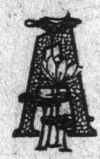


# THE FOREIGN MERCHANT IN JAPAN



TOKIO correspondent of the London Times, writing under date of April 6th, says:

The future of the foreign merchant in Japan constituted a topic of interesting comment at a recent meeting of the Yokohama Foreign Board of Trade. It may be remarked en passant that within the past two years the residents of Japan's premier settlement have begun to display a greatly increased measure of public spirit, mainly through the medium of a newly-organized board of trade, which not only interests itself actively in all matters of general concern, but has also obtained official recognition as the representative of the foreign residents in municipal matters. Long noticeable had been the fact that the foreign community adopted a laissez-faire demeanor towards public affairs, and that, while complaints were often formulated and suggestions advanced by correspondents of the local newspapers, the isolated character of these utterances and their frequently intemperate tone deprived them of the value they might otherwise have possessed. This state of things has been remedied by the establishment of the Foreign Board of Trade, which includes all nationalities among its members, and, in addition to unique value as an investigator and exponent of trade conditions, has established friendly and intimate relations with the Japanese government so that the latter welcomes and profits not a little by the board's reports and recommendations.

Last July the Times published in its Financial and Commercial supplement an article from me discussing the future of the foreign merchant in Japan, and arriving at the conclusion that his some time great share in the country's overseas commerce is in process of gradual diminution, owing to very active intrusion on the part of the Japanese middleman, who, not unnaturally, counts it an implied reproach to his competence that he cannot do his country's business without alien aid. It was pointed out that this desire for independence had been stimulated by certain peculiar commercial methods which, though

essential from the foreign merchant's point of view, were irksome to the Japanese—first, as being based on an assumption of native untrustworthiness, and secondly, as affording opportunities occasionally utilized by foreigners more shrewd than scrupulous. Unfortunately this analysis was read as reflecting upon the ability and morality of the British merchant in particular—on his ability because he allowed his metier to slip from his grasp, and on his morality because he abused abnormal circumstances. As a matter of fact, the British merchant was not even once referred to directly from the beginning to the end of the article, and equally, as a matter of fact, the British merchant, throughout the history of Yokohama, has never been connected with the irregularities referred to. It may be said with strict truth that the general average of commercial morality is higher among the foreign residents of Yokohama than among any community elsewhere of similar size not specially selected. But it may also be said—and this is not merely my own opinion based on over 40 years' experience, it is also a conviction which I know to be prevalent among the Japanese—that, speaking broadly, the British merchant stands in a class by himself, just as the British Judge does. In point of straight fair dealing, other nationalities contrast rather than compare with him, presuming, of course, that this applies to the general level, not to the numerous exceptions elevated above it. By the British merchant, too, were laid the foundations of Japan's foreign commerce in the Meiji era, and by him has been built a large part of the fine edifice now standing thereon. Yet there is no doubt that he and his able confederates of other nationalities are gradually losing the paramount position they once occupied in that commerce. Their native rival is displacing them. Whether, in the last resort, however, room will not remain for them is a question which has helped to answer. It has always to be remembered that if the percentage of the foreigner's share in the trade is growing smaller, the volume of the trade itself increases in a much greater ratio. To monopolize

a business of a hundred million yen is five times as insignificant an operation as to do one-half of a trade of a thousand millions. Hence, though the foreign middleman has to be content with a diminishing proportion, what remains to him is great by contrast with what preceded, and there is, moreover, the well-founded hope that his conspicuous business ability will, in the meanwhile discover new opportunities of profitable usefulness.

These features have been recognized from the first. But recent experiences have intensified another aspect of the problem. Can Japan afford to dispense with the resident foreign merchant in his role of capitalist? Can she, in the absence of his co-operation, finance her over-sea commerce without detriment to her development in other directions? Capital is her great want. She has not enough, not nearly enough, to go round. In Hokkaido, in Saghalien, in Korea, in Manchuria and in Formosa, to say nothing of the home islands, great opportunities lie fallow for want of funds to cultivate them; and if, in the presence of this urgency, she is relieved from the pressure of having to finance for foreign commerce, she ought to welcome and foster the relief instead of obeying a sentimental inclination to become independent of it. This phase of the question was eloquently represented at the recent meeting of the Yokohama Foreign Board of Trade by the chairman, Mr. C. V. Sale, who enjoys the reputation of being among the very ablest and most far-seeing merchants in the east. One passage of his long and admirable speech may be quoted:

"The temporary excesses of floating capital, first due to the indemnity secured from China in 1895 and later to the foreign war loans, had to find some occupation, and were used to give support to the efforts to capture external trade. Now that internal requirements are absorbing so much money, the Japanese capitalist finds a higher return within the country, and the Japanese banker begins to see the uselessness of sacrificing this more profitable business for the sake of import or export traders whose means are often too

scanty to stand the inevitable risks of falling markets. Of course, certain long-established and well-managed Japanese houses will always remain in the trade, but such firms have suffered equally with ourselves from the mushroom-like nature of so many recently established concerns. Slowly but surely the difficulties of procuring foreign capital for purely internal affairs, improvements, and industries are being recognized. On the other hand it is gradually being appreciated that the large sum necessary for carrying on external trade, for— as really is the case—bringing the markets of the world to the gateways of Japan, can always be provided by the foreign merchant, who only asks as compensation a just and moderate profit for the actual services rendered. In fact there is no other way in which the much-desired foreign capital can be secured so automatically, so plentifully, and to such good purpose; setting free Japanese capital for use in the field of much-needed internal development where the immediate results are more profitable and at the same time of permanent and ever fruitifying benefit to the nation at large."

What has chiefly given pause to the activity of the Japanese "direct trader"—as he is called when he seeks to dispense with the aid of the resident foreigner—is that last year he had to face constantly falling markets, so that he finds himself now carrying large stocks which cannot be realized without loss. These stocks are not so great as they were in the previous period of depression, seven or eight years ago, but they are quite sufficient to suggest that the co-operation of the foreign merchant and the foreign banker is very desirable and very comforting.

Another feature of Mr. Sale's speech which elicited applause from his audience of experienced business men was a protest against the now too prevalent habit of denouncing all Japanese commercial expansion as a menace to the commerce of Western nations, and against the growth of a disposition to associate it with unfair competitive devices. In the matter of mere volume, every pound sterling added to Japan's exports of each of the three

great trading nations of the Occident (England, the United States and Germany); and if we turn to imports, we find that Japan's purchases from Europe in 1907 amounted to nineteen and a-half millions sterling, against nine and a-half millions in 1897, while from America her purchases in the same years were eight and one-third millions and one and two-thirds millions respectively. If, then, Japan is expanding commercially, she is, at the same time, contributing her full share to the expansion of Western nations. On the other hand, it is not to be denied that, finding herself suddenly launched into a struggle with experienced and fully-equipped competitors, she has been occasionally tempted to employ devices which, while of doubtful economic value, furnish material to her critics. Tariffs and steamship subsidies, being commonly resorted to, the world over, do not justify condemnation, but certain banks, owing to their connection with the treasury, have been enabled to finance the exports of Japanese merchants at exceptionally low rates of interest. This practice had its origin in Japan's currency needs. Twenty-six years ago, when she was compelled to face the difficult problem of amassing a specie reserve for the redemption of hard-money payments, her only available resource was to buy exporters' bills with banknotes at home and to receive payment in cash abroad. With that object the treasury placed cheap funds at the disposal of the two principal banks, and the practice continued after its immediate necessity had disappeared. It helped "direct exporters," and put a weapon into the hands of Japan's critics. But, for the rest, there are no solid grounds for bringing charges against her, and it is matter for surprise as well as humiliation to read the hysterical outcry raised by some newspaper correspondents and publicists. Nothing could betray more nervous timidity or less of the justice-loving self-reliant spirit which Englishmen aspire to be guided by. Japan must play her hand for all that it is worth, but she does not use false cards, or ask for anything beyond a fair field, which she is in turn entirely willing to concede to others.

## Former Visits of Royalty



THE approaching visit of the Prince of Wales to Quebec, to participate in the celebration in honor of the centenary of the founding of that city and the nationalization of the Quebec Battlefields, recalls the fact that visits to Canada of members of the royal family or their immediate relatives, within the past hundred years or so, have not been so numerous as to reduce such events to the level of the commonplace.

At least two royalities who afterwards ascended the throne of Great Britain have been in Canada. King Edward, as will be remembered by many Canadians, was in Montreal in 1860, while still the Prince of Wales. Over a century ago, Prince William, afterwards King William IV., visited Canada when a naval lieutenant, at the time Captain (afterwards Lord Nelson of Trafalgar fame) was out to this country as captain of the warship.

In May, 1794, H.R.H. Prince Edward, afterwards Duke of Kent, and father of Queen Victoria, arrived at Halifax to take command of the forces in British North America. Previous to that he had been stationed at Quebec in command of a regiment and for some time lived at Montmorency, where Kent House still stands as a memorial to his residence there. During his command at Halifax a considerable portion of the famous citadel was constructed. On the shore of Bedford Basin portions of the building known as Prince's Lodge still stand to mark the place where he lived.

No doubt the arrival of royalty in Canada in those days was fittingly celebrated, but the demonstrations which are most indelibly fixed in the minds of the people living today are those which took place when the Prince of Wales came out in 1860, when the Princess Louise arrived with her husband, the Marquis of Lorne in 1878, and more recently when the Duke and Duchess of Cornwall and York (now the Prince and Princess of Wales), made the grand tour of Canada in 1901.

It has been no uncommon thing for the younger members of the royal families, or close relatives, serving principally in the navy, to come out in warships of the North Atlantic squadron to Halifax, sometimes as midshipmen or as minor officers. The present Prince of Wales was out to Halifax as a midshipman and later sailed up the St. Lawrence as commander of the gunboat Thrush. He was given a royal welcome to the city at that time.

Prince Alfred, a brother of the present King, who was in the navy at the time the Marquis and Marchioness of Lorne came to Canada, was captain of H. M. S. Black Prince, which formed part of the naval escort, and Prince Leopold, another brother of the King, who was in delicate health, came to Canada in 1900, to visit his sister, the Princess Louise, at Ottawa.

The Duke of Connaught is another brother of King Edward who has been in Canada several times. When Prince Arthur of Connaught he was a lieutenant in the first battalion, rifle brigade, under Lord Alexander Russell, and participated in the repulse of the Fenian Raid, 1870. In later years he visited Canada when Duke of Connaught and was accorded royal honors and more recently his son, Prince Ar-

thur of Connaught, on his return from a royal mission to the Mikado of Japan, was accorded a warm reception in this city.

Prince Louis of Battenberg, an admiral of the British navy and closely related to the royal family, was among the more recent of royal visitors and made himself popular with Canadians wherever he met them.

In 1859 the Parliament of Canada invited Queen Victoria to come to Canada to lay the corner stone of the Parliament buildings at Ottawa, and officially open the Victoria bridge. She could not come, but the following year sent the Prince of Wales, then a young man, in her stead. This was one of the greatest historical events, as regards the participation of royalty in Canadian affairs, that have ever taken place. £20,000 was appropriated by Parliament for the entertainment of the Prince and his party. On the 21st of August he was received at Quebec by the Governor-General and both Houses of Parliament, headed by their speakers, Messrs. Narcisse F. Belleau and Henry Smith, both of whom were knighted by His Royal Highness.

After two days' festivities at Quebec the royal party left for Montreal, arriving there on the twenty-fourth, but owing to a great rain-storm the landing had to be postponed until the following morning. At 9 o'clock he was received by all the local dignitaries and presented with addresses, after which a procession was formed headed by a band of Caughnawaga Indians and escorted to the residence of Hon. John Rose, which had been fitted up for his temporary residence.

After opening the new industrial exhibition building the ceremony at the Victoria bridge took place and the future king not only laid a block of granite, but drove a silver spike at the central span of the bridge, and was presented with a gold medal in commemoration of the event. A grand ball, a torchlight procession and a grand military review on Logan's farm brought the festivities to a close. On September 1 he laid the corner stone of the Parliament buildings at Ottawa, which was attended by notable festivities and afterwards the prince visited different points in the country.

In 1878, Her Royal Highness Princess Louise Caroline Alberta, Duchess of Saxony, the fourth daughter of Queen Victoria, came to Canada with her husband, the Marquis of Lorne, now Duke of Argyll, when he was appointed Governor-General of the Dominion by Lord Beaconsfield's government. Many Canadians of middle life will remember the warmth of the reception given to the princess and her husband by the people of Canada. They landed at Halifax in the summer of 1878 and there was a scene of great rejoicing. Prince Alfred, a brother of the present King, was at that time captain of the warship Black Prince, and accompanied the royal party across the Atlantic. He had previously visited Halifax as a midshipman, as many of the younger members of the royal family had done previously and since. During her stay in Canada the princess endeared herself to the people, and many were the regrets at her departure.

The royal visit of recent years which will remain the most impressed on the public mind

was the tour of the Prince and Princess of Wales, traveling as the Duke and Duchess of Cornwall and York, in 1901. The original intention of the royal party was to visit Australia for the purpose of participating in the inauguration of the new commonwealth, as the federation of the various states of that country was called, but the idea of having the party return to England via Canada was enthusiastically taken up and a formal invitation having been extended, it was accepted.

Traveling in the steamship Ophir and accompanied by a flotilla of warships, the duke and duchess reached Quebec on September 16, 1901, where they were received amidst evidences of great rejoicing by leading Canadians, both military and civilian. After a couple of days' festivities there, the party came on to Montreal on the 18th, when the scenes were repeated even on a grander scale. In that city the royal couple visited a great many of the principal public institutions and received a great many loyal addresses.

After visiting Ottawa, the journey across the continent to Victoria, B. C., was commenced. During the long trip across country many novel and entertaining events were participated in, the Indian encampments furnishing no little of the interest to the occasion.

Victoria was reached on October 1, and the return trip was commenced after a short stop there, Vancouver being reached on the third. Toronto was reached on October 10, Montreal on the 16th and Halifax on the 20th, from which port the party sailed for England, calling at St. John's, Newfoundland, on October 23.

### M. CLEMENCEAU IN ENGLAND

M. Clemenceau, on hearing of Sir Henry Campbell-Bannerman's death, telegraphed as follows to Mr. Asquith:

"I have just heard the sad news of Sir Henry Campbell-Bannerman's death. I wish to tell you of the sincere share which the Government of the Republic takes in the loss of this eminent statesman, and to address to you the expression of our sad sympathy, to which I take the liberty of adding my personal condolence.—Clemenceau."

He was present at the funeral service in the Abbey, and sat by the Prince of Wales. The Times Paris correspondent says that "it may now be stated without that reserve which imposed itself during Sir Henry Campbell-Bannerman's lifetime that he entertained sentiments of admiration and cordiality for the French nation which, as Prime Minister, for reasons that need not be dwelt upon, he did not always consider it prudent to show. But the French government were aware of those sentiments, and in going to London to attend his funeral, M. Clemenceau wished to pay the dead British statesman a last tribute of their sincere recognition of his feelings."

### THE NEW ST. JAMES' HALL

The new hall which is to provide Londoners with the accommodation formerly supplied by the now demolished St. James's Hall, Piccadilly, has been built at a cost of over £100,000, on the site formerly occupied by St. Paul's Church, Great Portland street. It was opened last Saturday. It is not a very distinguished or artistic building. It is smaller than the old St. James's Hall. The decoration within is very conventional and not pleasing.

## The Prospects of Labor



THE decline in industrial activity which made its first appearance last October has caused a very great deal of distress, not only to industrial workers, but in nearly every other occupation which has been sympathetically affected. In order to estimate the chances for a renewal of activity and of the employment of labor, both skilled and general, it is necessary to ascertain the causes which lie at the root of the present so-called depression, and to see what prospects there are for their early removal.

It has been generally conceded that our halt in industrial progress has been caused largely as a reflex from the money stringency in the United States. Their difficulty was almost entirely produced by a lack of confidence of the general mass of the people in their banking institutions, which resulted in a very large amount of the currency of the country being removed from deposit and retained in the homes of individuals.

In Canada our depression has not been due to the causes in the United States, but has followed from their results. For several years the growing needs of the country required many more hands than were available. Not only was skilled help urgently needed to man our factories, but there was a constant cry from our farmers for labor to cope with and extend the area of cultivation. For several years there has been a far greater demand for manufactured goods than our factories were able to produce, and expansions in all branches of industrial life took place. In addition, large quantities of foreign goods were imported to satisfy the needs of our growing population. Wages of labor steadily mounted upwards. In many industries the hours of work were reduced until the manufacturers of the country were producing goods at a cost greater than the same goods could be imported and offered for sale on local markets. Two results were bound to follow from the increasing cost of manufactured products. One was the substitution of less expensive lines, and the other was the greater increase in foreign imports, both of which had a tendency to curtail manufacturing operations under normal conditions, with the consequent lessening of the opportunities for the employment of labor.

This result was rapidly taking place when the financial reflex from the United States struck Canada, and immediately caused a greater distress than would have occurred if our industries had been manufacturing well within the protection of the Dominion tariff. The disinclination of the banks to support industry to the same extent as before and the gradually calling in of loans deemed hazardous, forced a general curtailment in manufacturing conditions which was first evidenced in the discharge of large numbers of workmen, the reduction in wages, or the working of a short-time schedule.

At the same period, the cessation of navigation, the closing of the building season, and the general stopping of agricultural work threw on the labor market a very large number of unemployed who are, as a rule, in expectation of being out of employment during the winter months. Owing, however, to the

great demand for labor during the past few years, most of these men had been working on forced employment, or had been taken up in the general occupations of the country. This year, however, the opportunities for extra work were not present, and a number have been in a state of enforced idleness for long periods at a time.

With the opening of navigation and the resuming of farm work, a large proportion of the unemployed outside of the city population will be absorbed in active occupations. It will take some time for the surplus of skilled labor to obtain employment, until a normal condition has been restored in manufacturing. The awakening of the building trades will soon engage all the men in that class of work who have been out of employment more largely this season than during past years, but for which they are compensated by larger wages than are paid to factory hands.

The chief difficulty with the employment situation is to find occupation for the unskilled and physically unfit workmen who have come to Canada in large numbers, and who, under progressive conditions, would be unable to obtain other than the most temporary employment. Where emigration has been pouring into Canada, and particularly into the industrial centres, as rapidly as it has within recent years, it is to be wondered at that there has not been greater distress due to the difficulty of ready assimilation. Besides the indigent class of immigrants, there are a number who have followed trades in the Old Country not practised in Canada, for whom there is the initial difficulty of obtaining ready and continuous employment.

It is estimated that there will be twenty per cent. more land under cultivation in the west than last year, which will take up that proportion more of labor. The steady flow of agriculturists from the United States into the Northwest means a greater degree of prosperity for the whole of Canada, as they are skilled in our methods of farm development, and more valuable as producers than a much larger number of general laborers. Owing to the larger proportion of our emigration coming from the settled centres of Great Britain there has been a steady drifting to the cities and towns, which has been further augmented by the greater attraction of high wages than in the country districts. This has caused a glut of labor which could not be used in factory work owing to lack of skill, which could not be used in general work owing to physical unfitness and which has become a charge on the charitable organizations of nearly every locality. For this class of labor there does not seem to be any prospect for work except in the highest occupations, and it is this class that is the most noisy in their demand for occupation.

With regard to industrial employment, the prospects look much brighter than they did a few months ago. The situation in the money market has been somewhat relieved, and there is a more hopeful tone apparent in nearly every department of trade, and a general expectancy that with the opening up of outdoor occupations almost a normal condition will once more be established.—James G. Merrick, in Industrial Canada.



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