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DIRECT EXAMINATION OF MAYAMA, Kwanji
by Mr. Kaino, counsel for SUZUKI

18,357

The witness stated * that he was research secretary for the Planning Board and he was engaged in the establishment of materials, mobilization and plans for each quarter of the year. His task entailed the making of an estimate of supply of materials and supplying them to various quarters requiring them. In other words, he was to allocate the stock on hand.

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He identified part three of Exhibit 842 and stated that * this plan was formulated in the Planning Board when he was engaged in his work. He would say from his work that the plan was a loose one, hypothetical and idealistic. As a natural result, the plan was behind two years in execution and certain items were impossible. If the plan were to take effect in 1939, there should have been another plan already in execution in 1938. There was no such plan * and this plan was formulated in January of the 39th fiscal year.

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The figures make no distinction as to whether the goal is for plant installation or for production. It does not say whether it gives the production goal or the goal with respect to plant installation. The factors necessary for execution, such as immediate or direct raw materials, subsidiary materials, and transportation, are missing.

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The Material Mobilization Plan was not formulated to increase production or expand productive power. It involved merely the power of supply and involved the adjustment, coordination and allocation of supply. The business of the Planning Board * is nothing more than coordinating this matter as it relates to the various ministries. As to supply power, the various ministries report to the Planning Board their schedule of possible supply in accordance with their peculiar conditions. Depending on the supply powers estimated from the reports, the Planning Board sets up an estimate with regard to meeting their demands.

For example, if the demand or request is from the Army or Navy, it may be beyond the supply on hand or available. The various ministries are then consulted and the

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allocation of the limited supply is there adjusted. If there is no agreement among the ministries, there can be no Material Mobilization Plan.

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When the ministries make a demand for allocation, explanations or indications are given by all ministries except the Army and Navy, and they do not do so because it involves military secrets. There is a military secrets protection law.

The Material Mobilization Plan generally covered about 400 items and the principal item is always iron. He had no definite recollection of the demands of the various ministries since they were extremely complex and voluminous, but he recalled the outline of allocation.

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Steel allocation was extremely complicated because of distribution control and there are differences depending on the year. In 1938 steel allocated to the Army and Navy was 1,250,000 tons. In 1939 it rose to about 1,500,000 tons; in 1940 to 1,650,000, and in 1941 to 1,850,000. When he said it varied according to circumstances, he would have to mention the affiliated munitions industry, which involved the construction of roads and sewerage with respect to the building of aircraft manufacturing plants.

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At the beginning the materials were supplied by civilian sources. With each fiscal year the supply became increasingly difficult and the allocations were considered by including all these matters under general allocations for the Army and Navy, and the increase of 200,000 to 300,000 tons each year included all civilian supplies taken into account, and therefore the demand for steel in the various years shows no noticeable change.

There is, therefore, no noticeable change in the total supply capacity of steel each year. Generally, the figures in the plan are either 4,800,000 to 5,000,000 tons, and in the light of various domestic conditions there was a general decrease of 10 to 20 percent. This decrease affected the allocation to the Army and Navy. Also, other branches of industry have been under considerable restriction and limitation * as to supply.

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With respect to Army and Navy peacetime demand of steel for 1939-41, their total demand was 2,500,000 to 3,000,000 tons. Under the circumstances, only 50 to 60 per cent of the amount demanded could be allocated to them in peacetime. This iron was not all produced in Japan. Generally, Japan can not produce more domestic iron than 2,000,000 tons annually. The remaining two or three million tons needed to meet domestic demands had to be imported in the form of scrap iron.

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With respect to imports of all materials, plans were drawn up to July 7, 1941. With respect to importation funds there are two problems. The Material Mobilization Plan, because Japan's economy relies on foreign trade, had to consider the allocation of foreign assets. With respect to the execution of the plan a great difficulty was experienced because of the annual decrease in imports and import funds were calculated on the basis of f.o.b. prices.

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Import plans on the basis of f.o.b. calculation is a normal practice in international peacetime trade. However, after the outbreak of the Pacific war, the calculations were made in accordance with c.i.f. prices. * This was adopted to insure complete and safe arrival of goods included in the import plan and was adopted to avoid dangers at sea.

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In formulating the plan for the fiscal year 1941 there was no directive, order, or instruction of any kind either from the president of the Planning Board or from the Army and Navy to the effect that there was a war coming. This was true up to the outbreak of the Pacific war. He himself was the official in charge of Material Mobilization and participated as such in drawing up the mobilization plan for the fiscal year 1941. This plan did have certain special characteristics. * The first quarter covered April to June and had to be completed by the early part of April. In view of the confusing international situation and the heavy demands made by the ministries for materials, no adjustment or formulation of plans with respect to these materials could be made. Therefore, the Material Mobilization Plan for the first quarter of 1940 was used as a basis and a provisional plan was set up.

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Annual plans were completed generally around the middle of June. However, this plan was not carried into effect. This was due to the fact that right before it was to go into effect * the German-Soviet war broke out and the import plans on imports from Germany had to be omitted. While making revisions and modifications, the general ban on American exports to Japan took place in July and it was necessary to omit all import plans with the exception of those concerning French Indo-China and Siam. There was, therefore, a decrease of from 40 to 60 per cent of the amount of materials considered in the scheduled plan.

To adjust the allocation to the Army and Navy five steps had to be taken to meet the contingency. That is, the utilization of domestic stocks, the strengthening of the collection of all available materials, the increased use of substitutes, stringent economy, and readjustment of use.

NARRATIVE SUMMARY OF THE RECORD

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With respect to materials other than iron, already mentioned, there was a general increase in material allocation to the Army and Navy of from 5 to 30 per cent completed by the end of August. In special steel and petroleum the allocation to the Army and Navy was decreased because of the plan. The reason for the increase of allocation of materials was that the aggravation and expansion of the China incident enhanced munitions requirements. The increase on munitions materials was effected by consultation by the various departments. Since the matter was serious so far as civilian quarters were concerned, consultations were held between the various ministries. As a result the normal demand for civilian purposes of one million tons of iron was reduced to 500,000.

It was not customary in drawing up a Material Mobilization Plan for each minister to make direct demand to the president of the Planning Board. The competent section within the ministry would directly approach the comparable party in the Planning Board. There was one exception in the fiscal year 1941. In speaking of that year a supplementary demand for steel was made by the Vice Minister of the Navy. At the same time, a demand for extra steel was made by the chief of the Materials Mobilization and Adjustment Bureau of the War Ministry.

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With respect to this demand, the president of the Planning Board, * due to the fact that it was no special situation or condition, and because of the inferior weak supply of materials at that time, did not recognize these requests. This continued until the beginning of December and the plan for carrying out the Material Mobilization Plan for the final quarter of the year was not put into effect until mid-December.

The figures given for the allocation of iron to the Army and Navy referred to by the witness were taken from the figures in the plan, and in carrying out the plan it was found that there was a decrease in steel production and in steel products. About 100,000 tons were required to fill in the gap created by the decrease in production. There was, therefore, a net increase of 100,000 tons of steel.

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- 18,375 The witness stated that the production volume figured in the production expansion plan and the supply volume in the Materials Mobilization Plan are inseparable. For example, under the Materials Mobilization Plan for 1941 the supply capacity of iron was 4,810,000 tons, of which 4,710,000 was domestic output, including scrap iron imported. This 4,710,000 tons is included
- 18,376 in the plan for production expansion. * To reach this goal of 4,710,000 tons in the production expansion plan, it was necessary to draw the supply therefor from the 4,810,000 tons, the fixed maximum.
- To produce 4,710,000 tons a certain amount of iron is necessary. Part of the supply which is drawn from the 4,810,000 diverted for the expansion plan, was also drawn from the 1,600,000 tons. The figure 4,710,000 corresponds to the volume of iron called for in the production plan for the year 1939, which was
- 18,377 7,260,000. This will indicate how inseparable and inter-related * are the mobilization plan and the production expansion plan. The production expansion goal for the year 1939 was not actually adopted in it when formulating the material mobilization plan.
- The Army and Navy, from the point of view of result, were non-cooperative in 1939 with the cabinet on the production expansion plan. Since the volume that could be supplied from the material mobilization plan was exceedingly small, the Army and Navy stated that it would be impossible even to settle the immediate problem, the China incident, and they would like to have more materials allocated by scrapping the production expansion plan.
- 18,378 As a result, measures were taken * to increase the allocation to the Army and Navy. As a result of the conference, the production expansion began reduction and reproduction.
- When asked by the President why the import plans after June 1941 considered only French Indo-China and Siam, the witness stated that up to July 1941 the import plan continued to include items not banned from import into Japan from foreign countries. After July, since the importation of hoped for items from abroad were banned by export embargoes from the countries of origin, the plans incorporating these materials had to be abandoned. Imports from Netherlands East Indies were also impossible. Not being the official directly and personally in charge of Manchukuo trade relations, he was not familiar as to why trade relations with Manchukuo were different.

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Testified: 13 Mar 47, R. 18357