

Japan Sorely Needs Vital Raw Materials

Economists Doubt Nippon Could Withstand Long War With U. S.

WASHINGTON, Dec. 8.—(U. P.) —Government economists doubted today that Japan's economy could withstand a long war with the United States.

Information received by the commerce department and a series of recent Japanese government decrees indicated she sorely needs vital raw materials.

Since mid-summer, the three major sources of Japan's raw materials—the United States, the Netherlands Indies and the British Empire—have been cut off. These three countries previously supplied the bulk of Japan's requirements for scrap and other iron and steel, lead, zinc, aluminum, copper, various ores, tin, machine tools, automotive products, petroleum, wool and raw cotton.

"Cessation of trade with these countries, accordingly, has sharply aggravated the raw material shortage and has seriously disrupted industrial activity and all business transactions in the island empire," said one of the commerce department's leading experts on Japan.

No Processing Facilities.

"Japan is now primarily dependent on the resources of the areas within the yen-bloc (including Manchuko and occupied China). Prospects of early attainment of yen-bloc self-sufficiency, however—particularly in such essential items as special steels, high-speed machine tools, ball bearings, aluminum, copper and lead, among other essentials—are not bright. There are no facilities for processing raw materials even if these were readily available in large quantities."

The blockade which America, Dutch and British naval sources undoubtedly are establishing, officials said, will cut off the Japanese from Latin America, its only other raw materials source outside the Far East.

Japan first began to feel the real squeeze on raw materials after President Roosevelt ordered the "freezing" of all Japanese assets in the United States on July 25. British Empire areas and the Dutch East Indies took action in sympathy with the United States. This resulted in a virtual suspension of all Japanese trade with these countries, which normally accounted for about 75 per cent of Japan's import and export business with foreign-currency countries.

As far back as mid-October, commerce department observers in Japan reported "apparent further declines" in that country's industrial production.

Transportation Problems.

Transportation of supplies presented serious problems because of the increasing shortage of gasoline and oil, the poor condition of motor vehicles, and a large number of serious train wrecks, the experts said.

A national Japanese campaign to collect all metal articles was in full swing during October and November. Even the iron fences around government and large business offices disappeared.

When United States and India were cut off as sources of cotton, a highly-necessary war commodity, Japan turned to Brazil for it.

Japan was this country's ninth best foreign customer in the first six months of this year. Exports to that country totaled \$53,032,000. In the same period, the United States imported merchandise valued at \$65,648,000 from Japan.

Japanese assets in the United States at the time the "freezing" was invoked totaled \$130,000,000. This country had investments in Japan or Japanese enterprises totaling \$217,000,000.