

IS JAPAN BANKRUPT?

ALL ABOUT THE NATIONAL ASSETS AND THE NATIONAL DEBT.

Special Correspondence.

TOKYO, Japan.—Is Japan bankrupt? The country owes, at present, more than \$1,000,000,000, and its expenses last year were almost \$1,000,000,000 a day. The taxes, on the average, are now between \$15 and \$20 per family, and they have been steadily increasing for the past 15 years. They were considerably less than \$10,000,000 in 1893. Last year they approximated \$125,000,000, 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 \$1,000,000,000. 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 real \$100,000,000 and this is to be repaid during the next five years. The bankers are demanding that the expenses be further reduced, and the whole nation is calling out for reform, economy and reform.

JAPAN'S GREATEST ISSUE.

Every one in Japan, from the emperor to the poorest cottager, now realizes that the national future is based upon the money issue. The country must establish a sound credit, it is held its place among the nations. As it is now, it has one of the poorest credit of the world. It has more than 60,000 soldiers, with almost 70,000 officers. It has more than 2,000,000 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 soldier. The machine of the future, and altogether the 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 Dreadnought type.

"PUT MONEY IN THY PURSE."

All this is well, but without money it is naught. It takes gold to buy coal, 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 she has no spare gold on hand, and her credit is such that she cannot borrow more of any of her European allies, who with the three golden balls hanging over their doors, lend only when the collateral is in sight. Since peace was declared the conditions 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 at the door of every Japanese home you will find a picture of the United States." This feeling was amply shown in the welcome which was given our feet last October.

THE WEALTH OF JAPAN.

One thousand million dollars! It means a big pile of money, but there are other nations who owe more and prosper. The debt of France is five times as great; that of Russia

is \$1,000,000,000, and Germany, including the empire and states, owes almost as much. Little Italy has a debt of \$2,700,000,000, and as for ourselves, we owe \$2,000,000,000 and are paying interest on \$200,000,000. If a country is all right nearly 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 her obligations? Can she meet the interest charges when due, and will she eventually redeem her 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 several very fertile valleys 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 sponsored by the United States. If Uncle Sam shut his bread basket for three months, England would starve. All the nations of the world would 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 face of the Japanese. The people live on the streets are plump and the children are fat. We have in the United States almost 2,000 poorhouses, with about 32,000 inmates. I doubt if they are as fat, but it must be well up into the millions. Japan is now spending less than \$100,000 a year to take care of her poor, and the government gives for such purposes much less than ours.

THE BIG CROP OF BABIES.

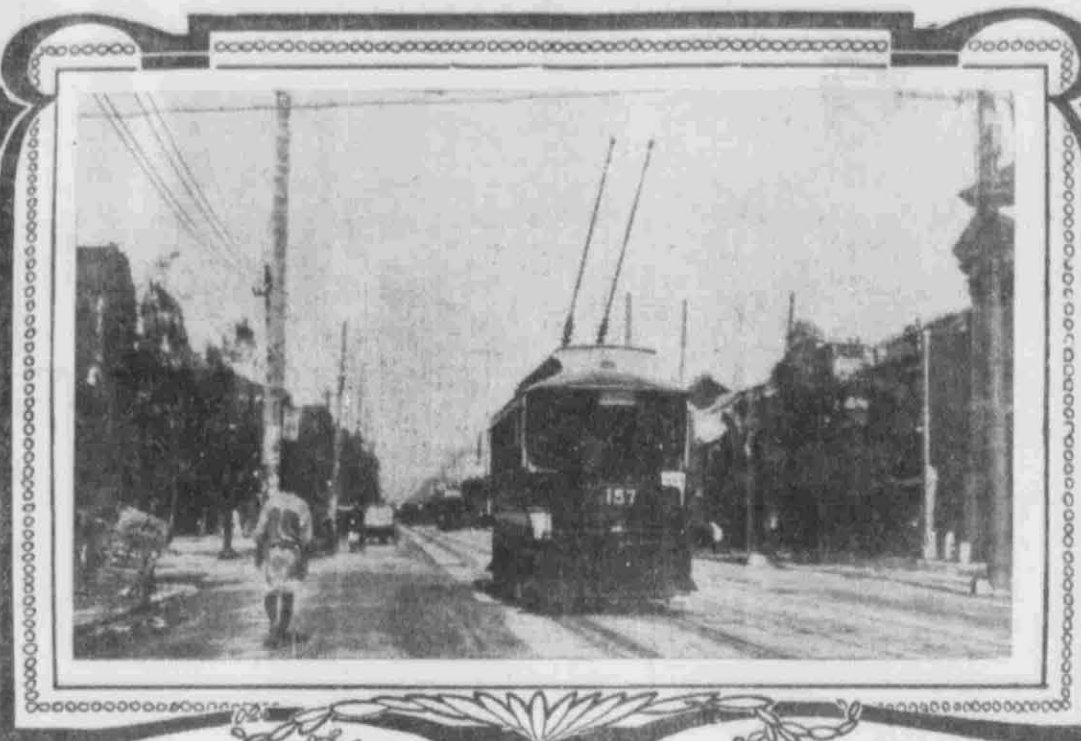
A good index of national prosperity is the birth rate. This is increasing in Japan and without immigration the nation steadily grows. It had 53,000,000 in 1872; it has now 50,000,000, and its population is growing at the rate of 500,000 each year. Within the past 20 years over 10,000,000 have been added to it, and today the babies swarm. I 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 toting these almond-eyed, 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 is how Japan can keep on feeding all of its people if the stocks continue to bring in a half million more babies every year. 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 her 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 this country, it compares favorably with that of other lands. At the present writing, without counting its debts, the nation is worth about 12,000,000,000 of gold dollars. This is almost as much as the wealth of Italy, more than twice as much as that of Spain or Holland, about one-third of the estimated possessions of all the Russians. The richest countries of 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 110,000,000,000 gold dollars; Great Britain at \$62,000,000,000; of France at 43,000,000,000, and of Germany at 42,000,000,000.

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 build-

Japan is Worth Twelve Billion Dollars—It Owes 1,000 Millions and Spends a Million a Day—A Little About the Wealth of the Country and the People—Banks and Stock Companies Which Pay Dividends—Eight Million Postal Savings Depositors—The New Electric Roads and the Government Railways Whose Rates Are One Cent a Mile—Ship Subsidies Which Pay—Hard Times and the Taxes—Government Monopolies, Etc.



JAPAN HAS ELECTRIC CARS WITH TWO-CENT FARES.

Photographed for the "News" by Frank G. Carpenter.

ings, about two billions in furniture and works of art, and over one billion in goods and other merchandise. Its shipping is estimated at a hundred millions, which is probably low, and its marine products at eight hundred millions, which may be high. Japan has over \$500,000,000 worth of mines. She has almost one thousand millions invested in companies and banks, and over \$300,000,000 worth of railways, telegraphs and telephones.

BANKS AND STOCK COMPANIES WHICH PAY DIVIDENDS.

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 600,000 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 \$500,000,000, 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 2,500, 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 \$30,000,000 a year. The stock pays 12 per cent. The Yokohama Specie bank made \$2,000,000 in 1907, and paid a dividend of 10 per cent, while the Hypothec bank paid 12 per cent. There are 45 agricultural banks here which pay dividends of 8 per cent, and most

of the ordinary banks are paying the same, and some much more.

EIGHT MILLION 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 deposits 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 \$500,000 depositors. The banks pay 4 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 five or six hundred, with deposits aggregating \$100,000,000, and the dividends are on the average of about 5 per cent. The paid-in capital of such banks amounts to more than \$22,000,000.

NEW CORPORATIONS IN JAPAN.

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 Shibusawa, one of Japan's multi-millionaires, who is instrumental in starting some of the first of such combinations, says that they have already quintupled 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 nine or ten thousand different companies with a paid-up capital of more than \$200,000,000.

THE ELECTRIC ROADS AND THEIR 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 development. The Tokyo electric tramways paid 8 1/2 per cent dividends last year, and the line from Tokyo to Yokohama paid more than 11 per cent. The Osaka-Kobe line yields dividends of 12 per cent, and there are other roads which are paying from 4 to 9 per cent. All these lines are overhead trolleys and the service is good. The cars are crowded. In those of Tokyo 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 Tokyo street cars than anywhere else I know. The fare is equal to two or three cents, and the speed of transfer is such that one can ride over 25 miles of track for that amount.

GOVERNMENT RAILWAYS WITH ONE-CENT FARES.

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 \$3,000,000. This will pay the interest on the purchase of the lines and still yield a small surplus. During my stay in Tokyo I talked with Baron Shibusawa, 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 5,000 miles more. He expects to broaden the tracks and standardize the equipment, and to greatly improve the rolling stock. He believes in the nationalization of the roads, and says that government ownership is a necessity in Japan in order to prevent overcharges. The government roads have cost \$15,000,000 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 3 cents a mile. He replied: "We are doing better than that. Our

passenger rates are about 14 cents a mile, and our freight rates are equally low. Our rates on the average are just about half those of the United States."

Baron Goto says that the traffic on the railways shows that the business conditions are improving. He referred to the fact that we had last year something like 300,000 cars 10th 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 8,000 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 cotton and spinning mills, machine shops, chemical works, wood-works 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 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 extravagance 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 past 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 taxes have been continued on the war footing of the struggle with Russia.

TAXED 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 pedler and hawker must pay 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 war.

All incomes pay taxes, and these grow with the amount of one's property. There are about 8,000,000 families in Japan, and all are expected to pay a certain percentage, if they make more than \$150 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 15 per cent, according to the class of the land. There are inheritance taxes, and

ing 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 on electric cars. This tax depends on the mileage, running from 10 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 one-half 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 homemade cigars are poorer. Any kind of tobacco costs three times as much here as in the United States; an ordinary "two-for" is sold for a dime, while a nickel cigar easily brings 25 sen. 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.

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AUSTRIAN SOCIETY DANCES IN SUBTERRANEAN BALLROOM

(Continued from page thirteen.)

The path to this lake is called the "road to hell," being very steep, dark and slippery. The miners always sing hymns when taking visitors down there and their voices vibrate and echo among the rocks and niches. There is a legend that the devil haunts it from time to time and that the spirits of departed miners who have led bad lives float about in its waters. In the last century there was a very cruel overseer named Zupinski who was either thrust in there by his men or fell in by accident. It is said that he still lives there in a perpetual state of burning thirst which he strives to quench by means of the salt water. Even today, some of the older men employed about the mine declare that they hear his groans and shrieks at night.

CHAPEL BUILT OF SALT.

So difficult and expensive is it to light up the whole mine that visitors must make up a party of at least 50 and pay various sums according to their number. It is a very rare that they are taken to see the lake, on account of the dangerous descent. One of the sights of the place is the chapel of St. Anthony, hewn out of the solid salt rock in the year 1855 by an enterprising miner. No less than 500 steps and down to it from the second "floor" and it measures over eight yards long, seven wide, and the altar, candlesticks and statues are cut out of crystal salt. At one time mass was said there every day. But owing to the fact that the priest does not live near the mine, services are only held on great festive days. In the corridor between this chapel and another smaller one is the statue of St. Consegundo, the patroness of those who work underground, hewn out of the solid rock, the work of some pious miners. A candle-labra of salt, containing 200 candles, hangs before it and is lighted up on great feast days. From this spot run corridors and cells with salt beds and statues of the Austrian emperor and various personages who have had communion with the mine.

UNDERGROUND TOWN.

In this underground town, which measures to less than four kilometers long and a kilometer wide, over 800 men with their families spend their days. Here children are born and old men die. Some of them die going above ground, even for a few days. Those who habitually refuse to do so pay the penalty of blindness. After living for

some months in this strange mixture of brilliance and gloom they can see nothing when they go above ground, though their sight still serves them in the mine.

Those who are too old to work with the pick make candlesticks, trays and statuettes out of the salt, which they sell to tourists. The souvenirs they make in a mild climate and can only be distinguished from marble by the salt taste they give when licked. They are of course made from the so-called glass layer, perfectly carved and strong.

WILLIAM LYNCH.

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HEAD OF ARMY PHYSICIANS.
Brigadier-General George H. Torney, who recently succeeded Gen. O'Reilly as head of the medical division of our army, was born in Baltimore June 1, 1856. He entered the army in 1876, and has served in many important posts. At the time of the San Francisco earthquake he was ship surgeon of the department of California and had charge of all sanitary work in the stricken city.

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