

The Japan Times.

TOKYO, THURSDAY, OCT. 24, 1907.

JAPAN AND CHINA AND AMERICA.

ADVICES from Washington retransmitted from London to the *Nichi Nichi* say the real object of the Pacific cruise of the U.S. battleship squadron is to have an adequate naval force in the Far East in anticipation of Japan's ambitious movements on the morrow of the demise of China's Empress Dowager. For all we know the good old Imperial lady is in excellent health, both in mind and body, with a prospect of remaining in power for many years to come. It is ridiculous to suppose that the unusually bright galaxy of statesmen now reigning at Washington do not see the folly of going immense expense to be prepared for an event of which the most that can be said is that it may occur to-morrow or ten, twenty years later, and in whose outcome America can but be indirectly and distantly interested. Equally silly it is to imagine that, whatever might happen, Japan would be so reckless as to interfere with the affairs of China in disregard of her treaty of alliance with England and of her conventions with France and Russia. Further if there is any foreign Government correctly informed of the motives and aspirations of the Japanese Government and nation it is the one at Washington and it is preposterous to assume that the latter has so far gone out of its way as to give abroad a statement of the kind. In short we refer to the above piece of intelligence only as another instance of journalistic invention. Incidentally it may be remarked, however, that while Japan is in no way perturbed over the battleship squadron affair and even thinks it reasonable that the United States should feel the need of adopting some plan of defence for her Pacific coast, the world at large seems not satisfied with the explanations so far given of the undertaking, and it is this circumstance that encourages these inventions. But it is really intolerable for us that Japan should be made the scapegoat of every new fabrication more outlandish than its predecessors.

This is a second time in the recent past that China has been made

to figure in Japanese-American allegations, the last being on the occasion when Mr. Taft was feted at Hongkong and Shanghai. It was then made to appear that China was anxious to get into America good graces by offering to stand by the latter in the event of any trouble with Japan. In this country, of course no notice was taken of the report at the time; nor will any be taken now. Now that, however, a new attempt is made in a similar direction or rather from another direction with a similar purpose, one may take it to indicate that all efforts of agent provocation to create friction direct between the Empire and the Republic, the enemies of Japan are now trying to turn their scheme into a three cornered affair. Of that too we have no reason to feel uneasy about, in so far, at all events, as America is concerned. But the case is different with regard to China. So long as the matter stands in the relation of China to America nothing need be feared. But turn it the other way and put it in the Chinese heard that America is ready to back her up, the delusion—and a delusion it will be all through—is bound to play mischief in her relations with this country. And it is believed that somebody or other is busily engaged in and out of China to work up or jump at any scheme to set that country against Japan. Not that there is anything strained in the relations of the countries; on the contrary with two of China's most enlightened statesmen taking the reins of government at Peking and another able man occupying the viceroyalty of Manchuria, the attitude of the old Empire toward this country is as satisfactory as can be expected under the present circumstances, with promises for the better. Nevertheless she is now in the throes of the rights and interests recovery mania and prove to be led astray by deceptive hopes. In these circumstances it will be well for us to be cautious as to how we deal with her. Of all things it would be most impolitic and disastrous for the Japanese to pose before her as a conqueror and benefactor. We have some matters to settle with China; but that can be done without "putting on airs." In any case it is perilous to furnish any cause for outside plotters to take advantage of in poisoning the Chinese mind against us.

Financial Prospects.—The *Tokyo Asahi* thinks that financial prospects, comprehensively viewed have much improved. According to the financial schedule of the Government made public in the last Diet some 570,000,000 yen out of the total expenditure 600,000,000 yen was given as the expenditure that is to be carried over for several years to come. The permanent revenue meeting this outlay was given at 430,000,000 yen, showing an annual deficit of a large sum. This state of affairs, which formed a subject of the paper's solicitude, has been improved by the natural increase of ordinary income for the 39th fiscal year, exceeding the budgetary estimate for the year by 45,000,000 yen. Calculating on this basis the paper feels justified in its expectation of the jump of ordinary revenue in the 41st fiscal year to 470,000,000 yen. Turning now to expenditure, the paper finds various undertakings postponed on a large scale, owing to the hitch in loan flotation and to the rise of the price of materials and of wages. Expenditure has thus decreased, while income is greatly increasing. On the condition that the Government does not start new undertakings, the amount of the deficit of revenue must become much smaller compared with the time of the announcement of the financial programme for the 40th year. The amount of the deficit for the coming year may be presumed to be less than 100,000,000 yen, part of which may at least be met by the receipts of the Russian prisoners expenses. The Government will find it easy enough to form next year's Budget, but it is in the year after, the 42nd, that it will have to grapple with real difficulties. This much the paper has discussed before, and the only feature that can qualify its former statements is the unexpected natural increase of revenue. This sudden increase can not be expected annually. Only resolute postponement of all undertakings, possible of postponement, to say nothing of refraining from new enterprise, will save the Government from facing a standing deficit of several tens of millions. There is no certain source of income in sight to make up the deficit. On the other hand, some undertakings will now permit postponement, and the Government expenses should be expected to undergo yearly expansion, owing to

the gradual rise of the price of commodities. This swell in the volume of the expenditure side will be, at the same time, to a great extent cancelled by the steady increase of national revenue. Besides, after the tariff revision in 1910, customs income will increase by some 20,000,000 yen, and this encourages the hope of balanced Budgets and general solidness of national finance. The only blur cast on this bright future is the aftermath of the railway nationalization. The responsibility that the Government has taken upon itself of extension and improvement of the railway system in the country will entail upon its shoulders a heavier burden with the completion of the purchase; in fact it gives already an appearance of being too heavy for its capacity. Some 30,000,000 yen designed for annual flotation as railway bonds is found inadequate, and the paper hears the rumour of the official intention of doubling the amount in the next Budget. Even if the principal and interest of the loans could be paid out of the income realized from the undertaking, the flotation of the sum would be impossible in view of the large sum still awaiting flotation. Meanwhile the cry for improvement of transit is growing daily louder. Nothing indeed has proved more deleterious to the post-bellum finance of Japan than the reckless investment in the railways. The only way the paper sees out of the difficulty is to turn the official monopoly into a joint work with private parties.