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HEADQUARTERS
UNITED STATES STRATEGIC BOMBING SURVEY
OIC, CHEMICAL AND RUBBER DIVISION
(PACIFIC)

INTERROGATION NO. 163

PLACE: Room 823, Meiji Bldg.

Division of Origin: Oil, Chemical and Rubber.

DATE: 25 October 1945 - 0900

SUBJECT: Back ground, makeup and functions of the Chemical Bureau.

Personnel interrogated and background of each:

MR. TSUDA, Hiroshi: President, Chemical Bureau
July 1943 to November 1944. President Chair-
man of the Board Gas Industry Control Association.

Where interviewed (Office): Oil, Chemical and Rubber, Room 823.

Interrogator: Lt. Comdr. W. H. EVANS, USNR

Interpreter: Lt(jg) H. A. DEANE, USNR

Reference: USSBS Interrogation no. 91.

Summary:

1. The object of the interrogation was to verify and establish the relationship between the Chemical Bureau and the Chemical Industry Control Association in the effects of their control on the chemical industry.
2. The General Planning Board was responsible for allocations and priorities for strategic materials (raw). With respect to all industry, the allocation of raw materials fell into three categories: A. Class A - Army, B. Class B - Navy, C. Class C - Private Industry. Raw materials available to C were subject to fulfilment of A and B quotas. Five private industries in the chemical field shared in the primary consideration of the Planning Board. These were: A. Aircraft, B. Shipbuilding, C. Iron and Steel, D. Light Metals, E. Coal.
3. The Chemical Industry suffered on account of the allocation explained in (2).
4. Mr. TSUDA lists the 10 most critical chemical products as follows:

a. Potash (K_2CO_3)	f. Benzol
b. Ammonia and Nitric Acid (NH_3 and HNO_3)	g. Cement
c. Sulfuric Acid (H_2SO_4)	h. Synthetic Glass (phenol base)
d. Soda Ash and Caustic Soda (Na_2CO_3 and $NaOH$)	i. Carbide (Products)
e. Methanol	j. Coke Oven By Products.
5. At no time during the war was there any appreciable production of synthetic rubber. Three plants were constructed, but none of them exceeded the pilot plant stage.

PERSONAL BACKGROUND:

Brief of Activity

Year

1925 Graduated Tokyo Imperial University - Law.
1925 Commercial Affairs Division Ministry of Commerce and Industry.
1928 Commerce and Industry. Not connected with any particular industry or specialty.
1930 Patent Bureau of Ministry of Commerce and Industry. Industrial Affairs Bureau, regulating and supervising small concerns within the Control Association, a semi-official organization for the protection of the small businessman. The larger private concerns had their own private associations.
1934 Foreign Trade Ministry. Engaged in no chemical industry activity.
1935 Sent to Manchuria in that branch of the Ministry of Commerce and Industry which is engaged in general commerce and development.
1937 Returned to Japan with the Ministry of Commerce and Industry with the Fuel Bureau as head of the refinery gasoline allocation program. Contacting producers.
1939 With the Ministry of Commerce and Industry as assistant to Minister and Vice Minister in charge of records and statistics.
1940 Head of the Coal Section of the Fuel Bureau. In charge of the allocation, production and distribution.
1941 Headed the Mining Bureau.
1943 Headed the Metals Bureau of the merged organization. Stemming from the Iron and Steel Bureau and the Mining Bureau.
1943 Went with the Chemical Bureau in July 1943
1944 Chairman of the Board of the Gas Industry Control Association.

In January 1941 the Diet passed the Organic Synthetic Business Enterprise Law (Yuki Gosei Jigyo Ho). This enactment set up the following:

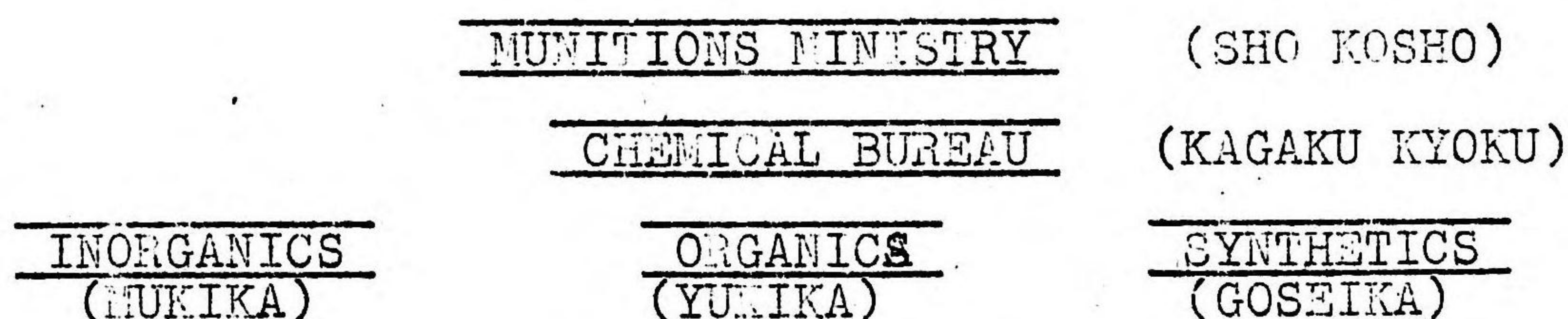
- a. A line of demarcation between organic and inorganic chemicals. Specific products were tabulated in one category or the other.
- b. A system of licensing the construction of new plants. For example, in order to build a synthetic rubber plant, private industry was required to obtain permission thru the Ministry of Commerce and Industry.
- c. An allocation program for raw material relating to the quota established by the General Planning Board for private industry.

The Cabinet Planning Board was abolished on 1 November 1943 when the Munitions Ministry was established. The new Munitions Ministry assumed the planning functions of the Planning Board. Allocations of raw material as well as replacement parts, new equipment and the supply of essential materials was a function of the Planning Board and continued along as a function of the Planning Panel of the Munitions Ministry.

All available raw material was allocated to both military controlled and private controlled industry by the Cabinet Planning Board*. On the basis of producing capacity, planned capacity and new construction, raw material requirements for the coming year were calculated. These were then balanced against available sources and adjusted on a pro rata basis to equalize the difference between requirements and actual availability. The pro rata share was not based on the planned capacity of the industry, but rather on the decisions of the Planning Board.

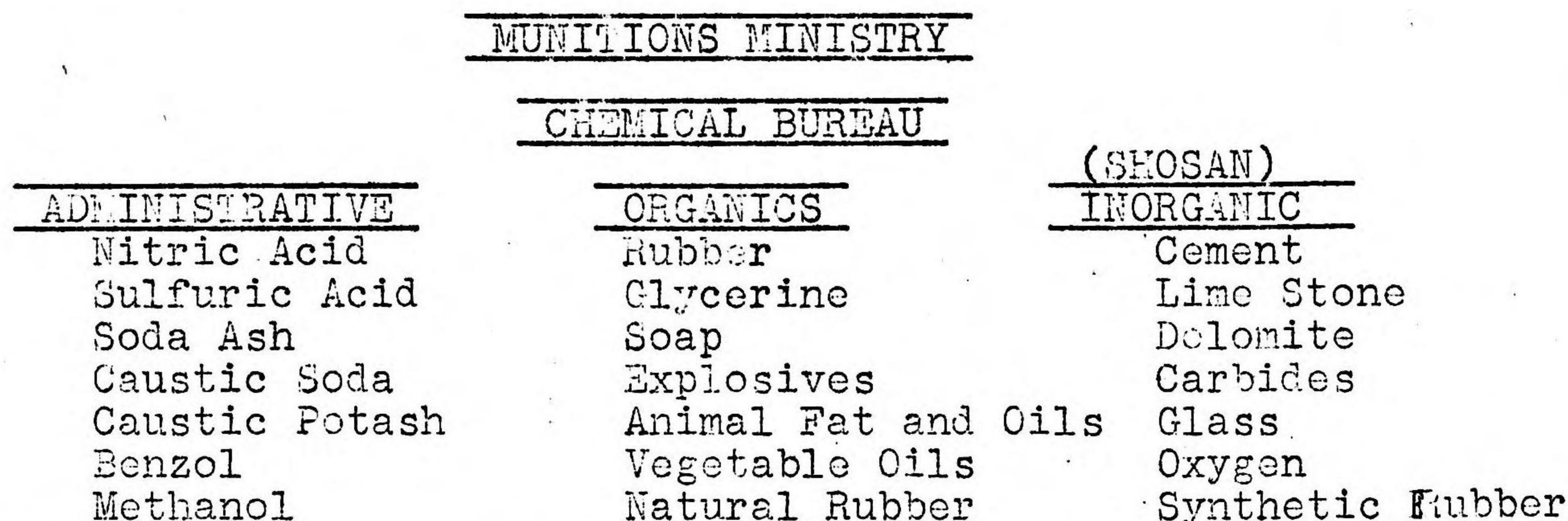
Prior to August 1943 there were three Departments under the Chemical Bureau. These were: (1) Organics, (2) inorganics, (3) Synthetics. The following organizational chart outlines the relationship of the three departments:

CHEMICAL BUREAU ORGANIZATION CHART (Prior to Aug.43)



During August 1943, the Synthetics Department was merged into the Inorganics department and a new, third Department was organized. This was termed the Administrative Department; yet, it controlled the key chemical products as shown in the new organization chart below.

ORGANIZATION OF THE CHEMICAL BUREAU (after August 1943)



Mr. Tsuda Listed the Synthetic Rubber plants as follows:

- | | |
|---|----------|
| 1. Mitsui Chemical Company | Omuta |
| 2. Sumimoto Chemical Company | Niihama |
| 3. Japan Synthetic Chemical Company | Toyama |
| 4. Mitsubishi Chemical Industries, Ltd. | Kurosaki |

Control of Synthetic Rubber industry was entirely in the hands of the military. Priorities for both raw material and new construction were arranged by private deals directly with the Army and Navy. The cognizant military agencies handling such matters were:

- Army - RIKUGUN SEIBIKOKU (Military Supply Bureau)
Navy - KAIGUN SEIBIKOKU (Military Supply Bureau)

The following list of chemical products is one prepared by Mr. Tsuda when asked to name the 10 most important chemicals so far as the Japanese war effort was concerned.

- | | | |
|----------------|------------------|--------------------------------|
| 1. Potash | 4. Sulfuric Acid | 7. Benzol |
| 2. Nitric Acid | 5. Methanol | 8. Cement |
| 3. Ammonia | 6. Carbides | 9. Synthetic glass. |
| | | 10. Soda Ash and Caustic Soda. |

Figure 1. illustrates the allocation of all raw materials into the two general categories, namely, military and civilian production. No attempt has been made to indicate scale; yet, at the same time it was definitely stated that all raw materials made available to private enterprise producing for civilian needs amounted to a fraction of the total. The Cabinet Planning Board classified all available raw material into three categories. Class A went to the Army for munitions manufacture; Class B went to the Navy for munitions manufacture; and what remained for private production of civilian needs was classified, Class C.

The system of allocation of raw material set up by the Planning Board was complicated by the fact that certain private concerns made direct negotiations with the military authorities and were licensed to manufacture munitions under contract with the Army or Navy. (Reference is made to USSBS interrogation # 91, dated October 19, 1945). In such cases of private arrangements with the military, priorities on raw material was obtained by private concerns by the Army or Navy earmarking a portion of their Class A or Class B raw material allowance to that particular plant.

Figure 2. illustrates the allocation of all available raw material to producing industries on the basis of the so-called Important Industries Regulation. All raw material going into privately owned plants for the production of material for civilian use as well as military uses was allocated into 6 categories the 5 important industries and all others. The 6 important industries were:

- | | |
|-------------------|-----------------|
| 1. Aircraft | 4. Light metals |
| 2. Shipbuilding | 5. Coal |
| 3. Iron and Steel | 6. All others |

The chemical industry was not given a favored position and suffered on this account. When questioned as to the responsibility for this situation and its effect on the overall ability of the industry to meet war emergency, Mr. Tsuda stated that, had he been charged with the question of allocating raw material he was inclined to believe that he would have followed the same general procedure. He further stated that even though the chemical industry was thus definitely handicapped in their efforts for war production, it was a question of concentrating on end products which would be immediately available to the Army and Navy or whether to allocate the raw material to basic processes in an insufficiency of raw material all along the line and it was decided to divert the lion's share to producing facilities manufacturing materials that went directly to the fighting fronts. If two plants A and B each required the same basic material for their processes, but A manufactured explosives and B manufactured material which was essential in a number of processes for war production, the decision to divert raw materials to satisfy the requirements of A at the expense of B was made by the Planning Board. The chemical industry suffered on that account, but the situation was so desperate that Mr. Tsuda was inclined to favor the alternative of producing for immediate Army and Navy requirements.

ORGANIZATION OF THE CHEMICAL BUREAU - BUREAU OF INDUSTRY

Prior to 1 November 1943 the Chemical Bureau was organized under the Ministry of Commerce and Industry. On that date the Ministry of Commerce and Industry and the Ministry of Agricultural and Forestry were reorganized into the new Agricultural and Commerce Ministry, but the Chemical Bureau was placed under the new Munitions Ministry in order to permit greater wartime economic control. This organizational setup remained intact until 15 August 1945 when the Chemical Bureau was abolished and its functions were assumed by the new Bureau of Industry.

RAW MATERIAL ALLOCATION

Fig. 1

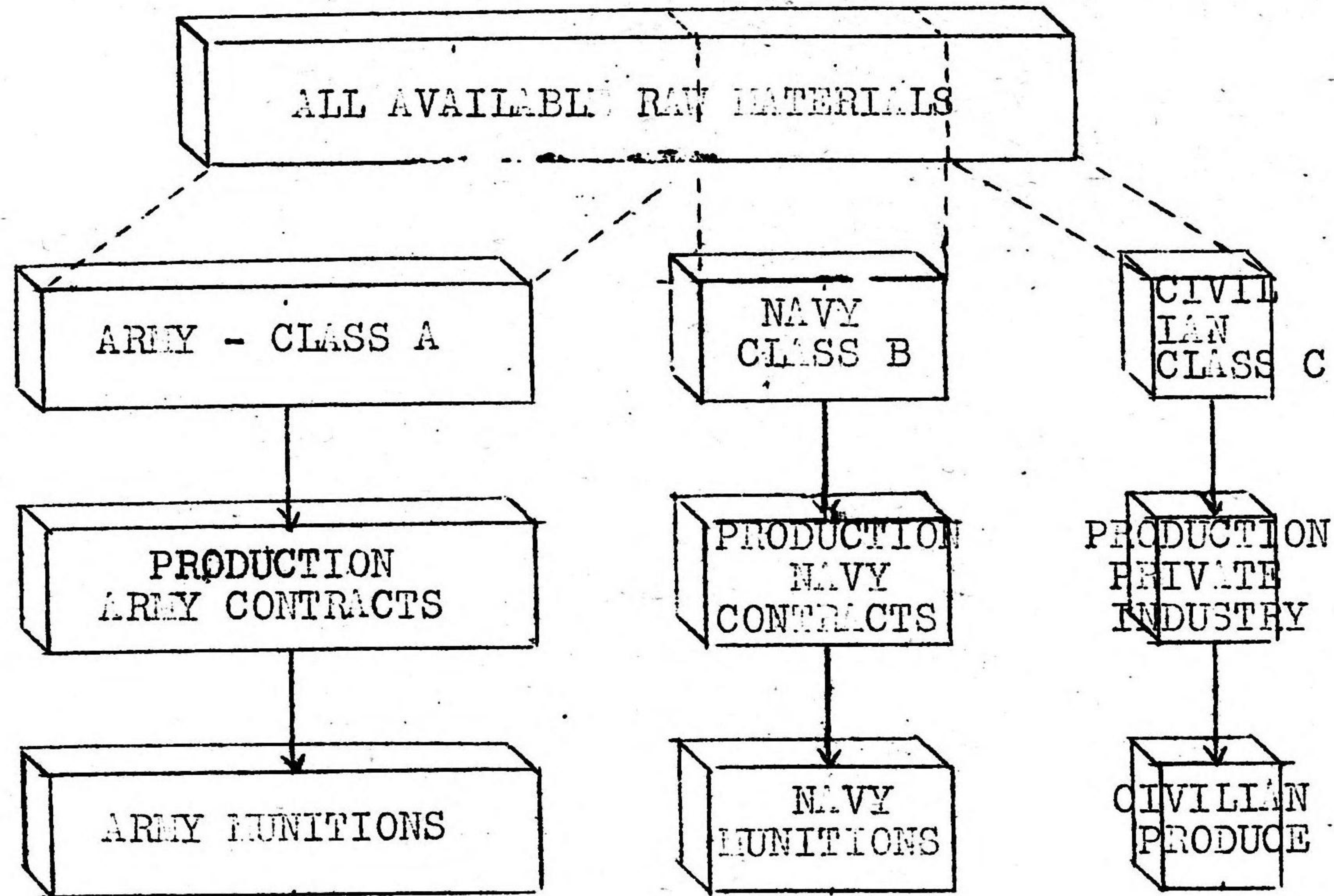
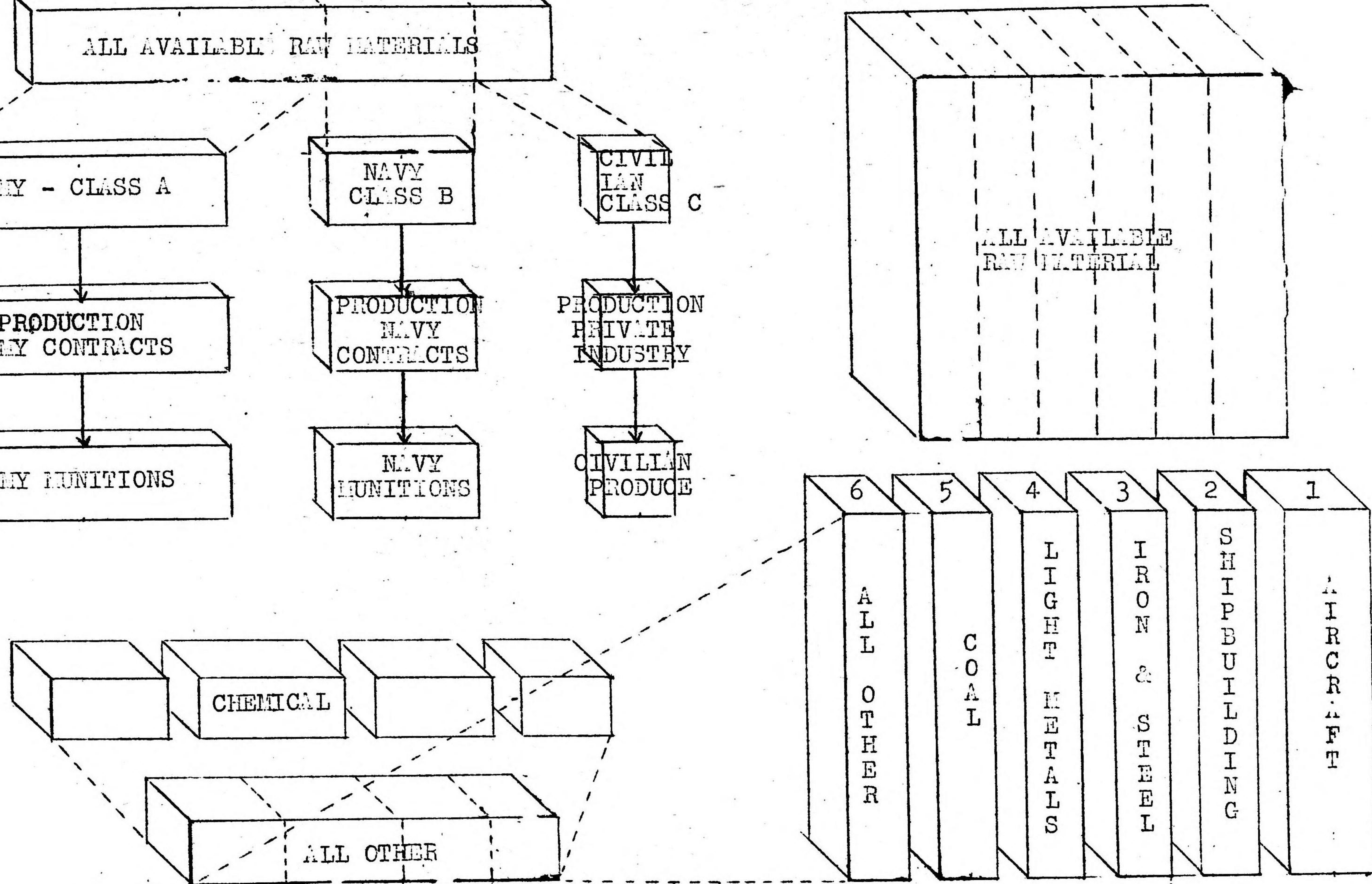


Fig. 2



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