

Railway Company. By next year, we should complete 50,000 tons of new ships for oceanic transportation. That will be sufficient to dominate over the traffic of the East. For on the hand, we have the South Manchuria Railway for land transportation; on the other hand, we control the large quantities of products in Manchuria and Mongolia waiting to be transported. The success of this enlarged activities in oceanic transportation with Dairen as centre is assured by the iron laws of economics.

GOLD STANDARD CURRENCY NECESSARY

Although Manchuria and Mongolia are within our field of activities, yet the legal tender there is still silver. It often conflicts with our gold basis and works to our disadvantage. That our people have failed to prosper as they should in these places, is due to the existence of silver monetary system there. The Chinese have persistently upheld the silver basis, and therefore have made it impossible for us firmly to establish our colonization plans on a firm economic foundation. We have suffered from it the following disadvantages:

1. The money that we bring into Manchuria is of gold standard. When we use it either for daily livelihood or for industry and trade, it has to be exchanged into Chinese silver dollars. The fluctation of exchange is not infrequently as much as 20 percent, resulting in serious loss to our people. Speculation becomes a regular business and investing money becomes a matter of gambling. When one plans an investment of two hundred thousand yen, one may suddenly find that his capital has been reduced to one hundred fifty or one hundred sixty thousand dollars due to the drop in exchange. The creditor would then have to call in the loan and business failures have often resulted.

2. The Chinese businessmen use silver money throughout and are free from the effects of exchange fluctuations. Therefore their "junk" trade is prosperous. Although they have no scientific knowledge of exchange value of gold and silver, they always gain in the transaction. They have a natural gift for