duplicate in my possession.

Explaining the judgement, firstly we pointed out that, assuming the following conditions, i.e. , Japan would not enter into economic rupture with Britain and the United States, that trading with their colonies in the East Asia would also be continued to a certain extent, and that economic negotiations of Japan with various regions in the South would also make certain progress, the national power of our country. in case the status quo was maintained, would continue to drop in 1941 and 1942, but would take a little upward trend in later years. Secondly, we pointed out that national power would seriously be lowered if the foregoing assumptions did not happen due to a decrease of storage of oil, our national defense would be weakened extremely.

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13. Finally we have reported, under the title "Combined judgement on investigations carried out on assumptions of 'opening war' and 'maintaining status quo'", which was to compare the two investigations, that so long as import of oil was not to be interrupted by an all out embargo we should bear the situation in patience. However, regarding that part there are no official document as certified by the 1st Demobilization Bureau (attached certificate (b)), nor is my copy in existence.

Examining the judgment, firstly we pointed out that assuming the following conditions, i.e., Japan would not enter into economic rupture with Britain and the United States, that trading with their colonies in the East Asia would also be continued to a certain extent, and that economic negotiations of Japan with various regions in the South would also continue progress, the national power of our country, in the state she was maintained, would continue to drop in 1941 and 1942, but would take a little upward trend in later years. Secondly, we pointed out that national power would seriously be lowered if the foregoing assumptions did not happen due to a decrease of storage of oil, our national defense would be weakened extremely.

IV. Freezing of Assets and Catastrophe of Japan.

14. With the freezing of assets on 26 July 1941, Japan was driven into a completely blockaded economy and indeed entered into a position facing catastrophe after the time when she would have consumed her stocked resources in two years. To explain the situation regarding oils which were vital to Japan, the total amount of oils stocked by the army, navy and civilians were:

Aviation gasoline approx.		1,170,000 k.l.	
Ordinary	"	830,000	"
Kerosene	"	320,000	"
Light oil	"	320,000	"
Heavy oil	"	4,430,000	"
Machine oil	"	360,000	"

As against this, volume consumed in 1941 were:

Aviation gasoline approx.		150,000 k.l.	
Ordinary	"	80,000	"
Kerosene	"	10,000	"
Light oil	"	4,000	"
Heavy oil	"	1,050,000	"
Machine oil	"	150,000	"

In consequence if the China Incident continued aviation gasoline would be only 870,000 k.l. and heavy oil 2,330,000 k.l. in two years, which amounted to merely being capable of

sustaining as little as one year for battle in the air against a strong power and for one year for protracted operations on the sea, already too short for decisive battle on the sea.

Thus Japan fell into the so-called sagging difficulties. We were judging, when the army and the navy faced the decisive battles or operations, the amount of aviation gasoline which would be needed would be about 400,000 k.l. each a year, i.e. 800,000 k.l. for both Army and Navy. This exceeded the above-mentioned amount of storage. The amount of heavy oil which would be needed for the navy would be more than 2,000,000 k.l. in protracted operations, which would in two years leave little of the aforementioned stock of heavy oil.

Light oil	400,000
Heavy oil	2,000,000
Gasoline	400,000
Light oil	400,000
Heavy oil	2,000,000
Gasoline	400,000

gasoline would be about 800,000 k.l. and heavy oil 2,000,000 k.l. in two years, which amount to being capable of...

V. Judgment upon the national strength on the basis
of assumption of opening war in November 1941.

15. Encountered with hardship through the freezing of funds and the stoppage of oil importation, ^{the} Preparations Section of Mobilization Plans Bureau, the War Ministry, had been rectifying the investigations of the former judgment on the national strength on the basis of assumption of "opening a war on November 1, 1941" since September of 1941 (16th Year of Showa), but about the last period of the KONOYE Cabinet, War Minister TOJO requested our Section to reexamine its investigations, and asked for a clear prospect, concerning particularly, oil, shipping, iron, coal and other stuffs.

By that time similar investigations were being conducted in the Navy Ministry, too, and discussions had been made between the two Ministries with regard to oil, shipping, etc., but no such investigations had been made in the Planning Board up to that time.

16. The above investigations did not differ so much in substance from the judgment on the basis of assumption of "opening a war in April", but the situation has become more serious than ever, with the decrease in stock of oil resulting from the stoppage of oil importation.

17. Through the investigations made at that time, it was judged that oil could be obtained from the Netherlands Indies to the extent of 1,000,000 K.l. in the first year and 3,000,000 K.l. in the second. But in the subsequent discussion between the Army and the Navy, this estimate was

rectified by the Army to the lowest, i. e. 300,000 K.l. in the first year and 2,000,000, in the second, adding special ingenuities to the method of consumption to overcome somehow that shortage.

As for the result of this discussion, there was of course no change at all in the desire to reach an agreement through diplomatic negotiations.

The authorities concerned in both Ministries were to continue further investigations, taking into consideration a war which might have to be waged in order to get rid of the danger in national defense, resulting from oil blockade, in case the diplomatic negotiations should fail to bring about agreement.

Shipping
18. Next, with regard to the shipping problem, the shipping capacity to be requisitioned by the Army and Navy, and their periodic increase or decrease were ascertained for the first time as the result of that investigation, in consequence of which the prospect of the transportation of goods became gradually apparent, viz.

Firstly, shipping capacity needed:

- (1) In order to continue the import of supplies, a monthly average of 3,000,000 tons of shipping capacity available for goods was needed;
- (2) But when that shipping capacity was reduced to 2,500,000 tons, and if (A) iron and steel and rice were given the allocation of 100% transporting capacity, (B) coal, salt, fertilizers, soya beans, ores, brick and raw cotton could not be given more than 80%, and (C) other resources, 44%.

- (3) When it was reduced to 2,000,000 tons, and if 100% and 70% were maintained for iron and steel and rice in (A) and the important resources in (B) respectively, the other resources in (C) could not be given more than 8%.
- (4) When it was still further reduced to 1,500,000 tons, and even if iron and steel and rice in (A) were cut down to 80%, and the important resources in (B) to 40%, the other resources in (C) could be given but 1%.

From the foregoing it was generally surmised that the situation was serious, although the above ratio could be adjusted among (A), (B) and (C) with one another.

Secondly, shipping capacity available:

- (1) According to the investigation in August, 1941 the actual capacity of ships with more than 1,000 tons was 5,980,000 tons at the end of July, 1941; in addition to this, the total capacity of small-sized ships and controllable steam-launches was 650,000 tons, which were obtained after having been converted by taking into account their availability. The grand total of the above capacity early in November, including 90,000 tons of new ships to be built by October would be 6,720,000 tons;
- (2) If this grand total shipping capacity was reduced by the total capacity of 1,100,000 tons of ships, such as those in dock or detained, tankers, government ships, fishing boats, repair-ships and store-ships (excluded from requisition);

(3) The balance of shipping capacity available early in November, 1941 was 5,620,000 tons.

Thirdly, increase and decrease of available capacity:

(1) Ships lost:	800,000 tons (1st year)
(2) Ships seized:	100,000 " (")
(3) Ships newly built:	430,000 " (")
	550,000 " (2nd year)
	600,000 " (3rd year)

Fourthly, shipping capacity requisitioned by the Army and Navy:

Navy:	1,600,000 tons
Army:	1,800,000 " for first 4 months
	900,000 " after 7th months, as result of gradual decrease.

(Afterwards the Navy and Army will plan to increase requisition.)

Fifthly, shipping capacity needed for transporting goods on public demand based on the above calculation:

(1) Supposing that much damage would be sustained early in the first year.

Minimum: 1,670,000 tons.

Of this, if passenger ships (540,000 tons) were converted into cargo boats (100,100 tons) the actual capacity would become 1,270,000 tons.

Monthly average: Actual capacity 1,300,000 tons for first 4 months.
Actual capacity 2,200,000 tons for the subsequent
8 months.

- (2) If no damage was sustained after the second year, the actual converted capacity of ships for public demand would reach as much as 3,000,000 tons, but if otherwise, the figures would be changed. If, however, 600,000 tons were lost in the second year and 700,000 tons in the third, the above figure, 2,200,000 tons, would decline to some extent. In order to cover this deficit, the only way is to build new ships.

Sixthly, in summing up the foregoing, we judged as follows:

- (1) The transporting capacity 1,300,000 tons early in the first year were indeed too small to hope for anything, but if we had recourse to the compulsory store of iron ores and the utilization of various stocks, and especially if such were limited to the quiet transportation period of winter, production could be maintained, and if that transporting capacity were restored to that subsequent actually converted 2,200,000 tons, the supply of goods of actually converted 2,500,000 tons' space inclusive of various counter-measures would probably be possible;
- (2) After the second year, if no large number of ships were lost through the successful military and naval operations, that transporting capacity would gradually increase.

19. With regard to various important goods, I investigated the matter from the above shipping condition, and taking the utilization of their stock into account.

20. In order to explain the above points, I prepared a diagram and reported it verbally on its basis to the War Minister.

This diagram, however, does not exist at present, as is certified by the 1st demobilization official certificate (C).

The War Minister ordered us to refer it to the Military Affairs Section as it was closely related with other various problems, and studied my report from every angle. The attitude of the War Minister, TOJO, at that time, as far as we subordinates took it, was nothing but to order us to make various investigations.

At that time, although the military circles at large felt a great unrest in regard to making a war, particularly to the shipping situation, there was an atmosphere that Japan could not face the future danger which might be caused by the blockade of oil.

VI. Judgment on the national strength by the TOJŌ Cabinet prior to the opening of the war.

21. When the TOJŌ Cabinet was formed in October of 1941 (16th Year of Showa), it was decided that all the arguments concerning national policies were put aside for the present, and all the problems should be investigated from the very beginning. Thorough-going investigations of the national strength, therefore, without being satisfied with those hitherto made by the military authorities, were instituted, making the Planning Board as the center of examination, and the result was submitted to the Liaison Council, in order to formally form a final estimate of the national strength.

As has already been stated, the problem of synthetic oil was also thoroughly investigated at this time.

22. The following were the judgment of the Planning Board in case war might be avoided:

- (1) Supposing the standing requisitioned ships to be 2,150,000 tons, and newly constructed ships 500,000 tons in the first year, 700,000 tons in the second and 900,000 tons in the third, goods on civil demand of the self-supplying sphere could be transported monthly 5,770,000 kilotons in the first year, monthly 7,770,000 in the second and monthly 8,970,000 in the third.

On the basis of this calculation, 4,820,000 Kilotons of ordinary steel and steel material may be needed in the first year, 4,970,000 in the second, and 5,200,000 in the third.

(2) Next, although goods from French Indo-China and Thai, which are the only supplying spheres for Japan, absolutely needed, because of the world-wide suspension of trade, the procurement of them was expected to become difficult through machination and interference on the part of Britain and America.

(3) In conclusion, the stocks of various goods for domestic consumption will gradually decrease, and particularly so with those of liquid fuel. As an example I may cite the case of crude oil.

The following are the quantities of crude oil for supply:

Home production	1st year	360,000 K.L.
	2nd "	400,000 "
	3rd "	440,000 "
Synthetic oil	1st "	300,000 "
	2nd "	500,000 "
	3rd "	700,000 "

Against the above supply, its civil demands amount to 1,800,000 K.L. If the deficit were to be covered by the military stock, the civil demands can be met until the third year, but at the end of that year, will it become difficult to do so. If classified, the above

deficit will be in Kerosene, ordinary machine-oil, high class machine-oil and diesel crude oil.

Even though a fundamental reestablishment of the synthetic oil enterprise is planned, satisfactory results cannot be expected at present.

23. Next, the prospect of the Planning Board in case of war being waged was that the oil difficulties might be overcome by the procurement from newly occupied areas, and the shipping problem, too, might be solved somehow or other; thereby it was judged that minimum quantities of supply of important goods might also be maintained, viz.

(1) Oil: According to the joint-investigation of the Army and Navy, the total quantities of supply were 850,000 K.L. in the first year, 2,600,000 in the second and 5,300,000 in the third. If the prospect of supply and demand is made on the basis of these figures plus 8,400,000 K.L. of domestic stock, there will be a balance of 2,550,000 K.L. in the first year, 150,000 in the second and 700,000 in the third year, which will meet the need though not satisfactorily. According to the estimate on the 1st of December, air-fuel was 1,110,000 K.L. This will cause some shortage in the second or third year.

(2) Shipping: Transporting capacity was judged on the basis of the supposition that, in order to maintain

the supply of goods, a monthly average of 3,000,000 tons of ships for civilians were needed; damages, estimated from 800,000 tons to 1,000,000 tons in the first year, could be supplemented by 3-year consecutive ship building of yearly average 600,000 tons; and the requisition quantity by the Army and Navy would be 3,900,000 tons in the first period, but would decrease to 2,800,000 afterwards.

(3) Important goods: After taking into consideration the current production quantity of iron and its future decrease, as well as the decrease in rice import from abroad, the procurement of important goods from the occupation areas in the South was anticipated.

(4) After summing up the above, the judgment on the national strength was made in a concrete shape.

24. It was at the end of October that the foregoing estimates were finally agreed upon, and it was on the 1st of November that this was approved by the Liaison Council. And it was on the 5th of November that the President of the Planning Board SUZUKI reported it in the Imperial conference. It is, however, regrettable that this record does not exist at present.

On this 18th day of July, 1947,

at I.M.T.F.E.

DEPONENT: /s/ OKADA, Kikusaburo (seal)

I, OKADA, Kikusaburo, hereby certify that the above statement was sworn by the Deponent, who affixed his signature and seal thereto in the presence of this Witness.

On the same date, at the same place.

Witness: /s/ KIYOSE, Ichiro (seal)

OATH

In accordance with my conscience I swear to tell the whole truth withholding nothing and adding nothing.

/s/ OKADA, Kikusaburo (seal)

Appendix I

Excerpt from a copy of the titled document, prepared by the Mobilization Plans Bureau of the War Ministry, investigated on June 1 in the 16th Year of Showa (1941), re-investigated in March and rectified in April of the same year.

HTAO

Hypothetical appreciation of the Empire's material strength.

Judgment

(1941) The national strength of the Empire as viewed from the aspect of materials cannot be free from anxiety in carrying out a protracted war against Britain and the U.S.A.

As long as the enemies prefer to resort to decisive battles and challenge us accordingly, we should be able to maintain resiliency to destroy them until about the end of the second year. However, there is an apprehension that at about that time a shortage of liquid fuel, at least for a limited period of time, may be experienced and that the economic war potential will be much disturbed if the war situation should be protracted.

This shortcoming will arise from the stoppage of importation and slackness in amplifying productivity. Production of steel

and light metal may become brisk later unless bottoms for transportation are very much depleted, but the expansion of domestic production will not in any way compensate for the stoppage of importation of the materials for the specific steel and non-iron metals; the gradual consumption of the present stock may barely patch up the need of the first two and half years, but will result in an extreme shortage of supply from the third year onward.

As for the supply of liquid fuel, apprehension that there may exist a non-supply period between the time of restoration and development of the Dutch East Indies resources and that of the complete attrition of the heard has not been quieted. This will emphasize the importance of shipping bottoms and will subsequently cause decreased coal transportation, with the result that industry as a whole will slump and the straightened circumstances in the field of light industry materials will pile difficulties on already existing anxieties concerning domestic problems.

2. However, if circumstances so necessitate and Japan, with a view to deliberately seeking a way out of the difficulties, should decide to seize an opportunity of resolutely entering into war against Britain and the U.S.A., the operations should be executed in such a way that the warfare in the southern regions be terminated in the quickest possible manner and the resources

in the Dutch East Indies be captured in the best condition, so that the above-mentioned apprehensions may be eliminated.

With regard to the question of bottoms for transportation, the most discrete attention will be required to coordinate the operations and the economic problems, and, in particular, to secure the existing bottoms.

Needless to say, in determining upon the resolution to wage war against Britain and the U.S.A., the present state of material strength makes it absolutely necessary for Japan to adhere to the fundamental necessity in this war of giving no rise to a Soviet-Japan war and of stabilizing domestic problems.

Moreover, when the resolution upon war is reached, the following points should be thoroughly studied beforehand and counter measures must be prepared to the fullest extent:

1. Because of the protracted war against Britain and the U.S.A., both the means of increasing arm and navy armament and establishment of industries will not develop along the expected course.

2. There will be a considerable declination for a time in supply of various materials.

3. As long as the requirement of materials can be covered with the resources available within the Greater East Asia, the shortage can be filled sooner or later by devising some competent measures to utilize those resources, but the supply of non

ferrous metals and the metals as raw materials for the specific steel will be bound to experience an extreme shortage.

After the occupation of the southern regions, attention should be concentrated upon making the most effective use of such materials as are exclusively found in those regions alone (tin, rubber, quinine) and of the special products of tropics. It is suggested that by offering these items to Germany, Italy and other axis countries as well as to the Soviet and other neutral countries, efforts should be made to obtain in exchange from them or from other parts of the world through their intermediation the required materials to promote the war potentials of the Empire. Attention must also be drawn to the surplus materials of that area which will have to lose their world's market through Japan's occupation, and a new trade policy should be established in such a way as would minister to each other's wants among Japan, Manchoukuo, China and the southern regions. The question of bottoms for transportation has great influence upon practice of this policy, and its outlook so far is not quite reassuring.

Before making any determination in relation to the above appreciation as to the propriety and the time of execution of war against the southern regions, the separate report entitled "Deduction of Empire's strength based on the appreciation of the present situations" should also be studied and a synthetic decision be made thereupon.

Appendix II

"Hypothetical appreciation of the Empire's material strength on the basis of the present conditions".

(Excerpt from a copy of the titled document, prepared by the Mobilization Plans Bureau of the War Ministry in March in the 16th Year of Showa (1941))

1. Decision

Japan should expedite economic negotiations with the Netherlands Indies as soon as possible to devote herself to the establishment of the selfsupplying sphere of East Asian countries. Simultaneously, she should avoid provoking Britain and America meaninglessly, relying to the end upon the resources of their "block", to foster her national strength, thus prepare herself for possible war in the future.