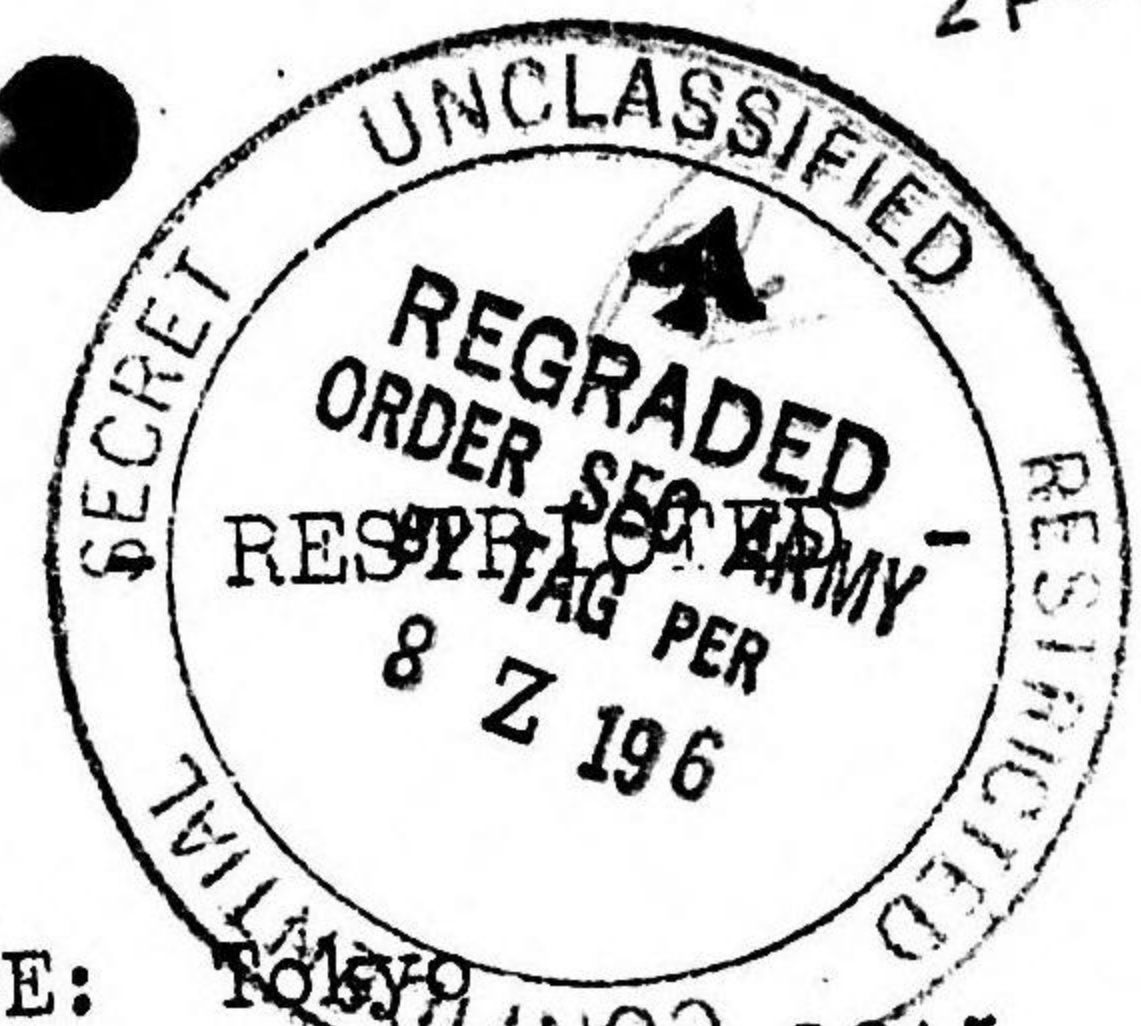


HEADQUARTERS
U. S. STRATEGIC BOMBING SURVEY
(PACIFIC)
C/O POSTMASTER, SAN FRANCISCO



INTERROGATION NO. 305

PLACE: TOKYO, JAPAN
DATE: 9 November 1945

Division of Origin: Basic Materials

Subject: Operations of Hokkaido Coal Mining and Shipping Company.

Personnel Interrogated:

SHIMADA, K. President. Has held various positions in Mitsui and the Company since 1911.

Where Interviewed: His Office

Interrogator: Lt. Comdr. D. A. BURR, Lt. R. E. BURNES

Interpreter: In English

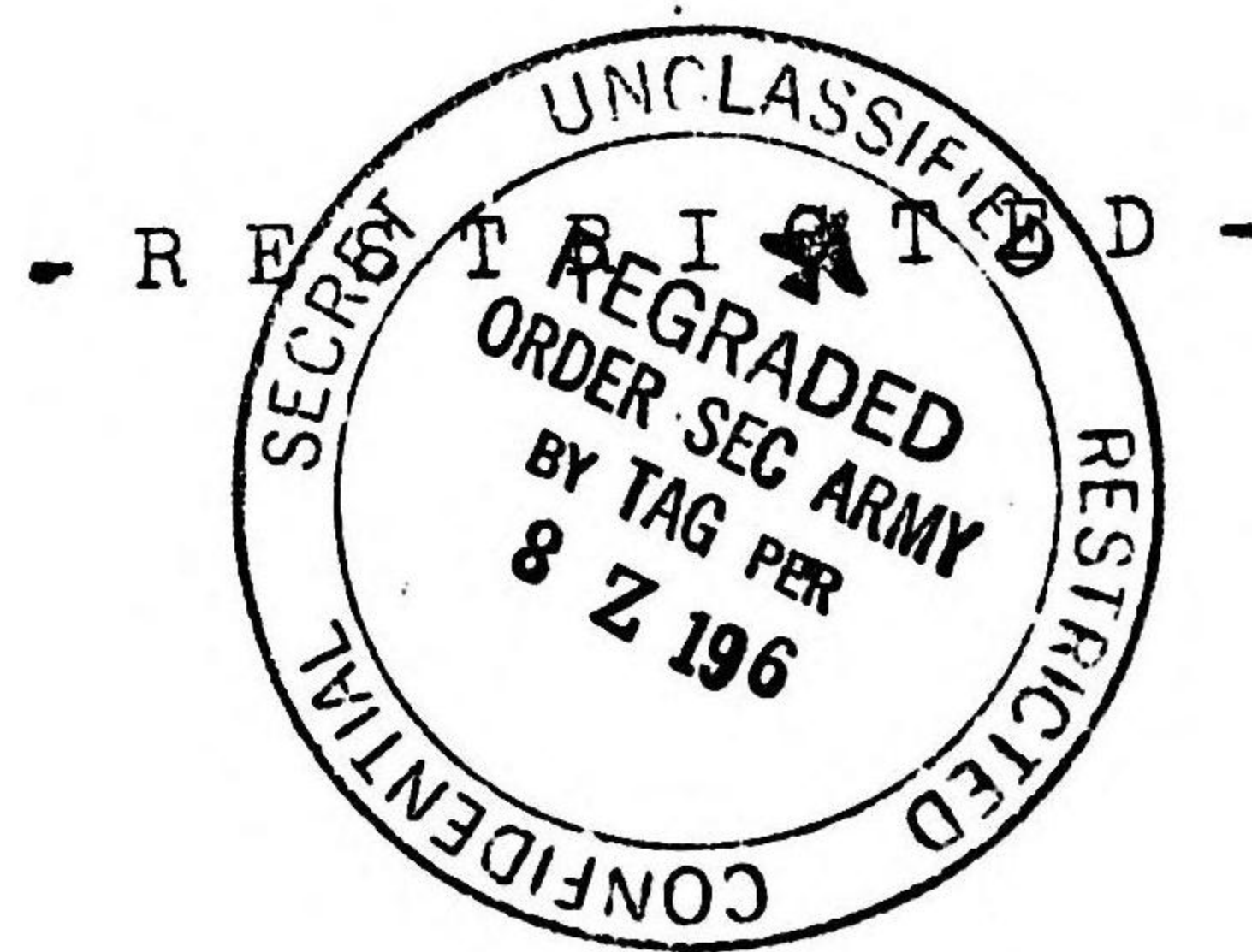
Allied Officers Present: Lt. B. A. MANNING

SUMMARY

This interview was primarily for the purpose of requesting detailed statistics of the company's operations. General discussion touched on following subjects:

- Coal production problems - price fixing, labor, materials.
- Government's attitude toward coal industry.
- Rationalization of mining rights and operations.

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Background of person interviewed.

In 1911 Mr. Shinada joined the coal sales department of Mitsui and Company and subsequently became head of Mitsui's coal department. For 6 years he served as the London manager of Mitsui's interests. During the last 10 years he has been associated with the Hokkaido Coal and Steamship Company and is now the president of that firm.

1. Coal production problems.

After 1937 the coal mining industry enjoyed a rising market and expanded. In September 1939, however, the government put a stop to the rising price of coal by instituting a policy of self-controlled prices with which the coal mining companies felt obliged to comply. Following the outbreak of the Greater East Asia war, mining costs rose rapidly until now costs may be figured at about 70 yen per ton. The government gave subsidies to the companies to keep them alive. Yet the price paid for coal included a profit of only 2 yen per ton, which was not sufficient considering the rising costs. In Mr. Shinada's opinion it would have been better if the government had not interfered with the free market but had instead levied a heavy excess-profits tax. Thus, according to Mr. Shinada, the government's price-fixing policy seriously interfered with coal production. Mr. Shinada did not so state, but other sources have revealed that the limitation of profits seriously hampered the companies in the scramble for materials and that such a situation persisted despite governmental attempts to control all distribution of materials. The factor of bribery is also to be considered.

Another critical problem was the labor shortage. The coal mining industry, as well as other industries, wanted the enactment of legislation to freeze miners in their jobs, but until late in the war the government failed to adopt such a policy. As a result there was a large labor turnover.

2. Government's attitude toward the coal mining industry.

Mr. Shinada stated that the government never realized the importance of coal mining. Shortages of labor and machinery were never properly appreciated. Not only, for example, were allocations of steel to the coal mining industry cut down but in some instances the allocations were never actually received. The Army and Navy took whatever they needed regardless of the needs of industry. Consultations did take place between the government planning board and the Coal Control Association, but the Association, not equipped with sufficient authority, was forced to accept the government's recommendations. At no time did the government fully utilize the ability of business men. Several industrial leaders favored the setting up of an economic coordinator such as Dr. Speer in Germany but such a step never was taken.

3. Rationalization of the coal industry.

Although mining rights had to some extent been rationalized earlier, it was not until late in the war that the government attempted to carry out the rationalization of coal mining operations. The government in the first years of the war appeared to be chiefly interested in increasing overall coal production and was unwilling to close down any of the mines. The industry encouraged the Coal Control Association to advocate the taking over of the small, less efficient mines by the larger companies, but the Association lacked the authority to achieve the desired results. Shipping problems, however, brought about the closing of mines in Karafuto and Hokkaido, and equipment was moved to other mines in Japan. Mr. Shinada disclosed that the Hokkaido Coal Company had taken over two mines and had succeeded in substantially increasing production at the smaller of the mines. He expressed his belief that the government's unwillingness to eliminate the small, inefficient mines earlier in the war was unwise since a policy of concentrating on the better mines would have kept up the quality of the coal which was mined.

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4. The shipment of Hokkaido coal.

The company operated modern, efficient loading facilities at Otaru and Muroran. Coal was shipped from these ports to the Tokyo-Yokohama area and to Japan Sea ports such as Fushiki, Naoetsu and Niigata. However, those Japan Sea ports lacked adequate unloading facilities. As the war progressed, coal was shipped by the Hokodate-Aomori rail ferry as far south as Tokyo and Yokohama.