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PLACE: TOKYO, JAPAN.
DATE : 21, 24 Nov. 1945.

INTERROGATION NO. 504

Division of Origin: Overall Economic Effects

Subject: Personal Views on social and economic development during the war.

Personnel Interrogated and Background of each:

Mr. FUJIWARA, Ginjiro - accompanied by his Foreign Secretary, Mr. Ichikawa.

Where Interviewed: Main Conference Room, Meiji Bldg.

Interrogators: Mr. Bisson
Major Armstrong
Lt. Dorr

Interpreter: Mr. Millard

Allied Officers Present: Brig. General Gardner
Colonel Terrell
Colonel Cole
Lt. Comdr. Leighton
Ch.Sh. Clk. Ordell

SUMMARY

The Industrial Equipment Corporation, headed by FUJIWARA in 1942-43, organized the conversion of peacetime industries (as textiles) to munitions production and took charge of a shipbuilding program. In this respect, as in connection with the Control Associations, Fujiwara criticized excessive government (Army-Navy) interference with the business leaders' handling of production.

When matters became serious, Tojo agreed to establishment of the Cabinet Advisers Council so that the business leaders could offer advice on production problems. In this line Fujiwara conducted administrative inspections of coal supply for the steel industry and of airplane production in 1943. The recommendations he made are indicated in some detail on these matters. He gives Army-Navy competition in the aircraft industry as the reason for establishing the Munitions Ministry.

He presents a rather detailed picture of alumunum supply difficulties (including serious waste) in the aircraft industry in 1943.

His third inspection dealt with shipbuilding, on which his analysis is presented in some detail.

On the Munitions Ministry, Fujiwara underlines the Army-Navy competition as a major source of difficulty. His analysis of Zaibatsu relationships when he resigned stresses difficulties with the new Zaibatsu and their quarrels with the old-line Zaibatsu.

INTERROGATION NO. 504.

SUMMARY (Cont'd).

The small plant program for iron and steel was adopted when materials for the big plants were relatively available. Working with poor coal and ore, the small plant program failed, both in Japan and on the continent. Later, the big plants experienced increasing shortages of good coal and ore, until they were virtually forced to suspend operations. Some of them were even broken up for scrap. At this period an abortive effort was made to transfer some of the big plants to the continent.

INTERROGATION NO. 504.

FUJIWARA GINJIRO

Born: June 1869, Nagano-ken, 3rd s. of FUJIWARA Mohei; m. Roku, aunt of TAMURA Tetsuzo.

Career:

1891	Graduate of Keio University. After Graduation became Editor-in-Chief of Matsue Nippo. Joined Mitsui Bank. Transferred to Mitsui Bussan Kaisha.
1909	Manager of Shanghai, Amoy and Taihoku Branches of Mitsui. Chief of Lumber Dept. of Mitsui Bussan Kaisha.
1911	Entered Oji Paper Mfg. Co.
1929	Nominated Peer.
1935	Made inspection trip of Europe and America.
1937	Publication of his book "Kogyo Nihon Seishin". (Spirit of Industrial Japan).
1938	President of Japan-Sweden Society; object of society was to foster good will between Swedish and Japanese people.
Jun 1939	Donated funds to establish Fujiwara University of Technology.
1940	Listed as Chairman of Oji Paper Mfg. Co.; of Tohoku Shinko Pulp Co; Hokkai Hydro-Electric Power Co.; Uryo Electric Power Co; Vice Chairman of Manchuria Immigration Association; resigned from presidency of all other companies.
Jan 1940 - Jul 1940	Minister of Commerce and Industry YONAI Cabinet.
Dec 1941 - Oct 1943	President of Industrial Equipment Corp; succeeded by HIROSE Hisatada.
Feb 2 1942 - Mar 17 1943	Adviser to the Navy Ministry.
Mar 1711943 - Nov 1943	Member of Cabinet Advisory Council.
Nov 17 1943 - Jul 18 1943	Minister without Portofolio in TOJO Cabinet and concurrently Government Inspector of Factories by Imperial Order.
Jul 10 1944 - Dec 19 1944	Had been inspecting iron, steel and coal industries in Korea, Manchuria, and North China.
Jul 21 1944 - Dec 19 1944	Minister of Munitions in KOISO Cabinet: Succeeded by YOSHIDA Shigeru.
Feb 15 1945 - Apr 26 1945	Member of Cabinet Advisory Council; assigned to important mission pertaining to increased production of iron and steel.
May 4 1945	Arrived at Hsinking to assume post of Imperial Supervisor of Manchoukuo's War Industries; title-Special War Potential Inspector.

MR. BISSON

Q. During the first two years of the war, you were President of the Industrial Equipment Corp. Would you comment on the general functions of this organization?

A. At first, this organization was ordered by the government to shift industry from peace-time production into heavy industry. For instance, there was the spinning industry which, up to that time, had produced heavily, but which was no longer needed. This was turned into scrap iron and turned over to war industries.

Q. During these first two years, how far would you say this transformation had gone - had it taken over the major part of the textile industry or what proportion had been converted?

A. At present I do not recall the exact percentage of the spinning industry's equipment which was turned into scrap for the effort, but I would say that it was more than half anyway.

Q. That more than half means during the first two years?

A. Yes, by the end of the two years. Another one of the objectives of this organization was the production of ships. As you know, early in the war, the Japanese Government faced a growing shortage of ships due to sinkings by submarines and air attacks. Therefore, the government ordered us to build ships. In order to keep down shipping costs, orders were placed with the shipbuilders. These ships were then taken over by the Industrial Equipment Corp. and sold to the ship purchasers at a price below the cost of production. The Corporation absorbed the difference between the high cost of production and the low cost at which the ships were sold to the purchaser.

LT. DORR

Q. Why was this organization not set up as a government bureau?

A. This organization was not a stockholding corporation - it was organized as a result of the setting up of a public corporations law which was debated in the Diet and finally established, and I was made the first President of it.

Q. When was it set up?

A. It was set up in the early part of 1942.

Q. And, did it have any planning or policy-making functions, or was it purely a financing and subsidy arrangement?

A. All the planning was done by the government and we were simply given the orders which we attempted to carry out.

Q. In the operations of this corporation, would he say that it was allowed to operate freely enough so that it contributed to an effective use of materials that were available?

A. The corporation had very little liberty in these lines. We were simply ordered by the government to take the equipment of the spinning companies and turn it in for scrap. Of course, the companies themselves were loath to do this and ours was the unhappy task of explaining the thing to them and seeing to it that they broke up their machinery.

MR. BISSON

Q. To what extent were these machine tools and other equipment convertible to war industries without being actually turned into scrap?

A. I don't recall now how much of that there was. Of course, such things as motors and machine tools were transferred for use in heavy industries but the amount of such equipment was very, very small.

LT. DORR

Q. Who determined the compensation that these companies were to get in turning in their equipment?
A. An appraisal association was set up at the instance of the government and this association carried that function.

Q. And, then the corporation paid whatever was decided was the fair price?
A. Yes, the corporation paid those funds exactly as they were assessed by the appraisal association.

Q. Were there any other industries which were converted other than the spinning industries?
A. Yes, there were others. I cannot say right now just which ones, but in general, any peace-time industry which was not essential to the war was changed. There was the paper mills - the weaving industry, and similar outfits.

Q. Did the corporation decide which industries should be converted or was that given to them by some other organization?
A. This was all decided by the government.

MR. BISSON

Q. You stated that the corporation did not have control over the uses of these materials. Would you express your opinion as to the uses of them. Did you think this operation was conducted efficiently?
A. To me, a business man, it did seem that things went very slowly under government control, but I suppose that for a government, that is about all that could be expected.

Q. Was it merely because the operation proceeded too slowly or were there other short-comings in the way the matter was conducted?
A. With regard to the two lines of work that I have already mentioned, I don't know of any specific shortcomings aside from the fact that they were too slow. However, in another line of activity, I do think, as a business man, that there were errors in judgment and operation. For instance, as the war progressed and it became apparent that iron production must be increased, the corporation was ordered to build a large number of war plants to be turned over to private operators. The corporation put up the money for these plants. However, with the war developed to the state in which it was, it seemed foolish to build such plants when they would prove of so little value to us.

LT. DORR

Q. What do you mean by "such plants" - were they blast furnaces, open hearths or what were they?
A. Well, for example, Japan had been importing the bulk of her iron ore from Hainan and the Yangste Valley but as shipping became scarce, it became more and more difficult to supply this ore, which was used in the steel mills at Yawata and Hirohata. To make up for this loss in steel production, the government ordered the corporation to build a large number of small number of small steel plants to utilize the low-grade ore found in Japan.

INTERROGATION NO. 504 (Cont'd)

Q. When did it make this decision and where were the plants to be built - in Japan or in Korea?
A. These organizations were small and I don't remember in detail, but I would say that they were begun about a year after the corporation was set up, and most of them were on the Japanese mainland, although there were a few in Korea.

MR. BISSON

Q. Is his general idea here that the error lay in the fact that it would have been better to have the private industrialists build these plants rather than the government?
A. Well, I give this example as to steel production because it illustrates a point: The government ordered us to build these plants and lend them to the operators but we felt it was not wise because such plants would not be able to produce advantageously nor come up to the expectations of the government, and so business men, we advised against it. However, the government did not listen to us, but simply ordered us to carry out their plans.

Q. Why wouldn't the plants produce?
A. I would think that the biggest reason why things went badly was that the government was unreasonable to begin with. It did not know the actual situation - neither the Army, Navy nor Munitions Ministry fully comprehended the problems involved. Furthermore, many of the operators to whom these factories were turned over were inexperienced and, therefore, unable to carry on the work advantageously.

Q. Then, in the early months of '43 after the Cabinet Advisors Council was set up, were the Cabinet Advisors active in suggesting improvements?
A. Yes, such advice was given.

Q. What were the main problems before the Cabinet Advisors Council in its early months?
A. In answering your question, perhaps I should give you some fundamental reasons for the creation of this Advisory Council. At the beginning of the war, the military was resolved to have as little as possible to do with civilian capitalists or specialists. Their objective seemed to be to handle and control everything themselves. However, things did not go too well and during the Tojo Cabinet period, they realized their mistake and decided it was time to let "the candy make the candy"; i.e., they realized that shipbuilding should be in the hands of shipbuilding experts; that aluminum production should be directed by specialists in that field; that banking should be done by bankers; and, that industry should be run by industrialists. It was in connection with this shift in policy that the Advisory Council was set up.

Q. In the Cabinet Advisors Council, you had a group of eight or nine advisors - each one of those men - Suzuki, Yamashita, Fujiwara, etc., were the heads of very important industrial control associations. They were also the heads of their own previous enterprises in many cases. Were these men not already running their own industries? To what extent was the Army running their businesses?
A. As I explained, this Council was set up because the government - Army and Navy - had discovered the plans were not being carried out too well and they needed expert advice, and for that reason these men - Suzuki for advice on aluminum production and related fields; Yamashita for shipbuilding - and I, too, as a counselor, gave considerable advice.

Q. That does not answer the question I asked - These men were already heads of the control associations?

A. Perhaps I should explain further that although these men were already at the heads of their respective organizations, still because of the controls and interferences of the government, they had been limited and could not express themselves freely, but this change brought about a situation wherein these men were given more freedom and could express their opinions and give advice.

LT. DORR

Q. How was the control formerly exercised - in what way were they controlled?

A. For instance, the government, i.e. the Army and Navy, interferred with these companies down to the smallest details and issued orders and directives just as they would to a group of soldiers so that companies themselves were considerably restricted.

Q. You mean, in the actual operation of the productive facilities?

A. Let me give you some examples as to why things did not move so well. For instances, these companies, after making considerable studies, realized that they should pay certain wages to get the manpower they needed, or that they should give bonuses in order to increase production. However, the government would not listen to their advice and refused their request. Furthermore, the military often sent men into the factories just because they were favorites of the military and very often these men were inexperienced and could not carry the responsibility assigned to them. Things like this greatly interfered with the operation of the companies.

MR. BISSON

Q. The Major Industries Associations Law gave the heads of the control associations great power - were these directives and Army-Navy interference in violation of the statutes which set them up?

A. This did not constitute a violation of that law since the heads of the control associations had to get permission from the government to make any changes inwages or to pay bonuses or to shift manpower.

Q. Were these problems in the back of the minds of the Cabinet Advisors Council when it considered the formation of a Munitions Ministry?

A. This matter of setting up a Munitions Ministry had no connection with the Advisory Council. In this Council, the advice of specialists was called for as the government realized the shortcomings in its own policies and since these specialists pointed out to the government some serious situations, administrative inspectors were established and made a careful survey of industry in an effort to bring about necessary reforms.

Q. What connections were there between these inspectors and the series of personal reports by members of the Advisors Council that were made to the Emperor in August 1943? What were the reasons and subjects of these reports, made to the Emperor?

A. Ordinary inspections of industry had been ordered by the ministries concerned, but in this case, when the administration inspectors were established, it was by order from the

A. (Cont'd)

Emperor himself and, therefore, reports on these inspections went to the throne. They were not made in person, however, but submitted in writing.

LT. DORR

Q. Are there copies of those reports available?
A. These were delivered to the Premier, who in turn passed them on and I, myself, have no copies of them.

MR. BISSON

Q. We are speaking of two different things - these administrative inspection reports submitted to the Premier were one thing, but there were actual visits to the Emperor from August 16 to 28, 1943, in which these men were actually received by the Emperor and which were reported on at great length?
A. I made three such inspections but at no time was I ever called in to audience with the Emperor to report on these things. My reports were delivered to the Premier.

Q. Where would these reports be now - would they be in the Prime Minister's office?
A. These reports were submitted on the order of the Premier so I would suppose he would have copies of them.

LT DORR

Q. Don't you have copies? Isn't it a great event in Japan to make a report to the Emperor? Wouldn't you keep copies for your own personal files?
A. These things of which I speak were very secret and when I gave up my position, all such secret documents had to be turned in.

Q. Can you tell us what was the subject matter of the three reports you made?
A. With regard to my first inspection - that concerned shortages in steel. As shipping decreased, serious problems arose in the supplying of the steel industry and essential production was declining. At that time, the steel mills in Muroran and at Kamaishi were producing steel with coke made from Kailan coal shipped in from North China. I urged that Hokkaido coal be used for this purpose so that the ships which had been hauling to Hokkaido might take coal to Yawata for the Nippon Steel Mills. When I presented these arguments in the Advisory Council, they were vigorously opposed on the grounds that Hokkaido coal would not be satisfactory. Therefore, I was sent to make an inspection of the situation. That was in May 1943.

LT. DORR

Q. At that time, had there been a drop in steel production, which was worrying the Japanese?
A. The tendency was for production to start down, and the government realized the need for increasing production. That is what had brought about the alarm.

Q. That is, there had been no drop, but they needed more supplies?
A. Yes, that is right.

Q. What was the result of his inspection - what did he recommend as a result of it?
A. The result of my first trip was that they carried out my suggestion.

Q. They decided to use Hokkaido coal?
A. Yes. In a word, the plant at Muroran used only Hoddaido coal. The plant at Kamaishi used 30% of North China coal and 70% Hokkaido coal after that.

Q. What about the second report - what was that?
A. The second inspection was made in September of the same year and concerned airplane production.

Q. Can you be more specific and tell us what the problems were and what they were trying to achieve?
A. Specking frankly, at that time there was considerable competition between the Army and Navy in airplane production, which was not very beneficial for the national war effort and it was felt we should try to get them together. Therefore, I endeavored to make a survey of national resources to discover what could be produced if the full national strength was put into the work of airplane production.

MR. BISSON

Q. Was it part of that report that suggested unification of aircraft production in the Munitions Ministry?
A. The government command to unify the Army and Navy aircraft production in the Munitions Ministry was given before I was ordered to make the inspection. The purpose of my inspection was to discover the potential of production if everything was put into it.

Q. What was the group that developed the suggestion for the Munitions Ministry? Who were the men who worked on that?
A. I am not too sure on exactly what led up to this development. I was simply sent out to make the inspection, but these talks originated in the Cabinet Planning Board between the Army and Navy and in the Ministry of Commerce and Industry and grew out of the competition which had characterized Army and Navy aircraft production.

Q. And, Mr. Fujiwara's ideas themselves moved in this direction? Did they also help out in this?
A. I don't think my contribution had anything to do with the decision to combine. I simply was an expert delegated to discover production capacity.

LT. DORR

Q. You mentioned there was competition between the Army and Navy. Do you mean competition for material - manpower - productive facilities? Exactly what was the competition between them?
A. There was constant competition in all lines - in manpower, material, machinery, buildings in fact, everything.

MR. BISSON

Q. Was it particularly bad in the aircraft industry?
A. This competition was extremely keen, as I said, and the Army and Navy were each anxious to build even one more plane, if it could be done. The Navy was ahead of the Army in technical skills and the Army tried its best to catch up with the Navy. Then, the Navy tried to keep ahead of the Army and so the thing developed into an intense struggle for supremacy.

LT. DORR

Q. What did they decide to do about it?
A. I think that the reason for setting up the Munitions Ministry probably developed out of this severe competition between the Army and Navy in aircraft production. Both the government and the Army and Navy recognized that the thing had gone to serious extremes and it would be very advantageous to bring them together in a single aircraft ministry and steps were taken to bring that about. I then was appointed to make my survey of the potentialities.

Q. What was the result of it?
A. At that time, airplane production amounted to around 8,000 to 10,000 planes per year - both Army and Navy - and as a result of my investigation, I reported that the national strength should, if it were at all wisely used, be able to produce 53,000 planes per year.

Q. Why did you believe such a great increase was possible?
A. It would take a long time if I went into details on this question but I can give you an overall conclusion that would be based something like this: The Army and Navy were stirring up a lot of fuss with their competition but were not producing much results. They had very large factories and pretty good machinery but when the Army built a big plant, the Navy built one alongside it. When the Navy built a plant, the Army immediately built one beside that, so that there was a lot of competition with little thought to efficiency. There was no lack of plants, but a tremendous lack of efficient operations. My conclusion was that if enough men and machines were placed in these factories, and then given the necessary supplies, they could turn out the planes. I went to each of these plants, talked with the men, together with them figured out how many planes they should produce, and thus arrived at the figure that I gave.

Q. Did you feel that this rate could be achieved with the amount of raw materials then available to the aircraft industry - I mean those allocated to the aircraft industry?
A. This may take a little time. I cannot give you the picture without going into detail.

Q. What we would like to get is whether you expected to achieve this great increase only by allocating additional material and manpower or whether you expected to achieve it merely by an increase in the efficiency of the use of the manpower and plant already allocated to the industry?
A. It would be necessary to increase manpower, machine tools and materials to a great extent. This estimate of 53,000 was based on a supply of some 222,000 to 300,000 tons of aluminum per year. This would be made from bauxite shipped in from the south.

Q. Then, you would have had to increase the imports of bauxite and you would have had to increase the plants for processing that bauxite before you could have attained any increase in airplane production.
A. This was based on a guarantee by the government of supplying from 220,000 to 300,000 tons. There was ample equipment for processing it. It was a matter of supplying the factories. While my figures were based on that amount, due to a shortage of shipping, they never reached it.

Q. How about the amount of plant available for expanding aircraft production - would that have had to be expanded also? Was there sufficient plant capacity to achieve such a rate?
A. There was no need of increasing buildings and the general facilities. What was needed was more machine tools, manpower and the necessary materials.

Q. How much of an increase, percentage-wise, in machine tools would have been necessary?
A. I don't remember the exact figures but since the plan called for stepping up production from around 10,000 to 50,000 planes a year, it certainly suggested the need for a considerable increase in machine tools.

Q. Is there any written data on which this report is based that is available?
A. I don't have it myself, but there must be complete reports, because when I made my report to the Prime Minister, I furnished him with detailed reports. Another thing that shocked me when I got into this investigation was that only 55% of the aluminum was used in planes - the other 45%, which was scrap aluminum, found its way into civilian goods such as pots and pans and tools and other items - most of which were exploited on the black market. From the standpoint of a business man, this seemed to be a serious situation. The government was all excited about pushing production but they overlooked such great leaks as that.

Q. Can you give us the year on that?
A. This was in Sept. 1943 at the time I made my inspection.

Q. How did you find out about this? Who told you?
A. When I started looking into it, I saw it myself. I made my recommendations on the basis of using 95% of the aluminum for aircraft production, i.e., 95% of 220,000 to 300,000 tons, which I declared was essential for making 53,000 planes a year.

MAJOR ARMSTRONG

Q. Are you speaking in respect to 55% of new, virgin aluminum or that plus all secondary scrap?
A. I believed that 99% of sheet aluminum scrap could be reclaimed and that 90% of aluminum machine-cuttings could be reclaimed so that as the stuff was used over and over, a great deal of reclamation was possible.

LT. DORR

Q. Are you suggesting that that was where the 45% was coming from that was not being used?
A. This 45% that I mentioned was not limited altogether to aluminum that went into the black market or, in fact, that used by civilians, for in many factories it was needlessly used for making things that could have been produced from something else - aluminum for bases for machinery and cupboards and other needless consumption. A good deal of it would go to the black market, of which I speak.

MAJOR ARMSTRONG

Q. At that time and in relation to the 10,000 planes a year then being produced, the aircraft industry was receiving all it needed and it was only necessary to use the 99% of your aluminum to expand the production to the figure you recommended?

A. Virtually all aluminum did go into aircraft production, although some was used to take the place of copper, which was very scarce. Aluminum wire was produced to take the place of copper wire. If the imports of aluminum had come up to the figure I based by calculations on, then we would have had enough. The amount of aluminum used for wire and such purposes was very, very small; so that all aluminum was assigned to the aircraft industries and there were very strict rules against the use of aluminum in other lines. However, while all of it was assigned to aircraft production, about 45% leaked out, so that it was not used in aircraft production.

Q. Did they accept your report and try to carry out this program?
A. Because orders had come from the Throne, the plan was adopted both by the Planning Board, the Army and Navy, and the Munitions Ministry, which was set up by that time. However, as was often the case in those days, the lesser officials - heads of bureaus and departments - did not carry out the plan.

Q. Now, we would like to hear about your third report.
A. In November 1943 I was made Minister without Portfolio and though it is a little embarrassing for me to say so, it appears that the government was quite well pleased with the work I had done previously and for that reason they gave me this honor. Immediately after that, I was assigned to make an investigation of shipbuilding. At that time - after November 1943 - shipbuilding amounted to 750,000 tons a year, but sinkings, as I recall, amounted to 800,000 to a million tons per year, so that production was behind lossesss and resulted in a serious situation for production. Early in 1944 I made an inspection of our shipbuilding yards. At that time the government was hoping to produce 1,400,000 tons of shipping during the year. However, as a result of my inspection, I recommended that the goal be set at 1,800,000 tons.

Q. And, it was felt that that goal could be attained?
A. The government had based its orders for 1,400,000 tons of shipping on available materials. I told them that I could produce 1,800,000 tons with the same materials.

Q. How?
A. For instance, the production for one month on the government schedule would be 120,000 tons. I told them that by increasing efficiency they could raise that to 150,000 tons and then I told them to give me the extra 30,000 tons. I would take those ships and haul more supplies with them and turn those supplies into more ships and in that way, like a rolling snowball, I could build up to a very much greater tonnage.

Q. Then, it was based primarily on the idea that the industry was not operating efficiently?
A. They had the material to build the 1,400,000 tons all right. All I proposed was to increase construction efficiency and then use the additional ships to get more material. The Navy, in particular, was very much pleased with my report and told me to go right ahead with my plan, which I did. Things went quite well at first, just as we had planned, but in the meantime, the air-raids destroyed factories; the war situation in general got worse, and worse for shipping, and in the latter part of this period the plan could not be carried out. About that time I was made Munitions Minister and left the work I had taken over.

INTERROGATION NO. 504 (Cont'd).

Q. (At this point, a question on iron and steel production was asked, and Mr. Fujiwara was requested to give a brief summary.)
A. I don't have figures on that industry here and my memory is so poor I would not try to recall them. However, as far as the steel industry is concerned, even before the air raids began, production had fallen off until you may as well say, the fires had gone out in the furnaces.

Q. Before the air raids began - when would that be?
A. With the fall of Saipan, shipping took a very abrupt turn downward and that resulted in a falling off of iron and of coal so that the iron and steel industry was almost brought to a stop. I think that the government has produced figures on the shipping situation and you may already have them. If you have not and would like them, I will try, myself, to get them and bring them to the next meeting. I regret that any documents which I had and which might be of interest to you, had to be returned to the government because they were secret. However, if there are certain documents you want and will tell me, I will try to get hold of those documents from the government. I will do my best to get hold of as much material as possible and look it over and bring it to our next conference.

RESUMED INTERROGATION - 24 November 1945.

MR. BISSON

Q. There is one question I wanted to ask on a point of fact. The Cabinet Advisors Council was established originally in 1943. I have seen a reference that you were an advisor before that date - a separate, special advisor.
A. At first I was advisor of the Naval Ministry.

Q. When was that?
A. Feb. 6, 1942. On the 18th of March 1943 I became advisor to the Cabinet. I was simply a silent observer. I went before the Emperor to explain the actual industrial capacity of the country and talked to the Emperor for about 20 minutes. The main point made to the Emperor was that the Japanese industrial capacity had not made any progress up to that time. His point to the Emperor was that, compared to America, England, etc., the development of the Japanese program had been very backward.

Q. This indicated, presumably, that the Emperor was concerned over the industrial situation in the country?
A. The Emperor simply wanted to be introduced to all the different personalities in the Cabinet and get their general views and it was essentially a routine visit.

Q. But the successive visits of several advisers to the Emperor in the period August 18-26 could hardly be routine?
A. The first time I saw the Emperor in March, was one of a series of interviews with the Emperor. It occurred toward the end of March, and was a kind of introduction for the advisers to express their general views - more or less to test their intelligence, suitability, etc. as a Cabinet Advisers.

Q. Well, my question was - What was the special situation that required most of the advisers to visit the Emperor on Aug 16-28, 1943? As a matter of fact, my memory is that almost every adviser except you saw the Emperor, and you may have been travelling at that time. I thought since so many went in at that time it must have been a well-known event and I thought perhaps you knew about it even though you may not have been present at the time.

A. There were many, many grave problems that came up at that time - and I do not remember that particular event.

Q. On that point, would you say that the period during the summer of 1943, before the Munitions Ministry was organized - would you say that the summer of 1943 was a period of confusion and difficulty?

A. Up to this period, the Army and Navy had been separately trying to push through the war economy - but since they were unacquainted with practical industrial management, they therefore had to call in the civilian advisers. So I was not in on the Army and Navy fight.

Q. I am just asking a simple question - During this summer of 1943 as compared with 1942, or compared with 1944, would he say that administratively, it was more confused? Was it more confused in 1942 or 1943 or 1944?

A. In those three years, the Army and Navy were fighting so much that everything was hashed up, but in 1944 it improved when they called in the civilian experts.

Q. In other words, it was worse in 1943 than in 1942, particularly in administration?

A. Yes, they all were mixed up.

Q. In 1942, you were head of the Industrial Equipment Corp, and adviser to the Navy Ministry. Did you hold any other positions in 1942?

A. No, I had no otherpposition.

Q. What were the subjects on which you advised the Navy Ministry?

A. There were about five men at that time advising the Navy Ministry. At first I was called in by the Navy to give advice on the administration of the South Seas and I excused myself from that as not being familiar with it. So, then they asked me to study the industrial situation in Japan and to consider how they might remedy the shipbuilding situation at that time because they were losing so many ships in 1943 and they had to do something to expand shipbuilding capacity. I simply said that I considered the shole operation of shipping control and transportation, etc. very slow and very inefficient, so I drew up a series of recommendations.

Q. What were your specific recommendations to expand the shipbuilding side of it?

A. I said that up to this time in the shipbuilding capacity they were not doing better than 400,00 to 500,00 ntons per year in production. I thought there would be no difficulty in producing twice that amount. If you want the exact amount I recommended, I can get that for you later.

Q. I am not so much interested in the figures as in the measures you were going to use to increase the production.

A. At the time I said that the Navy had no idea as to how to proceed and the communications people had no idea as to how to proceed, but the government said, "You have to increase production" so they left the entire program up to me as a business man to carry it out. As a business man I could see the necessary steps to take.

Q. Did they need more iron and steel or did they need more manpower or what did yhuyrecommend?

A. I suggested that shipping experts should be called upon. I did not give specific suggestions of my own. I am not a shipping expert.

Q. These recommendations were in 1942. In what month were they?
A. About the summer of 1942. I said in the last European war they produced one 7,000 ton ship in the Kawasaki Dockyard every month. In this war (early in 1942, Ed.) they were producing one ship every five or six months in the same dockyard.

Q. When you became Munitions Minister in July 1944, what did you conceive to be the major task of the Munitions Ministry?
A. When I became Munitions Minister, I considered that there were three important jobs to do: 1. To expand aircraft production; 2. To increase the production of iron and steel; 3. To step up aluminum production. Then, I stopped there, and I said: "The defeat at Saipan shows very clearly there is something seriously wrong" and I asked myself, "Why were we defeated at Saipan?" There were many reasons, but the first of all the reasons was that we had too few ships. We had insufficient transportation to bring bauxite and other materials from the South Seas so we could expand production so I thought I could do nothing after that defeat unless I had the ships to bring in the raw materials.

Q. Was progress made in expanding production in all these three fields?
A. The results of my efforts to expand production in these three fields of aircraft, iron and steel, and aluminum, were just the reverse of successful.

Q. Why was that?
A. There were three main reasons why I was not successful; First, the decrease in shipping tonnage so drastically affected bauxite supply; 2. Because of the shipping shortage, the import of coal from China, Hokkaido, Karafuto and other places to Japan were drastically cut, therefore, steel production went down.

Q. You say your efforts were unsuccessful. Would you say production was higher in the summer of 1944 than at the end of 1944?
A. Yes, it was down at the end of 194- very, very much.

Q. How much was it decreased?
A. I will report later if you like, but it was very, very much down.

Q. When did you say the best production was achieved in these fields - would that be in the spring of 1944?
A. It was best at the beginning of the war. After the war began, production went down (probably meaning the general lever, Ed.). For five or six months after December 1941, production went up, but after June 1942 general production steadily declined. With the exception of aircraft production, everything went down, but after my administration started, the aircraft production only continued to rise until the beginning of 1944. From the beginning of 1944 it started to go down.

Q. Didn't shipping production increase?
A. Shipping also went up until the middle of 1944.

Q. When you said production went down in 1941, you meant the general production level went down. Production of some items did go up, however, didn't they?
A. Yes, that is correct.

Q. One of the things you were connected with was unified administration. I remember you said in your first press conference after you became Munitions Minister: "Now the Munitions Ministry is an aircraft production board and aircraft production is centralized under the Munitions Ministry, but there are still some items that the Army and Navy control, like land ordnance, shipping, etc." Your aim was to bring the administration of these items under the Munitions Ministry also wasn't it? To what extent did you succeed in this aim?

A, It was agreed among the Ministers, and particularly the Navy and Army, and myself that unification was necessary - very, very urgent - but there had been this old competition between the Army and Navy, and the lower officer ranks simply did not like the idea, so even though I urged unification, I could not get the people to really do it to any appreciable extent, so I had only the most limited success.

Q. That means the only item that was effectively centralized was aircraft? Was iron and steel centralized or were there other items?

A. Here is an example of the difficulties of effecting unification. Suppose, for example, that they wanted 30,000 machine tools and they needed them for stepping up aircraft production. I would put in an order and the Navy would put in an order, and the Army would put in an order to the same makers, and they would all struggle to get their machine tools orders filled first. But in fact, the makers might only produce, say, 10,000. Then, my job was, in order to satisfy everybody, to give 1/3 to the Army and 1/3 to the Navy and 1/3 to the Munitions Ministry.

Q. Was this true for aircraft also? It was my understanding that the Army and Navy gave up their separate struggle for aircraft and the Munitions Ministry handled all aircraft.

A. The fact was that they achieved unification as regards the plan for the increase of production for aircraft but they had these various departments in the Navy for shipbuilding, etc. and in the Army for tanks and guns, etc., and since they were all keeping on getting these tools, they did not give a damn for the aircraft. Although there was theoretical unification, in fact they could not achieve actual unification. What I am saying in effect is this - I was Munitions Minister and my function actually was that of conciliator between Army, Navy and Air people. The Navy might put in an order for 30,000 tons of steel, the Army, an order for 10,000 tons, and the aircraft people for 10,000 tons. The total is 50,000 tons, but due to various circumstances, the actual production was only 30,000 tons. The Navy had ordered 30,000 tons and they said, "These are ours, and the Army said "It isn't" and the air people said, "It is not" and they almost came to blows. So, I was called in to sort of knock their heads together and say, "You have got to divide up this production."

Q. What things were nominally under the Munitions Ministry? What were the items that the Munitions Ministry controlled completely? Aircraft was one, I know - was it also iron and steel? Now, the Army and Navy had fields which they completely controlled - Was it land weapons, petroleum, etc.? Could you give me those three lists?

A. In order to resolve this friction between the Army and Navy, particularly, I had to take out from the Navy and Army their various key personnel and put them in the Munitions Ministry. That helped to solve difficulties as they came up, and in that way we were able to push aircraft production. It helped to

A. (Cont'd). unify the production effort. Even that did not work, though. I can supply the lists you speak of.

Q. There were reports that I saw that when you resigned, that Zaibatsu concerns such as Mitsubishi and Sumitomo were concerned over the fact that you, as a Mitsui man, were Munitions Minister and that Yoshida, Shigeru, who came in afterwards was a bureaucrat and who was not connected with any of the concerns and, therefore, could be expected to hold the balance evenly. Is there anything at all to that story?

A. The facts are somewhat different. Production went down seriously - it was not going well during the latter half of 1944. I felt this very keenly. In December 1944, I contracted pneumonia and at that time there was Cabinet reshaffle. At this time, I wanted to resign because the U.S. Air Force had begun hitting our factories and along with the difficulties of production and my sickness, I wanted to stop. Yonai and Koiso tried to persuade me to continue, but I said I thought production could not be improved unless I resigned, so I finally prevailed upon Koiso to let me stop, and so after Koiso agreed, then Yonai agreed, and I resigned. Then, the question was to get somebody acceptable to both the Army and the Navy, and so they agreed on a compromise man - Yoshida - who could not do anything anyway - they thought perhaps that having a man who didnot know anything, they could both have their way. They never did succeed in getting anyone acceptable to both parties. As regards Mitsubishi and Sumitomo, there was no bad feeling or jealousy at all, but outside of the old Zaibatsu, there were bad feelings on the part of groups called the new Zaibatsu.

Q. Who were they?

A. I hesitate to define the new Zaibatsu or give their names - it would be extremely embarrassing. I can say this much, however - because I did things in my way and did not accept any dictation from this new crowd, I was unacceptable to them.

Q. Was this another reason why Yoshida was a good compromise? Was not he opposed by the new Zaibatsu?

A. This Yoshida was one of the bureaucrats and he naturally could be moved by the bureaucrats. The new Zaibatus were tied up with the bureaucracy and the two of them could work together, naturally he was acceptable to the new Zaibatsu.

Q. In the beginning of 1945, you again had a mission with regard to iron and steel production. Was this task similar to the one in which you made his earlier inspection reports, or was this a different type of job?

A. I had had some success in increasing the shipbuilding production. I concentrated on that because I thought it was the pivotal question in the war situation. I had slight success. As an example, I wanted to have a 10,000 ton ship to take 12,000 tons instead of 8,000 tons. I insisted upon using the present ships to the maximum. I did not succeed again.

Q. In this period, with regard to the iron and steel industry, your primary concern then was to increase the flow of raw materials. Were there other aspects of the problem which you dealt with or just the shipping problem?

A. There were five different control associations handling freight - shipping control, lighter control, storehouse control, internal transportation control, and one more. My recommendation was that when the labor under one control association was not busy it should be used by one of the other associations.

A. (Cont'd). I made the utmost efforts to dissolve these control associations so that labor could be moved freely from one task to another. I did my best but I could not succeed in dissolving these associations. I wanted to make one association instead of five. Essentially, the people who were in these control associations had ambitions - did not want these associations dissolved, and the bureaucrats supported these control associations and actually my plans were not realized.

Q. I have several questions which are really technical questions concerning iron and steel. I might just say we don't have time to discuss these questions in detail and perhaps you could submit some observations on them. Perhaps you can write these questions down and explain them. The first question is: At one period there was a small plant program in the iron and steel industry, i.e., in order to increase production in iron ore and steel - did the steel industry object to this plan? Did the Army insist on this plan? What conclusions did Mr. Fujiwara make as to the wisdom of this plan and the way in which it was carried out? Why weren't larger plants of greater efficiency and requiring less materials, labor and transport, not installed in the existing plants? Why were poor grade raw materials, including poor grade iron ore, to be used instead of the richer ore at Tohendo? When raw materials became scarce, i.e., ore and coal became scarce - why was production not fully rationalized, i.e., concentrated in the largest plants and the plants nearest to the mainland in 1943-44 instead of letting many small, scattered plants operate?

A. This plan was set up by the Army and Navy instead of using experts. Later the plan was to be carried out by experts, but it was started out by greenhorns. The Navy controlled most of the steel plants throughout Japan. Yawata, Muroran and Kamaishi all had Navy men in charge of the plants. Naturally, the Army wished to build up their plants in some other place, for instance, in North China and Korea. The Army went abroad and the Navy controlled most of the plants in Japan. The grouble was that if they tried to build new big plants - additional big facilities for the production of ore and steel - it would take at least two years and there was no time. So the new Zaibatsu, who had connections with the Army, said, "How about building these small plants in Japan and bringing materials from North China and Japan?" There were no big Zaibatsu steel enterprises and there was no steel industry objection - it was all under the Navy. On the score of bringing in materials - since they were to be used in a sort of unified way, there was no objection on the part of the Navy. The Army and the new Zaibatsu supported the plan for small plants in order to produce steel more quickly. It included plants to produce up to steel. Actually, it was not successful in producing steel. Just as they were reaching the final steel stage the war stopped. I did not think the small plant plan in North China and Korea would be successful- I made some investigation of that. First, they could only work in the summer, and second, it was diverting technical skill from the main production centers in Japan, and third, they would have to use bad coal, and fourth, bad quality iron ore. Therefore, I thought that would fail. That included North China and Korea only. In North China and Korea, they had to rely on porr materials, i.e., iron ore and coal, because the good coal was monopolized by the industry in Japan Proper. (In the early period, there was shipping for these materials: later, even these stopped Ed.) The new Zaibatsu and the bureaucrats thought that since there were only enough ships to bring the ore and coal from China and elsewhere for the big plants and since they did have materials in Japan,

A. Cont'd. even though poor quality, and they could transport them by railroad, therefore small plants should be built. Inexperienced people fell for the plan of creating small plants in Japan. It was a crazy plan, in my opinion. The Navy people had no objection to the plan to build small plants in North China because these did not interfere with big plant operation in Japan. The small plant plan in Japan failed; it also failed in China, largely because of poor raw materials, and also because of the cold climate. Toward the end of the war it was impossible to work the big plants in Japan at full capacity, because they could not bring in enough raw materials, so they tried a new plan of transferring big plants from Japan to China. The best coking coal was in North China. Early in the war they could not bring to Japan, so they decided to move some big plants to North China where it would be near the good ore. Production of ore in Tohendo amounted to such that the Manchurian steel plants could use most of it and there was surplus left to be imported into Japan. The Showa Steel plant in Anshan needed about a million tons of iron ore, most of which had to be imported from North China or Inner Mongolia. In order to find out how much iron ore could be sent to Japan. I was sent to investigate. They attempted to fully rationalize the big plants in Japan but there were not enough raw materials to operate them.

Q. Why didn't they drop out some of the big plants and concentrate on just the very largest plants?

A. In all goes back to the question that they had no raw materials. They tried to put the plan through but they just did not have the materials here in Japan. Even if they concentrated on a few of the biggest plants, there still would not be enough raw materials to operate them at full capacity. The situation was very desperate so that they even took the machinery in some idle plants and broke it up for scrap in order to get scrap for the steel industry. This happened just before the end of the war.

Q. In the 1943 period, could they have concentrated resources on the bigger plants and not bothered with the small plants?

A. In 1943 and 1944 the program to increase steel production centered on the small plant program, and so they did not think at that time of concentrating facilities in the largest plants. In this earlier period, the materials shortages for the big plants were not so acute.

Q. Were the men who were operating these small plants - the technical men - were they efficient, skilled technicians, and did they do a good job as managers?

A. In general, they were suitable men and had some general skill, etc. Earlier I noted that the taking away of the technical men was rather bad for the production system, but there were some good men handling the small plant program.