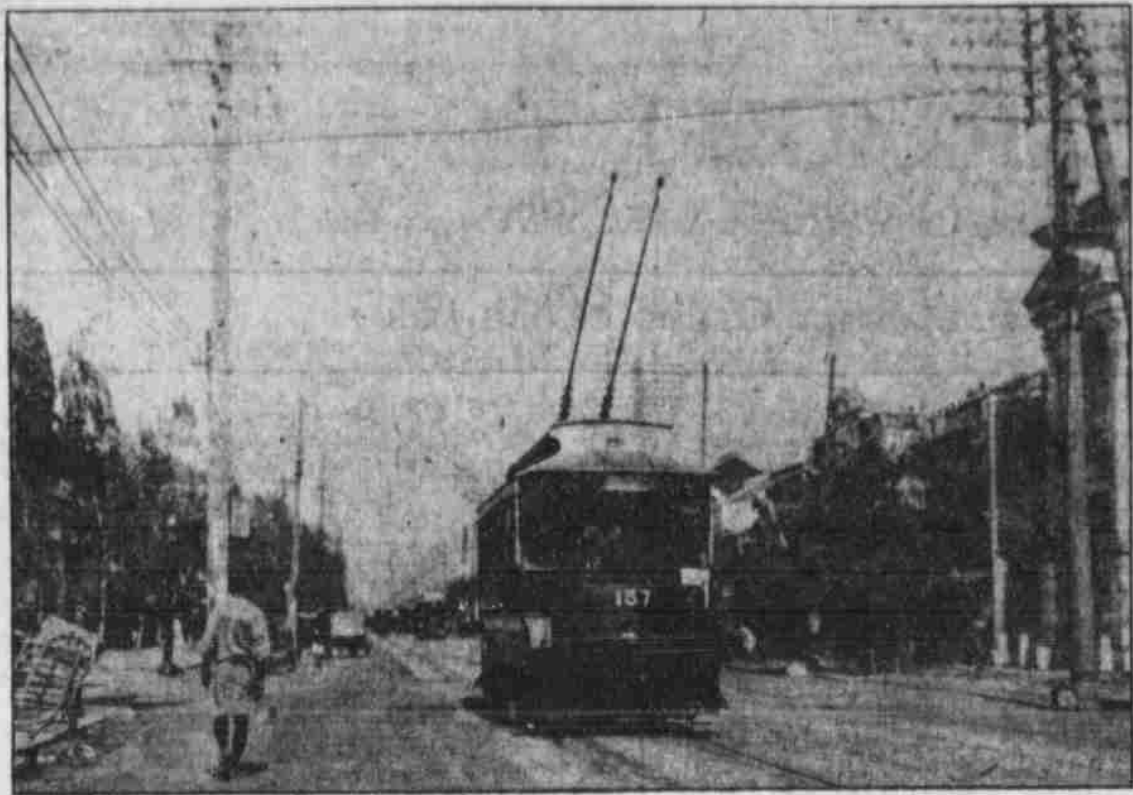
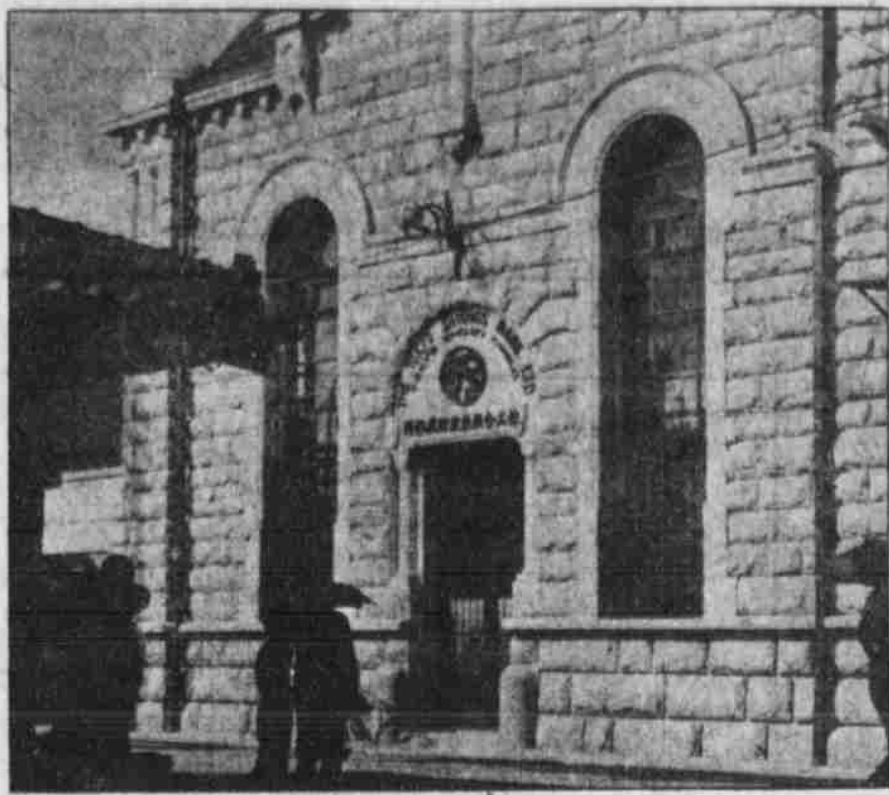


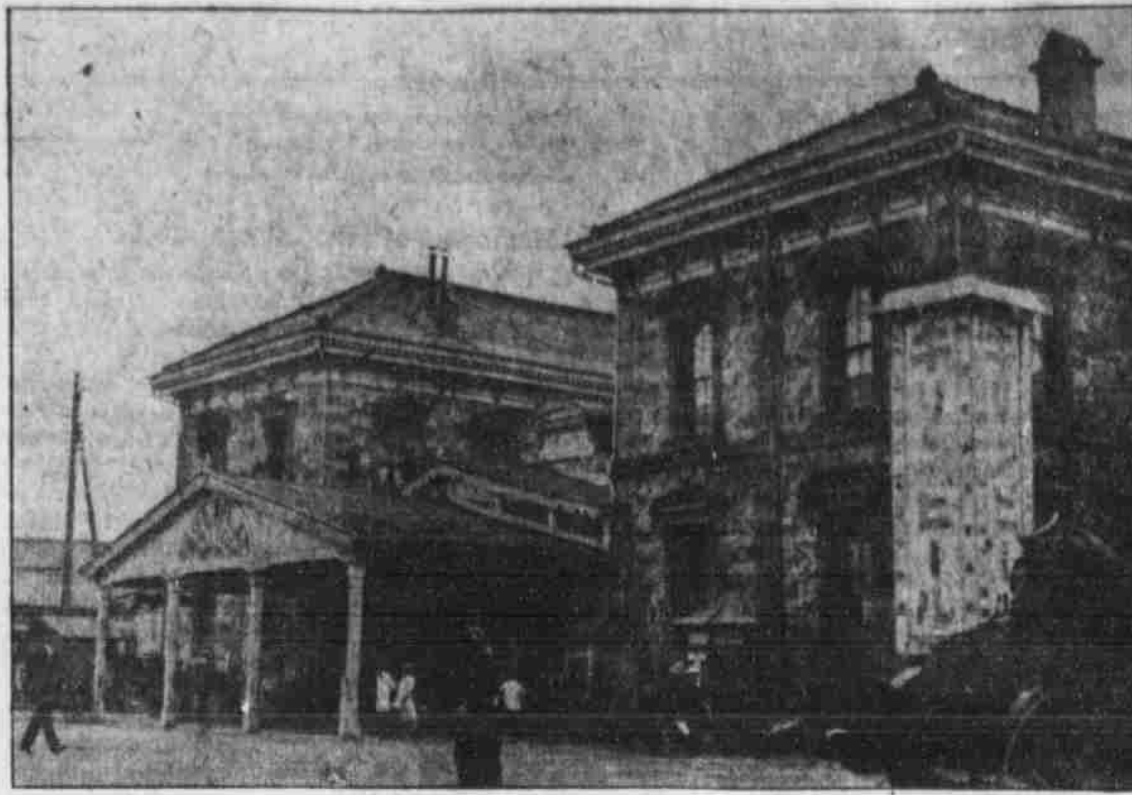
Comparison of Japan's National Debt with Governmental Resources



ONE OF TOKIO'S 2-CENT TROLLEY CARS.



TOKIO SAVINGS BANK.



SHINHASHI RAILROAD STATION AT TOKIO.



JAPANESE BABIES.

(Copyright, 1909, by Frank G. Carpenter.)

The country owes altogether more than \$1,000,000,000, and its expenses last year were almost \$1,000,000 a day. The taxes on the average are now between \$15 and \$20 per family, and they have been steadily increasing for the last fifteen years. They were considerably less than \$50,000,000 in 1888. Last year they approximated \$100,000,000, and much of the increase has been since the close of the Russian war. The expenses of the nation have more than quadrupled since the Chinese war, and the foreign loans have jumped from almost nothing to more than \$600,000,000. They are now so large that the government has called a halt and it is cutting down its expenditures. By the new policy just inaugurated it has chopped off a cool \$200,000,000 and this is to be saved during the next few years. The bankers are demanding that the expenses be further reduced and the whole nation is calling out for retrenchment, economy and reform.

Japan's Greatest Issue.

Everyone in Japan, from the emperor to the poorest coolie, now realizes that the national future is based upon the money issue. The country must establish a sound credit if it is to hold its place among the nations. As it is now it has one of the best armies of the world. It has more than 600,000 soldiers, with almost 70,000 officers. It has more than 5,000,000 trained men who could be drafted into the ranks at a week's notice and it is adding half a million young men to its available forces every year. Every boy is being drilled so that he can form an efficient cog in the fighting machine of the future, and altogether its human military material is surpassed by none. It is the same with the navy, which now ranks among the best, and to which it is soon to add more battleships of the Dreadnaught type.

"Put Money in Thy Purse."

All this is well. But without money it is naught. It takes gold to buy the food, coal and ammunition to carry on a war. A single naval engagement often costs millions, and a big international struggle may run into the billions. In a war with a great power Japan can do nothing without a big money chest or a sound national credit. At present it has no spare gold on hand, and its credit is such that it

cannot borrow more of any of its European uncles, who, with the three golden balls hanging over their doors, lend only when the collateral is in sight. Since peace was declared the conditions here have been carefully investigated, and the nation will have to make a better showing before it can float another great foreign loan. Until then there need be no fear of Japan going into a war with any great power, much less with the United States, which is the richest of all the world.

But this letter is not to describe the war situation. There is no talk of war here now; and I have looked for it among all classes of the people. The Japanese are the friends of the United States and they are not ashamed to say so. In the words of Baron Goto, one of the emperor's cabinet, who talked to me recently, "You may go from the top of the Hokkaido to the bottom of Formosa, and ask at the door of every Japanese home, rich and poor, and you will not hear one word against the United States." This feeling was amply shown in the welcome which was given our fleet last October.

Wealth of Japan.

One thousand million dollars! It seems a big pile for one people to own. It means a lot of money, but there are other nations who own more and prosper. The debt of France is five times as great; that of Russia is \$4,000,000,000, and Germany, including the colonies and states, owes almost as much. Little Italy has a debt of \$2,700,000,000, and as for ourselves, we owe \$2,500,000,000 and are paying interest on \$500,000,000. If a country is all right many think a national debt a national blessing. I am in doubt, however, whether so big a debt blesses Japan.

The question of a debt depends on the security. What has Japan got back of its obligations? Can it meet the interest charges when due and will it eventually redeem its indebtedness?

Let us take a look at the country and see. Japan all told is a little bigger than California. Four-fifths of it is made up of volcanic mountains, but the remainder, including a territory perhaps as large as Indiana, has about the richest soil on the globe. It is rich enough to feed the whole Japanese people. This country has more inhabitants than the United Kingdom of Great Britain and Ireland, which is now supported by the United States. If Uncle Sam shut his bread basket for three months England would starve. All the nations of the world might keep their supplies of food away from Japan and the 50,000,000 stomachs here would go on working just the same. Notwithstanding the hard times of today and the big taxes of the late war, there are no wrinkles in the 50,000,000 Japanese bellies. The people I see on the streets are plump and the children are fat. We have in the United States almost 3,000 poor houses, with about \$2,000 inmates. I don't know what they cost, but it must be well up into the millions. Japan is now spending less than \$400,000 a year to take care of its poor, and the government gives for such purposes much less than ours.

Big Crop of Babies.

A good index of national prosperity is the birth rate. This is increasing in Japan and without immigration the nation steadily grows. It had 30,000,000 in 1872; it has now 50,000,000, and its population is growing at the rate of 500,000 each year. Within the last twenty years over 10,000,000 have been added to it, and today the babies swarm. I have visited every great people of the world, and nowhere are there so many new babies as here. Every other child has a baby strapped to its back; almost every woman who works in the fields is thus loaded, and one meets old men and young boys going along totting these almondy, yellow bits of solemn humanity. The babies look well. They are healthy, and they seldom cry. I doubt not the birth rate will be still higher, if the conditions improve, and one of the burning questions how Japan can keep on feeding all of its people if the storms continue to bring in a half million more babies every year than

they brought in the year just behind. In most countries the birth rate falls with want and hard times. Marquis Katsuma tells me that this has been the case with Japan in the past, and that it would be so today if its people lacked food. The fact that the babies come faster and faster shows that the nation is not in desperate want.

National Assets.

As to the actual wealth of the country, it compares favorably with that of other lands. At present writing, without counting its debt, the nation is worth about \$2,000,000,000 gold. This is almost as much wealth as Italy, more than twice as much as that of Spain or Holland and about one-third of the estimated possessions of all the Russias. The richest countries in the world are the United States, Great Britain, France and Germany. We lead all the rest in having money to burn. Our assets are estimated at \$15,000,000,000 gold. Great Britain's at \$2,000,000,000, France at \$4,000,000,000, and Germany at \$2,000,000,000. Considering the short life of the new Japan and the great wars it has undertaken, its cash account is respectable, to say the least. It has almost \$5,000,000,000 in houses, lands and other buildings, about \$2,000,000,000 in furniture and works of art, and over \$1,000,000,000 in goods and other merchandise. Its shipping is estimated at a \$100,000,000, which is probably low, and its marine products at \$500,000,000, which may be high. Japan has over \$500,000,000 worth of mines. It has about \$1,000,000,000 invested in companies and banks, and over

\$500,000,000 worth of railways, telegraphs and telephones.

Banks and Stock Companies.

These islands are rapidly becoming a land of factories. Formerly everything was made by hand in the houses, and today there are millions of men, women and children who work at their homes. There are also something like 5,000 factories moved by steam, gas, turbine water wheels and electricity, and more than 500,000 hands are employed in them. Over 2,000 of these factories are devoted to textiles and about 400 to machinery and work in iron and steel. The government alone has 1,000 factories of its own, in which almost 200,000 men are employed. It has one connected with its shipbuilding and naval establishment which employs over 50,000 men.

Many of the private companies have large capitals paid in. The total aggregates over \$200,000,000, with a surplus of more than one-fourth of that amount. This includes agricultural companies and industrial of various kinds. It comprises many commercial combinations and transportation companies, and also insurance companies, stock exchanges and a multiplicity of banks.

As to the banks, there are now over 2,200, all managed by Japanese with Japanese capital. Their paid-up stock aggregates over \$250,000,000 and their dividends are big. Take the Bank of Japan, which does the business of the government. That bank has a capital and reserve fund amounting to about \$250,000,000, and its assets are \$400,000,000. Its deposits show a balance on hand of over \$200,000,000,

and the net profits are about \$3,000,000 a year. The stock pays 12 per cent. The Yokohama Specie bank made \$3,000,000 in 1907, and paid a dividend of 12 per cent, while the Hypothek bank paid 10 per cent. There are forty-six agricultural banks here which pay dividends of 8 per cent, and most of the ordinary banks are paying the same, and some much more.

Postal Savings Depositors.

One person in every six in Japan has some money in the postal savings banks. These were started in 1875, and the depositors have doubled in the past five years. There is now four times as much money in the postal savings banks as there was at the time the war with Russia began; and their accounts amount to almost \$50,000,000, with over 8,000,000 depositors. The banks pay 4 1/2 per cent interest, and the interest is compounded by adding it to the principal every six months. It is probably the highest savings bank rate paid by any government.

As to the private savings banks, they number 500 or 600, with deposits aggregating \$100,000,000, and the dividends are on the average about 8 per cent. The paid-in capital of such banks amounts to more than \$25,000,000.

It must be remembered that all these institutions have been established within a generation. Japan knew practically nothing of corporations until a few years ago, and the people are still afraid of them. Marquis Katsuma, the premier, who originated the new financial policy now starting, says he wants combinations of capital, and the bigger the better. Baron Shibu-

sawa, one of Japan's multi-millionaires, who was instrumental in starting some of the first of such combinations, says that they have already multiplied the value of every Japanese industry and have increased that of many twentyfold. He believes the future of the country depends upon them. Today Japanese capital is organizing. There was a big era of such speculation at the close of the China-Japan war, and a similar one has just passed. During these periods there were many over-capitalized companies, but most of them have gone to the wall, and the greater part of the corporations now in existence are paying dividends. There are now 9,000 or 10,000 different companies with a paid-up capital of more than \$500,000,000.

Electric Roads and Dividends.

There are electric railways in the larger cities. These have a capital of almost \$40,000,000. In addition there are other companies, organized, but not yet in working order, with an aggregate capital of over \$15,000,000. The electric railway business is in its infancy, and it is susceptible of great improvement. The Tokio electric trapezoids paid 8 1/2 per cent dividends last year, and the line from Tokio to Yokohama paid more than 11 per cent. The Osaka-Kobe line yields dividends of 13 per cent, and there are other roads which are paying from 4 to 8 per cent. All these lines are overhead trolleys and the service is good. The cars are crowded. In those of Tokio it is often impossible to get a seat during certain hours, and, as usual, the straps aid in paying the dividend. You can get more for your money on the Tokio street cars than anywhere else I know. The fare is equal to 2 of our cents, and the system of transfers is such that one can ride over thirty-five miles of track for that amount.

Government Railways.

As to the steam railways, the most of them are owned by the government. More are being acquired, and in time the whole of such communications will belong to the state. I understand that the government railways are paying and that the profit last year from them was almost \$30,000,000. This will pay the interest on the purchase of the lines and still yield a small surplus. During my stay in Tokio I talked with Baron Shimpel Goto, the imperial minister of communications. He thinks there is no doubt that the roads will eventually yield a large profit. There are 5,000 miles of them, and he tells me that Japan needs 1,000 miles more. He expects to broaden the tracks and standardize the equipment and to greatly improve the rolling stock. He believes in the nationalizing of the roads, and says that government ownership is a necessity in Japan in order to prevent overcharges. The government roads have cost \$115,000,000 to build, and when the loan issued for their purchase is paid it is estimated that they will yield the state \$25,000,000 and upward a year. In my talk with Baron Goto I asked him whether Japan could afford to carry its railway passengers for 2 cents a mile. He replied:

"We are doing better than that. Our passenger rates are about 1 1/2 cents a mile, and our freight rates on the average are just about half those of the United States."

Baron Goto says that the traffic on the railroads shows that the business conditions are improving. He referred to the fact that we had last year something like 300,000 cars idle on the American tracks, while Japan had more freight than it could handle, and its stations are now filled with goods awaiting transportation.

Ship Subsidies Which Pay.

Baron Goto says that the shipping interests are doing well, and that the government subsidies are paying in the increase of foreign trade. Japan has now steamers which aggregate more than 1,000,000 tons and sailing vessels whose tonnage is one-third that amount. It has regular lines of vessels to Europe, America, Australia and India, as well as to Manchuria and Siberia, and on all the big rivers of China. The steamship lines are paying dividends. The Nippon Yusen Kaisha,

which is the largest in Japan, pays 12 per cent, and the Toyo Kisen Kaisha has dividends equally good. Many of the ships are built in Japan, some of the vessels constructed being 3,000 tons or more. There are 200 private shipyards in Japan. In another letter I shall write about the factories of Japan, giving the amount of business they are doing and showing how they are growing. Suffice it to say that they include many cotton and spinning mills, machine shops, chemical works, wood-working establishments, match factories and those which make watches and electrical supplies.

Hard Times and the Taxes.

From what I have written in this letter it will be seen that the finances of Japan are not founded altogether on wind. The country is in many respects rich, and it has considerable undeveloped resources, the chief of which are in the industrial possibilities of its people. At the same time the cost of living is comparatively low, although more than in the past, owing to the gradual changing to the more expensive customs coming in with the new civilization. Whether the country will continue to prosper with the extravagances of this civilization remains to be seen. As it is now, what the United States wastes at every breakfast would feed all Japan for a whole day, and the money she spends for carpets would buy all the furniture of this nation of 50,000,000 people.

This letter is about the hard times of today. That they are hard there is no question, although I doubt whether they are as bad as they were in many of our cities during the last year. Every one seems busy, and although some of the factories have cut down the forces there are few unemployed. The men have other jobs, for in nearly every house the people are making one thing or another for sale. At the same time, wages are low, and the taxes have been continued on the war footing of the struggle with Russia.

Taxes to Death.

Everything in Japan is taxed. There are stamps on all bank checks, and when you pay your bill your receipt has a stamp. Every business is taxed according to the amount of its volume, and every peddler and Shriksha man pays a license. There is a tax on medicines, on sake and liquors, and on Japanese soy, the sauce which the people use with their food. This was increased at the time of the war. All incomes pay taxes, and these grow with the amount of one's property. There are about 3,000,000 families in Japan, and all are expected to pay a certain percentage, if they make more than \$50 a year. These taxes were increased during the war and they still hold. There are, of course, taxes on lands, which now run from 3 per cent upwards to 17 per cent, according to the class of the land. There are inheritance taxes, mining taxes, taxes on stock exchanges and the issue of bank notes.

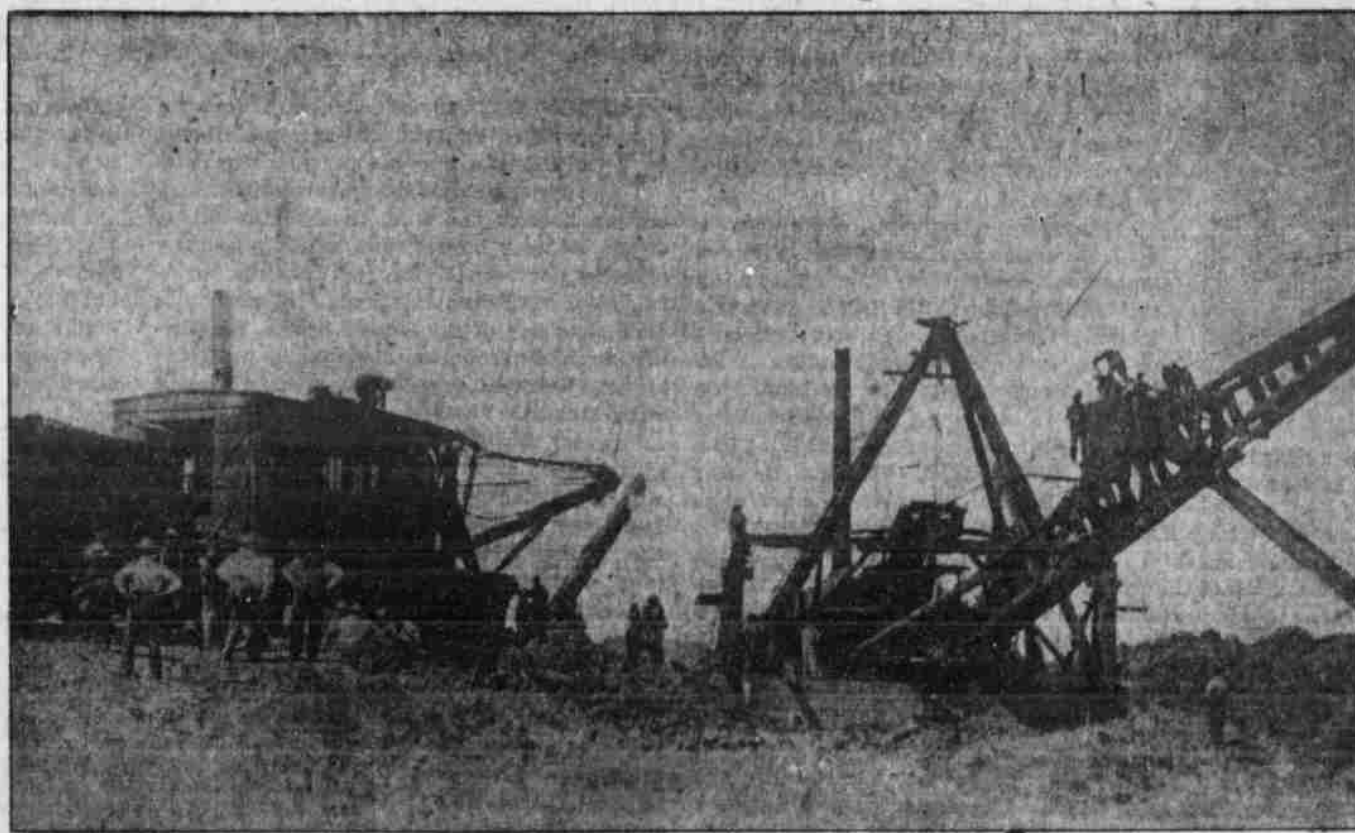
There are customs duties on everything imported, and there is a special tax on travelers, whether they go by steamboat, steam train or electric cars. This tax depends on the mileage, running from 5 sen to 50 sen, according to distance, for the first class; from 3 to 25 sen for second class, and 1 to 4 sen for the third class. A sen is 1/100 cent. It will be seen that the tax is very light on the third class, the longest trip costing 2 cents, and that it is heaviest on the first class, where the same distance is taxed 25 cents.

Government Monopolies.

In addition to all this are the government monopolies, including tobacco, salt and camphor. There is no place where good cigars cost so much and where the home-made cigars are poorer. Any kind of tobacco costs three times as much here as in the United States; an ordinary "cigar" is sold for 10 cents, while a nice cigar easily brings 25 cents. Cigarettes are equally high. The tobacco monopoly brings in about \$16,000,000 a year to the government and the salt monopoly yields over \$7,000,000. On the whole, the nation is taxed just about all it can stand.

FRANK G. CARPENTER.

Great Drainage Ditch Being Excavated



CUTTING THROUGH THE CHICAGO & NORTHWESTERN TRACKS

THE greatest drainage project in the middle west is now being developed in the Missouri river bottom in Iowa in the counties of Woodbury, Monona and Harrison. These counties comprise some of the richest land in the United States. This is a valley of about fifteen miles in width, bordered on one side by the Missouri river, and on the other by an irregular line of bluffs above which stretch the rolling prairies so characteristic of Iowa. The soil is a rich, heavy, dark, drift loam of alluvial deposit, and of wonderful and seemingly inexhaustible fertility and unsurpassed in productiveness.

The fall in this valley, however, is only about one foot to the mile. This district

is drained by the Missouri river and its tributary the Little Sioux river. The Little Sioux river drains an immense tract of land, over 400,000 acres, and in the spring when the hills in which its source is situated are deluged with rains, it rises with great rapidity, and spreading out over the level bottom land for miles carries in its wake ruin and disaster. In years when the rains are especially heavy, this land becomes a sea of water that ruins crops and hay lands, and prevents any farming. In Woodbury county there are about 4,000 acres subject to this overflow, while a large portion of Monona county bottom land amounting to about 50,000 acres is, during this season, submerged. However, during a normal year this section is practically unaffected, and wonderful results and yields are obtained from it.

To relieve the flood situation was the problem that arose. It seemed that to drain the land with large ditches was the only solution, thus providing an outlet for all this accumulation of water. This was agitated by the press and by the citizens and farmers and in July, 1903, the two boards of supervisors of Monona and Harrison counties let the contract for the Monona-Harrison ditch. The work was delayed on account of litigation in court and not until April, 1907, was it resumed.

A few years ago what was known as the Woodbury-Monona ditch was constructed. This ditch commenced in Woodbury county and ran south along the line of Wolf creek into Monona county to a point connecting with the west fork of the Little Sioux river. This connection is three miles from the confluence of the west fork of the Little Sioux. At this connection the Monona-Harrison ditch was started. It runs in a south and southwesterly direction for over twenty-five miles and empties directly into the Missouri river.

Besides the big ditch many laterals, cut-offs and small ditches were constructed. By placing cut-offs in the bends of the river the channel length of the stream is shortened. In one cut-off of 900 yards length three and a half miles are saved in the old channel. The engineer of this project estimates that by straightening the river with cut-offs it will carry three times as much water as before. There are eleven cut-offs constructed at the present time. The upper part of the Monona-Harrison

ditch is forty-five feet wide at the bottom and an average depth of from eight to ten feet, but when it gets down in the middle of Monona county it widens out to a fifty-foot base, with a top seventy-five to eighty feet wide and from ten to fifteen feet in depth, below the surface of the land. Some of the river cut-offs are deeper than this.

One can readily see that this straight, deep and wide canal can carry an immense amount of water. Nothing in the middle west in drainage systems can approach this mammoth construction in size or length. Connecting as it does with the Missouri river itself it makes a permanent and lasting drainage system.

This is all being dug by dredge boats.

(Continued on Page Three.)



ONE OF THE SMALL DREDGES CROSSING THE ILLINOIS CENTRAL TRACKS.



LARGEST INLAND DREDGE IN THE UNITED STATES.