

# The Monetary Times

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the TRADE REVIEW, Montreal, 1870; and the JOURNAL OF  
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## The Monetary Times

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### JAPAN NEEDS MONEY.

The former Japanese Minister of Finance touched Victoria, B.C., the other day on his way to London. His mission, he states, is not to negotiate a loan for the Japanese treasury. Had he been bent on such an undertaking, it is doubtful what sort of reception he would have met in London financial circles. One might have expected that Japanese finance would be minus the financial habits of the Western hemisphere; but the United States' panic last October was largely responsible for a complete change in the natural course of things economic in Japan. Our almond-eyed friends have experienced their wave of commercial prosperity. They have had their stock market boom; and they are now participating in a period when men conclude that optimism is not the whole pudding.

There is much foreign capital invested in the Far East. The fact alone that between Japan and Great Britain exists a political alliance would act as a monetary magnet. The Japanese revenue still has something of a millstone hanging to it in the shape of pensions and such things, the after-results of the Russian-Japanese war. When the two nations decide to settle their disputes with gunpowder they both may know that their progressive march will experience a considerable setback. Naturally the loser in battle is the greater loser during the next ten or even twenty years to come. Although the triumphant nation may carry off what few honors accrue from warfare, its treasury department is transformed into what Dundreary would term a deuce of a mess.

Take, for instance, the last Japanese budget, wherein is seen an item, "charges rendered necessary as a direct result of the war," somewhere around \$120,000,000. Of this about \$55,000,000 is accounted for by increase in debt service,—a permanent charge until the loans are redeemed. The budget for 1907-8 shows an increase of some \$55,000,000 in both revenue and expenditure. Then again one may observe the effects of war. On the

expenditure side, apart from the increased debt service, appears a sum of \$25,000,000. In addition, is an increase in the disbursements needed to keep the navy and army up to the ready mark. A large growth in unproductive expenditure in Japan is noticeable. This will take many years to delete from the national account books. As the Russian-Japanese war is past history, money lenders who loan millions, will probably look to the future, and thus upon the brighter side of things.

Japan proposes to nationalize its railroads. Indeed much of the system is now under State control. Of a total of 4,779 miles in operation in 1905-6, 1,531 were under Government, and 3,248 miles under private control. Within ten years, the Japanese Government hopes to accomplish a remarkable nationalization feat. By a law, not long ago passed, it proposes to acquire within ten years, 2,810 miles of these private lines, belonging to seventeen companies. For their acquisition and operation will be raised a loan of more than \$200,000,000. Whether this step will place Japan in a favorable light with the world's money markets is a controversial point. Probably the fact that the Government controls already a fair proportion of the total railroad mileage will counteract any harm its future action might cause.

A wise step was taken not long since by the appointment of an Imperial Japanese Financial Commissioner in London. The Vice-Minister of Finance is special commissioner, and with him are four keen-sighted assistants. These appointments were made in view of the increasingly close relations between Japan, Europe, and America. The commission are making a careful study of the financial and economic situation and will report to the Japanese Government. Only a few months ago, Mr. Wakatsuki, the commissioner, was reported as saying, "Japan has no idea of floating a new foreign loan for she has no need at this period of further capital from abroad."

Concerning the financial future of Japan there seems to be little room for adverse criticism. Warfare has crippled the national finances for some years to come;