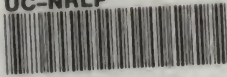


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THE IMPERIAL JAPANESE GOVERNMENT'S
SPECIAL FINANCE AND ECONOMIC
COMMISSION

TO

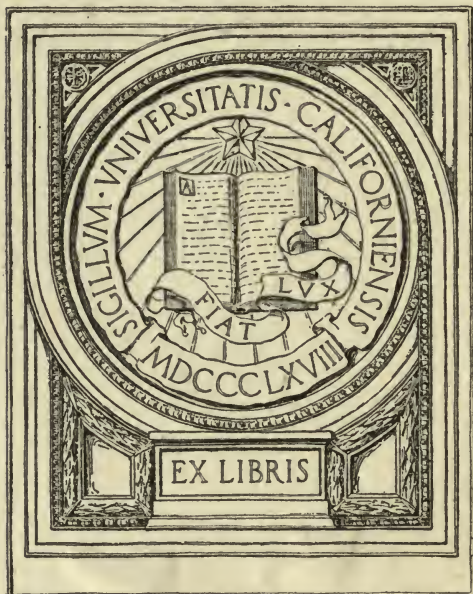
THE UNITED STATES

HEADED BY

BARON TANETARO MEGATA

(SEPTEMBER 1917-APRIL 1918)

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Special Finance Commission to the United States.



Baron B. Ito

Mr. C. Koike

Mr. K. Matsumoto

Baron T. Megata
(Chief Commissioner)

Dr. S. Hishida

Mr. T. Sakakuchi

Mr. U. Yoneyama





Banquet tendered by the American Manufacturers Export Association at the Biltmore, New York, on December 7, 1917



Dinner in Honor of
The Imperial Japanese Financial Commission
Banks and Trust Companies of Boston, Mass.
Hotel Somerset... Dec 14, 1917.

Dinner given by Banks and Trust Companies of Boston at Hotel Somerset, on December 14, 1917



Banquet given by Baron Megata at Hotel Plaza, New York City, on December 20th 1917.

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PREFACE

Two motives have led to the publication of this little volume. First, our commissioners have wished to make a permanent record of the many courtesies and attentions with which they were honored in America. It is hoped that those to whom the book will go will accept it as an expression of the spirit in which it has been compiled, which is one of continued and renewed appreciation of all the hospitality and friendliness shown us in the United States.

Our second motive is our belief that the words which America's leading men of business and finance addressed to us constitute a very strong endorsement of coöperation between America and Japan. Such words are of permanent value, and are worthy of being given permanent form.

In justice to the American speakers it should be said that it has been impossible to submit the stenographic reports of their addresses for their personal revision. We trust that they will pardon this irregularity, due to world wide distance.

As for the words themselves, we send them forth with the conviction that nothing else can so well represent, and so strongly encourage the realization of, the aims and purposes of Japan's Special Finance and Economic Commission to the United States.

Tanetaro Megata

Baron, and Chief of Commission.

Tokyo, April 30, 1918.

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1. CREATION OF A SPECIAL FINANCE AND ECONOMIC COMMISSION

Imperial Ordinance No. 144, promulgated on September 12, 1917, created temporarily a Special Finance and Economic Commission in the Cabinet. The text of the Ordinance runs as follows :—

“ We give Our Sanction to the matter relating to the temporary creation of officials to be sent abroad in order to deal with financial and economic matters, and order the same to be promulgated.

[His Imperial Majesty's Sign-Manual]

The 12th day of the 9th month of the 7th year of Taisho.
(Countersigned) Count Masakata Terauchi,
Minister President of State.

ARTICLE I. With the object of dealing with financial and economic matters, the following officials may be temporarily appointed in the Cabinet in case there is a special necessity to send them abroad :—

A Chief Finance and Economic Commissioner specially sent by the Imperial Government of Japan.

Finance and Economic Commissioners specially sent by the Imperial Government of Japan.

ARTICLE II. The Chief Finance and Economic Commissioner specially sent by the Imperial Government of Japan shall be appointed by the Cabinet on petition of the Minister President of State to the Emperor.

Finance and Economic Commissioners specially sent by the Imperial Government of Japan shall, on petition of the Minister President to the Emperor, be appointed by the

Cabinet from among the high officials of the Government Offices concerned and from those having scientific knowledge and experience.

ARTICLE III. The Chief Finance and Economic Commissioners specially sent by the Imperial Government of Japan shall be accorded the treatment of the Shin-nin rank.

The Finance and Economic Commissioners having official rank shall be accorded the treatment of their respective highest ranks. Those having no official rank may be accorded the treatment of the Chokunin rank or So-nin rank.

SUPPLEMENTARY RULE

The present Imperial Ordinance shall come into force on the date of promulgation.

2. THE FIRST COMMISSION SENT TO THE UNITED STATES

It was decided that the first Commission should be sent to the United States, and the following official appointments were made on September 13, 1917.

Baron Tanetaro Megata,... ..Chief of the Special Finance
Member of the House of Peers. Commission.

Mr. Osamu Matsumoto,Special Finance Commissioner.
Secretary in the Department of Finance.

Mr. Takenosuke Sakaguchi, " " "
Technical Inspector in the Extraordinary
Investigation Bureau, Department of
Finance.

Baron Bunkichi Ito, " " "
Secretary in the Extraordinary Industrial
Investigation Bureau, Department of
Agriculture and Commerce.

Doctor Seiji Hishida,... .. " " "
Secretary Interpreter to the Government
General of Cho-sen (Korea).

- Mr. Umekichi Yoneyama,**Special Finance Commissioner,
 Managing-Director of the Mitsui Bank,
 Ltd., Tokyo.
- Mr. Yoshitaro Yamashita,**” ” ”
 General Manager of the Sumitomo Firm,
 Osaka.
- Mr. Chozo Koike,**” ” ”
 Director of the Kuhara Head Office,
 Osaka.
- Mr. Kenjiro Matsumoto,**” ” ”
 Representative of the Yasukawa Mining
 Co., Fukuoka.

3. REASON FOR SENDING THE COMMISSION TO THE UNITED STATES

The Special Finance Commission was established to carry on the work of investigating the financial and economic measures adopted by the foreign Powers to meet the exigencies arising out of the great world war, the purpose of its investigations being to furnish Japan with instructive information as to ways and means for furthering the development of the Empire both during and after the war. In pursuance of this purpose persons, officials and private individuals, having ability and experience in the treatment of the subjects concerned, are to be selected from time to time, and charged with this important mission.

As the first step, Baron Megata, Chief of Commission and his associate Commissioners were ordered to proceed to the United States, the Power now most closely related to this Empire in many respects. It is with extraordinary determination that the United States has joined in the war. The financial measures which she has adopted for the time of the war, and the economic policies which she has framed for the period to follow the war, have been planned on a large scale and with great foresight, so that they will naturally bring about an entirely new situation in the industrial and monetary circles of the world.

Therefore, the sending of these Commissioners to the United States in order to enable them to observe personally the conditions actually existing in that country and so to create between

the two nations a better understanding which shall serve to promote the mutual interest of both countries, will not only be instrumental in furthering relations of intimacy between Japan and the United States but also will have the good effect of bringing into clearer light the industrial and financial fields of this Empire, both during and after the war. That the United States will hold a dominant position in the money market of the world after the war seems quite certain, and consequently to strengthen the basis of coöperation with her is tantamount to advancing the economic position of this Empire.

In the selection of the Commissioners, comparatively many appointments were made from business circles, in as much as the necessity of making the investigation a combined effort of both Government and people was keenly felt by the authorities.

4. Speeches made at the Dinner given in Honour of Baron Megata's Commission by the America Japan Society, on October 2nd, 1917

Introductory Speech by Viscount Kaneko, the President of the Society : —

A few months ago, we met here to tender a farewell dinner to Viscount Ishii, who was sent to the United States on an important mission, and tonight we again assemble to perform a similar function for Baron Megata, who will soon sail for America on a mission no less important than that of Viscount Ishii.

Viscount Ishii's mission is of a diplomatic nature, whereas Baron Megata's is financial and economic.

And now the conditions of Japan and the United States are assuming an aspect very favorable to bringing the business men of the two countries nearer and nearer together, and to realizing an industrial and commercial coöperation of Japan and America.

As I look back to the year 1905, while I was in New York, I published my views on the subject of a Japan-America Economic Alliance, but unfortunately no one ever paid serious

attention in either country. Ten years afterwards, in 1915, Baron Shibusawa went to New York and spoke in public on the coöperation of Japan and America; but people did not take it seriously—some even went so far as to ridicule the Baron's scheme.

Meanwhile the mind of American business men has undergone a wonderful change, and last year Judge Gary came to Japan and spoke in public as well as in private on the importance of coöperation. Since his return home, he has been advocating this view every time an opportunity has been offered him.

Now Baron Megata goes to the United States with the Financial and Economic Mission. His mission is a timely one. Moreover he is a Harvard graduate and his alma mater is a great asset, which he will capitalize in organizing the coöperation of American business men with Japanese.

Through Baron Megata's efforts, we hope to see soon the realization of such coöperation in industry and commerce, so that some day we may be able to read in American business directories, such a name as Morgan, Mitsui & Co., such a partnership as Vanderbilt & Sumitomo; such a joint stock company as Carnegie & Yasukawa; or, an economic alliance of Rockefeller and Kuhara.

By the joint and united effort of Americans and Japanese only can we exploit and develop Chinese resources, because in Chinese economical matters neither can America disregard Japan nor Japan exclude America; therefore a good understanding and coöperation is a mutual advantage and benefit. Moreover the Japanese Government and people have not the slightest motive for excluding Europeans and Americans from the Chinese market, but will always maintain and uphold the principle of equal opportunity and the open door policy of the greatest American diplomat, John Hay.

Speech by Viscount Motono, Minister for Foreign Affairs:—

Mr. President, Excellencies and Gentlemen:

I rise to my feet with a feeling of enthusiasm and hopefulness. I am sure that in sending to America at this juncture a financial mission, composed of such a personnel as this and headed by His

Excellency Baron Megata, who has been so closely identified with the financial life of modern Japan, the Government are at last and at least doing one sensible thing, and that at an opportune moment, which may claim the hearty support of each and every section of the country.

Mr. President, I seldom indulge in counting chickens before the eggs are hatched, but in the present case I am tempted to become sanguine in my hopes as regards the results to be achieved by the Mission. Of late, particularly, the misunderstandings and misgivings in America have been rapidly giving way to a clearer conception of our national aims and ideals, a sure presage of a complete and sound understanding between the two peoples. The hearty welcome that is being accorded spontaneously throughout the United States to the Ishii Mission signally evidences it. Indeed, the Ishii Mission itself is contributing not a little in this regard.

Your Excellency, Baron Megata, will, I hope, with your able associates in the mission, follow up the efforts of Viscount Ishii and his colleagues, especially in the direction of laying a sound basis for the correlation of the financial and economic activities of our two countries. This is particularly needed in China, and I hope that the Mission will, among other things, endeavour to present to the American people frankly and clearly our aims with regard to that country—aims that are born of logic and necessity—and to pave the way for a successful coöperation there.

I wish a hearty godspeed to the Mission. May its success be commensurate with its importance.

Speech made by Dr. Soyeda, Former President of The Industrial Bank of Japan :—

I take it as the greatest honor that I have been asked to say a few words to the gentlemen of this most important mission. As so much has been said about the importance of the mission, I shall try my best not to repeat the same things.

First, I have to congratulate Baron Megata on having been able to include so many promising young gentlemen in his mission. The benefit in work of this nature of having able succes-

sors by whose hand the work can be perpetuated, must not be overlooked. In other words, the benefit extends far into the future.

Secondly, I must congratulate also the gentlemen of the party, that they have decided to take part in such an important and sincere affair, under the able leadership of Baron Megata.

Thirdly, I offer congratulation to the Government, that they have been able to secure the services of the Baron, so experienced in financial matters. That he was educated in the United States is another asset. Moreover the importance of personal friends needs no comment, and the Baron has many friends of influence and they can feel in the same way, which will enable them to talk freely and settle matters smoothly.

Fourthly, I venture to congratulate America and Japan, whose relations are really hanging on two pivots—China and Russia—on following capable Baron has rendered valuable services in continental administration and has had full experience as the head of the Korean Treasury. He is well versed also in Russian affairs as the most active member of the Russo-Japan Association. Thus, he is the very man to see clearly how to make the two nations turn smoothly on the two pivots above mentioned.

Fifthly, and lastly, I beg to congratulate our Association that its work is beginning to bear fruits not of abundance just now but of the highest quality.

Allow me now to conclude by adding a few words of expectation. Encouraged by the good ground results and making tonight's gathering one their proofs, let us work still harder for the lasting good of America and Japan, whose responsibilities and mutual dependence are destined to increase as years roll by, so that we shall be able to give substantial backing to anything conducive to the friendship and welfare of the two nations, washed by the waves of the same Pacific Ocean.

Speech made by Dr. Post Wheeler, Chargé d'Affairs of the American Embassy:—

Mr. President, Excellencies and Gentlemen :

Seldom can this Society have an opportunity to honor itself as it does tonight in this farewell to you, Baron Megata, and your

associates of the Economic Commission to the United States, and I personally feel particularly honored in that it has fallen to me to voice, in the name of the American members, this farewell, and with it to record our profound confidence that by your journey will be riveted anew the chain that binds our two nations. To us it seems a particularly happy thing that this Commission should be led by one who not only is identified with Japan's greatest advancement in the realm of finance but is also a graduate of our oldest institution of learning, and that so many of its members add to their high professional standing an intimate knowledge of the United States.

Yet in bearing tribute to the personality of the gentlemen who are our guests tonight I desire my words to convey far more than mere personal regard. I would wish them to express the deepest appreciation of all this Mission implies—most of all of its great purpose, which is the strengthening of the basis upon which our after-war industrial and financial interchange will rest.

Japan, which has so bewildered the world with achievement and developed with such magical swiftness this multiform modernization which today surrounds us, has needed none to warn her that there is no ultimate safety for the wondrous institutions which she has built up and which she must conserve, save in that broad foundation which economic stability alone can furnish. And the organization of this Mission has shown that she is keenly alive to changing conditions. The staggering size of the financial measures induced by the entrance of the United States into the war, and the wide effect of the policies, industrial and economic, that spring from them, are producing a situation new and unprecedented in financial and monetary circles. It is inevitable that after the war she will hold a superior position in the world's money-market. And thus, in Japan's present inquiry the logic of events points her again to America, and the Pacific suffers yet another shrinkage which must bring sorrow to Berlin. That Japan thus early approaches a study of these new conditions, with all their implications, is but one more proof of that national far-sightedness—that ability to keep the spy-glass turned to the future—that has at times, in Western thought, lent this Empire's acts a quality approaching prescience.

Well has the despatch of this Commission been referred to as "a noteworthy step in the commercial history of the Pacific", and it is not too much to say that as the modern political historian of Japan looks back to that early Embassy to Washington, led by Lord Shiume, Prince of Buzen, so it may be, the writer of her future economic annals will point to this Commission of Megata Tanetaro as initiating a new era in that closer relationship to the furtherance of which this America-Japan Society owes its being.

Gentlemen, for a half-century our two nations have been weaving our fabric of friendship. Each vessel that sails west or east is a shuttle, bearing back and forth the threads of understanding, of mutual liking. The journey of this Commission will be a bright strand in this weave, of which time will make a true cloth-of-gold, on which our two peoples shall stand together to take counsel for a common progress and a common good.

I beg you to join me in a toast to our guests of the Mission—to its full success and their safe return.

Speech by Baron Megata, Chief Commissioner :—

Mr. Chairman, Excellencies, and Gentlemen,

Naturally I consider it a great honour to be sent to America on the Special Finance Commission; I feel keenly the added honour of going as a member of this America-Japan Society. That I have been chosen for this important mission from among our members indicates the esteem in which the Imperial Government holds this Society. On behalf of our Commission I thank you heartily for the reception you have accorded us this evening.

We are indeed fortunate to be appointed to serve amidst the world wide activities of the American people with their exhaustless energy and their firm determination, which must prove a strong guarantee of the successful conclusion of the war and of a substantial peace to follow. This bright outlook will no doubt strengthen our close traditional friendship with the Great Republic and also stimulate the general sentiment of Japanese at large.

Japan as one of the early warring powers continues to participate actively in the actual operations of the great conflict. We have been doing our part with sincerity and determination.

Japan has so far succeeded in making and keeping the Pacific truly pacific. No less has Japan also financially contributed in carrying on the present great war. As a warring country, we should continue to equip and supply ourselves and our allies, so that we may fulfil the duties of our proper position. It is therefore necessary that we should study the financial and economic measures required to meet the demands of this prolonged struggle in coöperation and harmony with our fellow allies, especially with the United States.

It may not be out of place to add that the members of our Commission have been carefully and properly chosen so that many of them represent the business men of reputation and influence throughout the Empire. This experienced character of the commissioners will no doubt serve in facilitating closer connections in all financial and commercial relations with the United States.

As we proceed across the Pacific, it will be our great pleasure to convey to your friends and ours in America all your good wishes and sympathy, remembering that the sea firmly unites the people on both its shores. Gentlemen, once more in the name of the Commission, I thank you all heartily and sincerely for the honour you have done us in drinking our health.

5. ADDRESS BY PREMIER COUNT TERAUCHI

The following address was delivered by Premier Count Terauchi at a dinner given at his official residence on October 4, 1917, in honor of the members of the Special Finance Commission headed by Baron Megata, at which a large number of prominent persons, ministers of the Empire, private persons of note, business men of Tokyo, Osaka, Yokohama and other cities were present.

Gentlemen :

The official system of Special Finance Commissions of the Imperial Government, as one of the war measures, was established, as you all know, for the purpose of investigating financial and economic measures adopted by foreign countries during the present great world war, and of making closer the relations with

those countries, so as to assist in the development of the Empire during and after the war. That Baron Megata was especially ordered to head the Special Commission to be sent to America was because Japan and America have the closest economic relations to each other, and because America is undertaking the wartime finance and economy with a firm determination and on a large and far-sighted scale. These enterprises are bound to have profound effects upon the industrial circles and the money market of the world. As our country, lying separated only by an ocean from America, has close relations of interests, the Commission is instructed to go there, as there is need to study the actual conditions prevailing in that country, to arrive at an understanding of each other so as to make the economic relations closer, and to establish a way for coöperation so as to make the economic foundation firm. You are requested to help the Baron and the members of the Commission to accomplish their mission.

Japan's economic conditions since the beginning of the war have been favorable. Our industry experienced an unprecedented development. The specie holdings increased to about 1,500,000,000 yen, due to the excess of exports over imports, and other causes than those of foreign trade. This was used partly for the development of industry at home and partly for giving financial assistance to the Entente Powers, on which I congratulate the nation together with you.

But Japan's economic future should never be looked at with mere optimism. Fortunately, America's participation in the war has added a great strength to the cause of the Entente Powers. But the present condition of Russia is fraught with grave causes for anxiety. The future of the war is still uncertain. As for the political condition in China, it has not as yet completely reached a stage of security and peace. The economic and financial measures adopted by the foreign powers during the war will affect Japan's economic circles directly in many respects, especially as the war grows larger in its extent and scale.

To meet the emergency thus created, the Government keenly feels the need of coöperation between the officials and private citizens of the country. There are a few things in this connection to which I wish to call your attention.

Out of the total of about 1,500,000,000 yen of profits gained since the war began, 1,000,000,000 yen has been employed in directly and indirectly assisting the Entente Powers. But as the war progresses, more of this kind of assistance must be given. In this respect we hope that you will cooperate with the Government to the fullest extent of your ability.

The people of the country are requested to show their patriotism to the nation by subordinating individual interests to the general cause, as some of the measures adopted by the Government are apt to conflict with individual interests.

Except for absolutely indispensable occasions, in view of the need of national economy and the living conditions of the people, the Government will not take any measure which might hinder the natural development of industry. It aims at securing sound business development and making firm the economic foundation of the nation. So you are urged to assist in the endeavor so as to attain the industrial independence of the nation.

The economic phenomena during war cannot be judged by the principles and theories which govern ordinary times. As the measures adopted by belligerent nations for tactical and self-protectionary reasons will affect Japan's financial and economic conditions in various ways, you are warned to take all the precautionary steps, so as to prevent any economic disturbance that might be caused in Japan.

The development of industry at home and the question of the living of the people are closely related to each other. Often harmony is lacking between capitalist classes and the laboring classes, which is a natural phenomenon. The Government has the responsibility of harmonizing the two. You are requested to cooperate, so that the smooth working of Japan's industry may not be obstructed. Recently, prices have risen very high, having serious effects upon the living of the people. The Government is trying to restrict the rise and already some definite steps have been taken. But the practical execution of the measures will be dependent upon the general support of the people.

In order to seek economic development during and after the war, Japan must establish economic cooperation with her Allies and a full understanding must be reached with them. Baron

Megata and the rest of the Commission are to be sent abroad at this time for these considerations.

In short, you are urged to make endeavors as the leaders in the economic world of Japan to help to secure a firm economic foothold for Japan in the world.

An advantage is always accompanied by a disadvantage. The comparatively favorable financial conditions of our country today have made some people forget the proper attitude to be shown in the war. They are neglecting to ponder over the serious problem of Japan's part in the European War and the effects of the war upon Japan. This is regrettable. Thrift and economy should be encouraged, so as to attain a glorious peace by the coöperation of officials and private citizens."

6. COMMISSIONERS AT THE TOKYO CHAMBER OF COMMERCE

A farewell reception and luncheon was given in honor of Baron Tanetaro Megata, chief of the Special Finance Commission to America, and the rest of the Commission, as they were about to leave for America, by the Tokyo Chamber of Commerce in the hall of the Chamber, at 12:30 p.m., October 10, 1918. After the luncheon, Mr. Raita Fujiyama, the president of the Chamber, delivered an address, to which Baron Megata replied. Dr. Juichi Soyeda also briefly spoke of his expectations of the Commission. The following are translations of the addresses.

Address of Mr. Raita Fujiyama

"Your Excellency and Gentlemen: As we tendered our invitation to Baron Megata, the chief of the Special Finance Commission, and his associated commissioners, who are going to leave for America, entrusted with important duties by the Imperial Government, the chief and other commissioners cheerfully consented to be present, in spite of the fact that they are busy preparing to leave the day after tomorrow. We, the Chamber of Commerce of Tokyo, consider this a great honor done to us

and thank them for it very heartily. The mission entrusted to the Commissioners, no need to say, has close relations with the business world, so we want here to express our sense of appreciation and to bid them farewell at this luncheon.

Japan has been in the past and should be in the future in closest friendship with America on the east and with China on the west. We appreciate heartily the friendship shown to our country by the American Government and people. There were some misunderstandings some years ago regarding the immigration question, but they were removed by the efforts of the intelligent men of both countries. Baron Shibuzawa, the then president of our Chamber, went to America in order to reestablish good relations. Today, there is no cloud overhanging the two nations.

In the present war, Japan, as one of the Entente Powers, has rendered her share of service in the Far East, and recently has her fleets manoeuvring in the Mediterranean Sea. America has also joined in the war and is putting in execution various domestic and foreign policies as war measures. These we the Japanese people consider proper things. We must all make endeavors to see that our enemies are annihilated and peace reestablished in the world as soon as possible. From this point of view, we Japanese business men congratulate America in regard to her war measures.

The Paris Economic Conference was held by the Entente Powers because the need of an economic alliance was felt in order to reap the fruits of victory in the war. Baron Sakatani was sent from Japan. Our Chamber has also seen to it that our determination to make any sacrifice in order to attain the object for which the Paris Conference was held is made known to the chambers of commerce of London, Petrograd, Paris and Rome. The Entente Powers have resolved each to exchange what she has for what she has not in natural resources, not to grudge to sacrifice individual interests in order to accomplish the object sought, and to coöperate among themselves.

From these considerations we business men do not claim as legal right that the ban on exportation of steel recently ordered in America be lifted. We only want to appeal to the sympathy and coöperative sense of Americans. While we do not

object to individual sacrifices being made, mutual help is very necessary so long as we are working on the basis of coöperation. This point needs to be emphasized.

We exported 260,000,000 yen worth of raw silk to America last year, for which we have been importing raw cotton and iron from America, thus mutually assisting. Then came all of a sudden the bans on steel and gold exportation. Such sudden changes were indeed very painful to Japan. America, too, may not be free from embarrassment as a result of such policy. We expect from Baron Megata and the other Commissioners that they will make our position clear to the American Government and people. Baron Megata having been educated in America has many friends among the Americans. We trust that while fulfilling the duties entrusted to him by the Japanese Government Baron Megata will make the position of our business men clear to his friends there. In this sense, we are glad that Baron Megata is going to America. We drink to the health of Your Excellency and the other gentlemen of the Commission."

Reply by Baron Megata

"Gentlemen :

We consider it a great honor done to us that such a cordial entertainment has been given to us by the President and the members of the Tokyo Chamber of Commerce. There is no question but that we of the Commission, in view of the mission entrusted to us, must meet the American people with an attitude of sincerity and carefulness. Today is no ordinary time, but rather a war time of extraordinary gravity, in various connections. As we observe the situation in America, in point of form of government or in respect of other various organizations, it may seem to the eyes of foreigners that there is a general lack of unity and of consistency. But such appearance is only due to the fact that the Americans are obliged to obey their double system of constitutions and of sovereignty. The Americans, however, are united in thought through their education and learning. So, while from the point of view of organization and system as they appear outwardly, America may seem to be lacking in unity, unity of thought is being maintained throughout the

whole people. This unity of thought has most important relations at this time of war. That the standardization of things is very well worked out in America has been shown by her railways and machinery, and it is about to be exemplified in the arms to be developed from now on. Just how this system of standardization is being put into practice in Germany during her war I cannot tell, because I have not as yet had time to observe it. But the effects of standardization in America have been very remarkable, indeed. That a large quantity of goods can be obtained at one factory at one time is something, the like of which can scarcely be noticed in other countries. There is a standardization, also, in the matter of thought, for America is now giving standardization full play as she is engaged in this world war. Our country is doing her international share as a nation. The Empire's services in this war work since it was begun have been extended nearly to all of this hemisphere, and she is still rendering her services. In regard to this matter I may have an opportunity to talk some day. But my mission this time is not diplomacy itself. My part is to investigate the financial and economic conditions during and after the war, so as to secure friendship between the two countries. It is still an unknown quantity. My duty is only to sow seeds and wait for them to germinate and bear fruit. We have had a great deal of trade with America in the past, and our national conditions have been approximating. Our organs of international relationship need to run smoothly like the wheels of a wagon. At the same time, a way for further and greater development must be found.

International financial and economic relations are inseparably bound up with trade. The so-called foreign trade of a nation usually originates from intercourse between her people and the peoples of other countries. Without such intercourse there would be no diplomacy. Accordingly, whether in peace time or in war time, the economic relations of trade become the basis of the diplomatic relationships of nations.

But the need of interchanges should not be confined to things. Persons should also be exchanged. The reason why the Government has appointed this Commission composed of officials and private persons is because it was thought officials only would

not be able to touch everything. This gap should be filled by Commissioners chosen from among private business persons. In that way investigation may be made in a thorough-going fashion. I have met many of our business men and listened to their remarks. Today I have the opportunity to meet you, gentlemen, which I consider as a great honor. I should like to hear your views.

As you all are aware, the national policy of the Empire is to see that the Empire stands side by side with other nations of the world. To help to perfect this policy at this time of this extraordinary world war is the duty which we owe to the nation. At such a grave period, to be sent to America, with which we have profound relations, we consider a great honor to ourselves, and we feel the gravity of our responsibility. We trust that with the coöperation of you who will remain at home, we may be able to accomplish our task.

We thank you heartily for the cordiality of your sentiments as expressed in this splendid luncheon today."

Dr. Soyeda's Address

"Your Excellency and Gentlemen :

As Baron Megata has said, the duty of the Commissioners is a very heavy one, indeed, as it has relations with the welfare of the Far East as well as of Japan. America now holds the key to the solution of the world war issue. According to how she uses the key a great demand may be made upon Japan. America's power, not only during the war, but also after the war will produce great effects upon the economic circles of China, Siberia and of the world. To this America, the Commissioners are to go. I thank them for their service, and expect that they will make a success of their mission. We thank Baron Megata because he has chosen Commissioners from among the business men, which shows how important he considers business men to be. I want to add a few more words. There are two schools in America. One is composed of those who are frank and straight-forward in their words and actions. The other is composed of those who are rich in ideas of justice and fair play. Baron Megata has many friends among Americans, who are just

and fair. I trust that he will request those friends of his to use their influence to guide public opinion in America to a right path. I wish Baron Megata and the other Commissioners good health and a peaceful voyage."



7. OVER NIGHT AT HONOLULU

The members of the Special Finance and Economic Commission, headed by Baron Megata, left Tokyo by special train, at 11 a.m. on October 15th, 1918. At the Central Station thousands had assembled—relatives, friends, Government officials and leading business men—all joining heartily in wishing the Commission a successful trip to the United States. At Yokohama, after a luncheon given in honor of the Commission by the Chamber of Commerce, the Commissioners embarked at four o'clock on *S. S. Korca Maru*, one of the Imperial Japanese mail carriers. When the steamer stopped at Honolulu, Hawaii, on the twenty-fourth, a dinner at Young's Hotel was given in honour of the Commission by Mr. Rokuro Morri, His Imperial Japanese Majesty's Consul General.

More than fifty including Governor Pinkham of the Territory of Hawaii, the Mayor of Honolulu, and leading business men, financiers and newspaper editors of both nationalities, Americans and Japanese, were present. Among several speeches, the following were those delivered by the Chief Commissioner and the Governor :

Baron Megata's Address

“ Mr. Host, Your Honor the Governor of the Territory of Hawaii, and Gentlemen :

We thank you for the honor bestowed upon us this evening by this cordial reception. We are delighted to set foot on these sea-girt Hawaiian Islands, the gate of commerce and friendship between the East and the West. Japan is likewise a sea-walled country. But the wall about her does not shut her out from international life. She is faithfully performing her part in this great world struggle. Her heart beats in unison with your heart. Together we must all strive to put an end to this world calamity by our concerted efforts.

“ We have been commissioned to come to your country on this important occasion to study the financial and economic

measures adopted here, so that America and Japan may join hand in hand to prosecute the war until our final victory is won. Our visit, we hope, will prove to be a happy omen for the future prosperity of the commerce and friendship of the two nations.

“I am delighted to find so many thousands of our nationals pursuing their peaceful vocations in these beautiful Islands. I am also delighted to learn that many of them soon after America joined in the great world war offered themselves for military service under the flag of the country, in which they live, thus exhibiting their characteristic patriotism for America as much as for their native country.

“Gentlemen, we again tender our deepest thanks to you for this reception and dinner.”

Governor Pinkham's Address

“His Imperial Japanese Majesty's Consul General, Rukuro Moroi, Our Host; the Distinguished Members of the Economic and Finance Commission of Japan, and Guests,

“It is my pleasure and duty, as Governor of Hawaii, to extend to you a hearty and sincere greeting.”

“I apprehend your mission to the United States of America pertains more to the future than the present, for war is abnormal, and must naturally have an end, while commerce and its economics are perpetual, so long as there is inter-communication and mutual dependence among nations. The facilities of inter-communication are so wonderfully and almost marvelously expanded, it is scarcely possible for any nation to resist these modern conveniences and spirit.

“I apprehend no nation has latterly been more wisely enlarging its opportunities, extending its business and encouraging that which promises to secure wealth for its people and strengthen the nation than Japan.

“It would be inappropriate for me to discuss general international economics, but vastly appropriate to review the local economic and commercial relations of Japan and the Territory of Hawaii.

“For commercial reasons, Hawaii invited the Japanese to come to these Islands, and, in various and devious ways, assisted

them to come. Briefly, they came in notable numbers and following Christian scriptural injunction increased and multiplied until today Japanese subjects compose practically one-half our population.

“While the original motive was to secure labor there was secured nearly every factor that goes to make up a normal community.

“Those who labor cannot all at once command capital and control business, for years of saving must intervene.

“Some years have intervened until we find three notable Japanese banks in Honolulu. We find a number of strong Japanese wholesale firms. In other important vocations and in business, the Japanese are exceedingly prominent.

“We find as of June 30th, 1917, out of 32,282 public school pupils, 13,804 are Japanese. Out of 6,746 private school pupils 1,058 are Japanese. In addition, the Japanese have 137 schools and about 14,000 pupils solely their own, maintained and directed by themselves.

“Of our population of relatively 235,000 civilians, 107,213 are Japanese subjects, not to mention children being educated in Japan.

“Distinguished gentlemen from Japan! Here are elements which may become elements of friendliness or may become elements of jealousy, depending more on the attitude of your race than that of our people. We have shown in granting you all the privileges we bestow on ourselves in every social, commercial, and religious way, that we meet you more than half way. Your local officials can certify to our good will in expression and in practice.

“We are, with scarce an exception, pleased with the response of the Japanese people.

“It is sufficiently clear, the Japanese have a voice in the coming solution of the problems affecting the Territory of Hawaii, and not alone Americans.

“The members of your Commission have had the advantage of contact with the most highly developed nations of the world, not only as students within, but by residence, hence all of you are

profoundly qualified to judge local and international economic and social problems.

“ I trust your own countrymen may have the benefit of your advice.

“ We have recently had the privilege of welcoming other distinguished sons of Japan and now add our appreciation and respect for this Commission. We expect the future will bring many more official visitors to these, the advance shores of the United States of America, and we can assure them of a sincere welcome.

“ We thank you for your presence, friendliness and sincerely kind words, and for the courtesy of your Consul General, our host.”



8. THE COMMISSIONERS AT SAN FRANCISCO.

When the steamer entered the harbour of San Francisco at noon on October 31st, the Imperial Birthday, the Commissioners were received by representatives of the Chamber of Commerce, leading business men and newspaper editors, and escorted to the Fairmount Hotel, where they stayed during their visit.

Imperial Birthday

In the evening a banquet followed by a reception celebrating the Imperial Birthday was tendered by Mr. Masanao Hanihara, His Imperial Japanese Majesty's Consul General, and the Commissioners had an opportunity to meet financiers, business men and prominent citizens of the city.

Baron Megata made a brief address at the dinner after an introductory speech made by Mr. Hanihara and a welcome address by Mr. Sproul, the President of the Southern Pacific Railroad. The Baron's speech was as follows :—

“ Mr. Consul-General, and Gentlemen :—

It is an honor and delight for my fellow Commissioners and myself to be present at this celebration of the Imperial Natal Day, especially after safely crossing the Pacific and landing at this Golden Gate of the Republic. It is a happy augury that the work of our Commission in this country should begin on the day we celebrate as the birthday of our beloved Emperor.

Japan, guarded by the waters of the Pacific, is washed by the same tide that ebbs and flows on the friendly shores of America. Our two nations have had much in common in the past; now, in the great world strife, we have more than ever before. In considering Japan's position at the beginning of the present war, it must be remembered that scarcely two years had elapsed since the Imperial succession. There was no hesitation, however, in taking the momentous step, and eight days after Germany had violated Belgium, whose neutrality was guaranteed by solemn treaty, Japan declared war. When the bright light of

the American determination to join in the war was flashed throughout the world, the most hearty voice of hope and sympathy echoed from Japan.

In the new world the conditions and outlook in the economic field offer infinite benefits to both of us. We should do our utmost to develop the machinery of international trade and finance between our two countries, which is the best way of cementing the mutual understanding of both peoples.

I thank you, Mr. Consul-General, for your kindness in extending this honor and giving us an opportunity to meet personally these friends and well-wishers in this beautiful and promising city of San Francisco."

Chamber of Commerce

On the following day, the Commission were guests of the Chamber of Commerce at a luncheon given at the Bohemian Club. Mr. James K. Lynch, Governor of the Federal Reserve Bank, presided, and short addresses were made by Chief Commissioner Baron Megata, Mr. W.M. Alexander, manager of the Alexander Baldwin Company, John S. Drum, President of the Union Savings Bank, and Mr. Chozo Koike, a member of the Commission, who had been Japanese Consul General at San Francisco.

Introductory Remarks by Mr Lynch

"It gives me great pleasure to welcome to San Francisco the distinguished party of Japanese financiers and captains of industry who are our guests this afternoon.

"We have been especially honored of late by visits from our good friends and Allies across the Pacific. The visit of His Excellency, the Viscount Ishii, will long be remembered in San Francisco and in our country, bringing with him as he did the message of the Emperor giving assurance of the comradeship and coöperation of Japan in the great European war, and telling us that Japan would stand shoulder to shoulder with us in the conflict. His addresses were full of the loftiest sentiments and were a revelation and an inspiration to the people of this country, that will bear lasting results and will cement still closer the bonds of friendship and goodwill between the two countries.

"Let me quote from Viscount Ishii's address to the Speaker

and gentlemen of the House of Representative at Wasnington on September 5th of last year :

“ We have been climbing a mountain toward the stars by different and sometimes devious pathways, but near the sumit our roads shall join, and together we shall win into the full sunlight above the clouds. We shall pass safely through the dangerous places. Our blood shall not have been shed, our sacrifice shall not have been made, in vain, for we shall be among the nations of a world living in a brotherhood of peace.”

“ At the time our new Ambassador, Hon. Roland Morris was passing through San Francisco enrouté to Japan, we received another delegation of representatives from the Legislative and Educational circles, and now it is our privilege and pleasure to welcome Baron Megata and his associate Commissioners who are visiting our country for the purpose of studying the financial measures we have adopted during the war and the economic policies that we have framed for the period following the war, and the great industrial activities now in progress.

“ Our countries are in quite a similar position inasmuch as both Japan and the United States have been the countries to supply to the Allies in Europe a great part of the arms and munitions now being used on the battlefields across the Atlantic. Both countries have had a very material prosperity. From our abundant resources we are now called upon to loan money in enormous amounts to our Allies in Europe. Never in the history of the world have expenditures reached such tremendous proportions ; where we were wont to figure in millions, we now figure in billions. Nothing so colossal in the way of finance has ever been attempted on this planet before. Without a dissenting vote Congress has passed an appropriation for an expenditure of \$ 65,000,000.00 for aeroplanes alone. The World stands aghast ! What is it all leading to ? What is going to happen after these billions have been consumed in the fiery furnace of the war ? What is going to take the place of all the property and goods that have been destroyed ? These are some of the questions that our Japanese friends and Allies have come over here to discuss with us.

“ The United States Government has just sold five billions of

bonds in this country in addition to three billions placed a few months ago. We are just beginning to take a little rest after a feverish campaign to convince the people of this country that they must individually take their share of the country's financial burden.

“Baron Megata and his Commissioners have arrived at a very interesting period in this country's development. The Baron has had a very broad experience in things financial, as it was through his efforts and his experience that the Kingdom of Korea was put on a sound financial footing during and after the war with Russia. The Baron is well known in this country, having spent the earlier years of his life in America. He was graduated from Harvard University, and for years was the President of the Harvard Club of Japan.

Gentlemen, our distinguished guest, Baron Tanetaro Megata.”

The Chief Commissioner's Response

“Mr. Chairman and Gentlemen :

On behalf of the Members of the Finance Commission, and for myself personally, I desire to express to you our heartfelt and grateful thanks for this delightful and most auspicious luncheon which you have given to do us honor.

To stand again on this beautiful shore of America gives us the greatest pleasure—a pleasure mingled with a consciousness of the responsibility that rests upon us at this important time. The world has entered upon a new era of human history, and in this era your great American Republic is destined to become a melting pot in which human intercourse and peaceful relations will be melted over and largely transformed. In this new era California must prove herself to be what her name California imports and take her own full share in melting over the social life of the world. It was more than two generations ago that your wise President Millard Fillmore wrote to our Government about California. In that, the first American letter to reach Japan, the President said that you were producing sixty million dollars worth of gold annually. California's melting pots for gold were evidently hot and doing excellent work in the early fifties. To-day you are demonstrating to us by the warmth of your welcome that you can melt.

over other things besides gold, and we trust to your abilities in this way to renew and transform relations with Japan—Japan which was opened to the world at the initiative of President Fillmore. We have not forgotten the message which was sent by him to our Government, and have followed and will follow his suggestions to trade with California.

I shall not dwell longer on ancient history. I only want to say to you that the sentiment of Japan toward America is growing steadily in friendly warmth and hopeful brightness.

Japan, cradled in the sea, has done her part in the war, as great in its significance as the Pacific is in its broad waters. In matters of economy and finance Japan has been supplying much to help meet the needs of the Allies. Now our Commission has been sent to America in order to study and expand our financial and economic connections with your Republic, a work which can only be done through your kind help and sympathy. In Japan we think of California as our nearest neighbor, and so we present to you first of all in America, a message asking and pledging anew both friendship and coöperation.

Mr. chairman and gentlemen, let me thank you again for your kind reception today."

Commissioner Koike in his speech made suggestions as to the formation of an American Japanese Chamber of Commerce and of a banking institution of a similar nature.

In the evening the Commissioners were guests of the Japanese Association consisting of leading Japanese residents, at a dinner given at the Palace Hotel. In his address, the Chief Commissioner suggested the establishment of "the Peoples' Bank Association" in order to facilitate monetary assistance among the Japanese farmers and traders.

Luncheon by the Press

On the second of November, a luncheon was given in the honor of the Commission by Editors of leading newspapers and magazines published in the State of California. The occasion, which was attended by over one hundred persons, was presided over by Mr. Francis B. Loomis, former Assistant Secretary

of State. The chief Commissioner made a short address on the value of the press, which was as follows :

“ Mr. President, Mr. Chairman, and Guests :—

I am greatly indebted to our hosts of today for inviting me to meet with you, the Editors and Representatives of the Press of this section of California. I appreciate the privilege and welcome the opportunity to say a few words to you of the objects of our mission.

We have come to study financial and economic conditions in your country ; to investigate measures adopted by your Government and financial interests to meet the exigencies arising out of the world-war ; to confer with your bankers, merchants, and manufacturers for the purpose of further developing the intercourse between our two countries.

Our international trade has grown enormously in recent years : let us not only hold that trade to its present high-water mark but still further increase it. It is mutually profitable ; it is a powerful link binding us together in friendly union. We feel that in personal conferences with you in this country we can clear up misunderstandings, if any exist, by frank, free, face-to-face discussions, and can also bring to your attention great opportunities for the development of trade and the investment of capital.

In Japan we are realizing more and more as time passes the important part the newspaper plays in times of peace and in times of war. In peaceful times it provides the necessary medium of communication for commercial activities. A threatened panic is promptly reported and possibly this prompt report will start forces to remedy the untoward conditions and check the panic. The published reports have immediate influence ; falling prices of stocks in New York instantly affect prices in San Francisco and in Tokio. In times of war, assistance of the greatest value can be rendered the Government by the newspaper. A government's means of publicity are frequently inadequate in making known measures it is adopting. We know the aid rendered by newspapers at such times. I am somewhat familiar with the great work of patriotism performed by the newspapers in your country during the past month and I am happy to have this opportunity to felicitate the nation and the press on the great success of the Second Liberty Loan.

In the United States the newspaper is a great national educational institution. It not only supplies news from all parts of the world and information necessary to the intelligent discharge of the duties of citizenship, but it is a powerful factor in the moulding of public opinion. Its news sources, therefore, should be of the highest character and its editorial policy most carefully formulated. Some papers in both our countries have lent themselves,—quite unconsciously no doubt,—to a conceived propaganda tending to cause suspicions unfounded on fact. Misinformation is dangerous; so the sources of news information should be scrutinized with the greatest care.

The relations between our two peoples should be of the friendliest character. The difference in language has sometimes militated against the fullest understanding of certain questions but where there is any doubt in the minds of American editors as to Japanese action in future, I beg that appeal be made to us for information before adverse comment is expressed. You want reliable news: you want to be able to comment intelligently on policies and conditions; you want international friendship. We in Japan invite your fullest inquiry and shall be willing and glad always to supply fullest information.

The press of my country is constantly growing in influence. Formerly the vernacular papers were not held in the highest esteem: now they are, for the most part, well regarded. Their number is steadily growing and their circulation rapidly increasing. They are doing good work. It must be borne in mind that the newspaper of Japan is scarcely fifty years old. As an indication of the change of attitude from earlier days I might mention that recently a member of the House of Peers was directly appointed by the Emperor from among editors.

As commerce between the United States and the Orient develops, California will benefit. I hope we can,—and I feel confident we can,—have the cordial support of the press of your State in our efforts, during this visit and afterwards, to lay a foundation upon which to build a fast friendship and a great commercial exchange.

We want to learn from you, and work with you."

In addition, Mr. Richardson, President of the California Press Association, and Commissioner Yamashita were speakers.

Banquet by the Japan Society

In the evening a banquet was tendered in honour of the Commission by the Japan Society of San Francisco at the Fairmount Hotel. The dinner was attended by over two hundred ladies and gentlemen including a senator and congress-man, bankers, manufacturers, merchants, journalists, a university president and professors and other prominent citizens of California. The occasion was presided over by Mr. Francis B. Loomis, President of the Society, Mr. Rahn, Congress-man, acted as toastmaster. Among several speeches, the address made by the Chief Commissioner was as follows:—

“ Mr. Chairman, Ladies and Gentlemen :—

Since my arrival in your hospitable city several days ago, I have made several addresses, but they have always been to men,—men only. Perhaps it was thought that because we came primarily on a business mission, we should meet only business men.

However, I am sufficiently in touch with American life and conditions to realize the part taken by your women in economics and politics and I welcome an opportunity to say a word to them of Japan and of the purposes and hopes of our Commission. I know of the contribution of American women to the cause of food conservation,—so vital at the moment ; of their unceasing industry in providing supplies for the Red Cross ; of their effective efforts in connection with the Liberty Bond campaigns ; of their courage and patriotism in giving their husbands and sons to their country's cause.

May I say, also, that you women of America are Japan's best customers in a business way? In 1917, the United States imported from Japan raw silk amounting to nearly one hundred and twenty-five million dollars and manufactured silk to the value of over ten million dollars.

Our Finance Commission regards it as a special honour and opportunity to be present as guests of your Japan Society here in San Francisco, and we all appreciate your cordial reception this evening. For my own part, I am especially gratified to partake

of the hospitality extended by this society, as I am one of the Honorary Vice-Presidents of a similar association in Japan called "The America-Japan Society." The objects of both societies, I think, may be more tangibly realized if we are able to fulfill the duties of our present mission and bring the economic and financial relations of the two countries into closer bonds.

The economic coöperation of Americans and Japanese does not mean only the combination of capital. It involves the increased importation of American machinery or American raw materials into Japan; it means an exchange of industrial skill and increase in the distribution of products in the Far Eastern market with less competition. But, above all, it amounts to a co-ordination of the moral and material forces of the two nations.

As you are aware, Japan, as one of the present warring Powers, has been and is still carrying on her part in the world-struggle. She has so far succeeded in keeping the Pacific pacific; her destroyers, along with those of her Allies, are guarding the Mediterranean; in the Indian and Polynesian Oceans her flag is on duty.

As to financial aid, we have already furnished the Allies one billion one hundred millions of Yen, in spite of the fact that this amount considerably exceeds the specie which Japan has obtained since the beginning of the war.

When the bright light of American determination to join in the war was flashed throughout the world, the most hearty voice of hope and sympathy echoed from Japan. We are fighting together in a righteous cause; we must crush the common foe of humanity and civilization. The cost of war today is staggering; far-reaching financial and economic measures must be wisely considered. We have come here to study the steps you have already taken and the measures being proposed and considered for future adoption.

"I thank you for the hospitality you have so generously extended to us. I know we can rely on your help in our work."



9. TWO DAYS AT ST. LOUIS

About one hour before their arrival at St Louis on November 6, the Commissioners were met by Mr. James A. Troy, Secretary of the Foreign Trade Bureau of the Chamber of Commerce, who came down to St Charles Station to receive the Commission on the behalf of a Reception Committee composed of 21 prominent St Louis gentlemen headed by Mr. Henry W. Kiel, Mayor of St Louis. The Commission were greeted at the Union Station by the Reception Committee and escorted to Planters' Hotel in automobiles. They were guests of honour for two days at luncheons and dinners tendered respectively by the Chamber of Commerce, the St Louis Commercial Club, the St. Louis Clearing House and the Foreign Trade Bureau of the St Louis Chamber of Commerce. During their sojourn at St Louis, the Commissioners received constant care and kind attention from the Reception Committee whose personnel was as follows :—

Mr. James E. Smith,

Consul Honoraire for Japan.

Hon. Henry W. Kiel,

Mayor of St. Louis.

Mr. J. Lionberger Davis,

President, Chamber of Commerce.

Mr. Benjamin Gratz,

President, St. Louis Commercial Club.

Mr. Tom Randolph,

Chairman of the Board of the National Bank of Commerce.

Mr. Clarence H. Howard.

President, Commonwealth Steel Company.

Mr. J. D. P. Francis,

Francis Brothers & Company.

Mr. D. C. Nugent,

President, Nugent & Brothers Dry Goods Company.

Mr. H. J. Pettingill,

President, Southwestern Bell Telephone System.

- Mr. John F. Queeny,**
President, Manufacturers' Association.
- Mr. Richard S. Hawes,**
Vice-President, Third National Bank.
- Mr. F. E. Cramer,**
Chairman, Foreign Trade Bureau.
- Mr. Edward Hidden,**
Ex-President, Business Men's League.
- Mr. G. W. Simmons,**
Vice-President, Simmons Hardware Company.
- Mr. A. L. Shapleigh,**
Chairman of the Board, Shapleigh Hardware Company.
- Mr. M. L. Wilkinson,**
President, Scruggs, Vandervoort & Barney Dry Goods Company.
- Mr. Edward F. Goltra,**
President, Mississippi Valley Iron Company.
- Mr. C. G. Mulligan,**
President, C. G. Mulligan & Company, Cotton Merchants.
- Mr. P. V. Bunn,**
Secretary and General Manager, Chamber of Commerce.
- Mr. Thomas H. Lovelace,**
Assistant Secretary, Chamber of Commerce.
- Mr. James A. Troy,**
Secretary, Foreign Trade Bureau.

10. ST. LOUIS CHAMBER OF COMMERCE

The Commissioners attended at 12.30 on November 7th, a luncheon tendered by the Chamber of Commerce, at Planters' Hotel. There were over three hundred present on the occasion.

The following were impromptu addresses made by President Richard S. Hawes of the St. Louis Chamber of Commerce and Chief Commissioner Baron Megata.

Introductory Speech by Mr. Hawes

"Honorable Baron Megata, Gentlemen of the Commission, Ladies and Gentlemen :

We are gathered together today to welcome into our midst a distinguished Commission from our Ally, Japan, composed of lead-

ing financiers, noblemen, peers and merchants of that great Empire.

We are pleased indeed to welcome these gentlemen and to extend to them a warm greeting from the City of Saint Louis and the State of Missouri. We hope their stay will be pleasant and beneficial.

It is particularly appropriate that we greet these gentlemen and have them with us, because of the warm relations which have existed for many years between our respective countries, and the United States is proud to claim Japan as her ally and Saint Louis is especially pleased to welcome the distinguished gentlemen who are with us.

It is also appropriate at this time it seems to me, to touch on the part which the United States played in the great and wonderful development of Japan. We are proud of this and truly hope that the friendship so long standing will continue to exist and gather strength as the years go on.

The first European nation to obtain admittance to Japan were the Dutch people, who in the years 1600 to 1611 were allowed to trade. Over two centuries passed before any other European nation was admitted to their borders, their ports being closed and no foreign intercourse being permitted; a decided national prejudice against European customs and contact with European nations was apparent throughout Japan.

On July 8th, 1853, Commodore M. C. Perry of the United States Navy with the ships *Susquehanna*, *Mississippi*, *Plymouth* and *Saratoga* entered the Bay of Yedo for the purpose of securing treaty pledges that the ports of Japan should be opened at least to United States ships for provisioning and sustaining ship-wrecked people.

After much negotiation, the Government of Japan declined to admit the opening of ports and a Memorial in reply to Commodore Perry contains some very interesting articles—some of which are apropos as bearing upon the difference in point of view of the Japanese financiers of that day and as now existing :

“What! Trade our gold, silver, copper, iron and sundry useful materials for wool, glass and similar trashy little articles! Even the limited barter of the Dutch factory ought to have been stopped.”

“ Peace and prosperity of long duration have enervated the spirit, rusted the armor and blunted the swords of our men. Dulled to ease, when shall they be aroused? Is not the present the most auspicious moment to quicken their sinews of war ?

Perry being refused, sailed away ; but on February 13th, 1854 still surrounded by his flotilla of ships, he again entered Yedo harbor and after much negotiation, the First Treaty with any Western country was signed by our nation with Japan on March 31st, 1854. This Treaty was not a commercial or trading treaty but one largely for the protection of ships and the ship-wrecked, and to obtain wood, water, coal, provisions, etc.

Some of the articles of this Treaty are very interesting and a few I take the liberty of quoting :

ARTICLE 1. “ Peace and amity to exist between the two countries.

ARTICLE 6. Further deliberations to be held between the parties to settle matters concerning trade and other business requiring to be arranged.

ARTICLE 7. Trade in open ports to be subject to such regulations as the Japanese Government shall establish ”

The First Consul to Japan was Townsend Harris, who was appointed in August 1856 and was named as First Ambassador in 1862.

Following the signing of the Treaty above mentioned in 1854, a long and bloody civil war was waged between the opponents of “ The Open Door ” (as it might be called) and the Japanese Government, and it was not until 1872 that all insurrections of this kind were put down and relations with foreign countries finally established.

The first railroad was built in Japan in 1872, and the European calendar was adopted in 1873, which was the year corresponding to the 2533rd year of the Japanese Era, indicating the great age of the nation.

The wonderful progress of the Japanese nation under the reign of the late Emperor (father of the present Emperor) can hardly be expressed in words, because no other nation in the world has shown more real development, enterprise and real manhood than Japan, during the last fifty years, and it is a source of great pleasure to us Americans to watch this wonderful growth and expansion and to express our pleasure to our distinguished guests today at this evidence of their prosperity and culture.

The Japanese Exhibit at the St. Louis World's Fair in 1904 was the most wonderful display of any of the foreign Governments—said to be the largest if not the best of all foreign exhibits at the St. Louis Fair—and it is my view that this exhibit went a long way towards cementing the warm friendship which exists today between Saint Louis and the Japanese.

It is appropriate, after giving this little history of the advancement of Japan and the part our Commodore Perry played, of which we are so proud, to quote the export and import trade figures between the United States and Japan during the last fiscal year, as being indicative of the progress of the nation following the establishment of relations with the United States in 1853, and the prosperity which has accrued to Japan because of the opening of her ports to our ships :—

Exports to Japan from the United States	
c (for fiscal year ending June 1917)	\$130,472,189
Imports from Japan to the United States	
(for the same period)	\$208,127,478

In closing, it is a pleasure for me to assure the distinguished Commission that we greet them with a whole-hearted hospitality and welcome them into our midst. We hope they will find their visit so interesting that we may have the pleasure of entertaining them soon again, and through them we wish to convey to their distinguished Government, our expressions of regard and admiration.

(The speaker then introduced Baron Megata with expressions appreciative of his career and standing in his country.)

Baron Megata's Address

“ Mr. Chairman and Gentlemen :

It is thoughtful and courteous of your Association to plan this luncheon in our honor, and my fellow-commissioners and I appreciate your warm reception and the compliment you pay us by coming from your pressing business affairs to meet with us for an hour or so.

We are delighted to arrive here at this central city of the Republic, which has become so familiar and near to us since your great International Exposition was held.

That great fair, significant in the event it celebrated, was significant also in the international friendship it promoted. The interest of Japan as a nation, in America and American products, was stimulated by it, and the many close personal friendships begun at that time between citizens of the two countries, testify to the open-hearted hospitality and kindness extended to us by you. The cordial welcome given to Japanese then, and the interest and appreciation shown our exhibits, make us especially happy to be able to visit you on our present mission to your country.

America, with the far-reaching preparation it has been engaged in making, in recent months, for its active and vigorous military participation in the present world-struggle; with its unlimited energy and firm determination at this momentous time, has given Japan a great stimulus toward increased coöperative action for an early termination of the war. This close relation as Allies, fighting in the same common cause, must serve to cement still more firmly the existing close friendship.

We must fight this horrible war through to the end, to victory and an honorable peace, and, I fervently hope, an enduring peace.

I wonder if my American friends realize that, at the beginning of the war in Europe, scarcely two years had elapsed since the Imperial succession in Japan. Our young Emperor was confronted with the responsibility of the great decision as to Japan's position. Should remote Japan enter this world-war? There was no hesitation, however, in taking the momentous step, and eight days after Germany had violated Belgium, whose neutrality

was guaranteed by solemn treaty, Japan declared war. Since that time she has been, and she is now, carrying on her part in the struggle which has now become world-wide. She has so far succeeded in keeping the Pacific pacific; her destroyers, along with those of her allies, are guarding the Mediterranean; in the Indian and Polynesian oceans her flag is on duty.

When the bright light of American determination to join in the war was flashed throughout the world, the most hearty voice of hope and sympathy echoed from Japan.

A world upheaval, such as the present, shakes the economic structure to its very foundations. Both the producers of wealth and wealth itself are destroyed. The demands for the actual military conduct of the war in men and material are enormous; the cost is staggering. The warring nations must supply not only the needs of the armies and navies but must provide, through increased efficiency and production, for the maintenance of a substantial economic structure. Each nation must do its own part and aid its allies to its utmost.

New and far-reaching financial and economic measures must be adopted. Machinery to facilitate international trade and finance must be developed. We have come here to investigate and study the measures you have already adopted—to confer with your leaders in finance and industry regarding plans for the future. We feel we can profit much by studying and conferring here, and we hope we may contribute something in the way of information, suggestions or ideas, in return, which will be of value and benefit to you. Complete coöperation between the two nations is essential to the fulfillment of our mutual obligations as allies.

Our Commission is composed of experts of the Department of Finance and men of affairs representing our leading banking and commercial interests. We hope our conferences and exchange of views may tend to accentuate our commercial and economic needs and result in freer intercourse between the two countries. Early and successful termination of the war is the paramount issue of the moment; to meet the issue, fullest co-operation is necessary.

Gentlemen, I feel confident we can rely on your help in our studies and in our efforts.

I desire to thank you heartily for your hospitality.

II ST. LOUIS COMMERCIAL CLUB

An elaborate dinner was tendered the Commission by the St. Louis Commercial Club, at St. Louis Club, Wednesday Evening, November 7, 1917. The followings addresses were the important ones made on this occasion.

Mr. Benjamin Gratz presided as Toastmaster.

The Toastmaster

“Our Honored Guests and Members of the Commercial Club of St. Louis :

The subject of international relations is far more important now than ever before in history. The whole world is divided into two hostile camps, preparing for the gigantic final struggle. In order to fight efficiently and ultimately to be victorious in this war it is necessary that we feel and act in harmony. There should be the utmost good-fellowship and good feeling between the Allies. There are arising out of this war international sympathies that are new, and we look forward, when all is over, to courts of investigation and arbitration for international misunderstandings ; we look for new international law ; we even look forward to a parliament of nations. On the other side of the Pacific Ocean there is one very great nation. That great nation has sent a Commission to the United States composed of some of its wisest men. We are fortunate this evening in having as our guests those same wise men. Baron Megata is the Chairman and head of that Commission and it is with gratification that I am able to present to you Baron Megata. (Applause.)

Baron Tanetaro Megata

“ Mr. Chairman and Gentlemen :

It is a pleasure for my fellow-commissioners and myself to be your guests during our all too short stay in friendly St. Louis.

It is pleasant, too, to be received and entertained in the same beautiful club in which you honored His Imperial Highness, Prince Fushimi (applause), when it was his good fortune to partake of your hospitality.

We are living in the time of all times—times pregnant and stirring, and challenging the best thought of the best minds. We are entering a new era of human history. Great moral and political questions must be met and answered. Great financial and economic problems must be faced and solved. New and comprehensive measures of far reaching influence and effect must be adopted to meet the needs of the day and the necessities of the future.

In the past most economic policies have been based upon national self-interest. In a world-crisis like the present, and under the conditions of common interest that exist, should not new economic measures dealing with international trade and finance be conceived and formulated on broader grounds? Such a new policy of international finance, bringing mutual benefit, would be another bond binding nations in friendship. (Applause.)

Mr. Chairman, we arrived in your city on the most opportune day; that is, the seventh of November. It was but yesterday that we saw in the paper the official publication of that most important diplomatic note exchanged between the United States and Japan. (Applause.) This important exchange of notes should eliminate all misunderstanding, if such ever existed upon entirely groundless grounds. (Applause.) I suppose it must be the good omen of the cementing of our relations with the people of this city and nation in the future. (Applause.)

Our Commission is made up of Government experts and representative men of affairs, official heads of our leading banking and industrial interests. We come to study conditions here, to tell of conditions in Japan, to urge the fullest coöperation between the two countries. If we can do our part in joining the East and the West in effective coöperative endeavor, we shall have achieved our highest purpose. We conceive it to be a matter of the most vital importance at the moment.

Japan was one of the Powers to enter the war in its early stage. Her battleships and cruisers have kept the Pacific and

the Polynesian and Indian Oceans open to the shipping of the Allies. Her destroyers are on duty in the Mediterranean (Applause.) Many of her merchant vessels have been chartered or sold to allied countries. Others have been, and are, carrying munitions, food and supplies.

Japan's desire not only to do her own part in the war, but to render the fullest possible aid to her Allies, has forced her greatly to diminish her stocks of supplies. (Applause.) Her resources are limited and they are now strained to meet the demand for necessary and proper materials.

No one can foretell the end of the world-crisis. It becomes an urgent necessity for Japan, in her national position, to augment her resources to enable her to meet properly and fully the impending needs and to continue her full participation in this world-strife. (Applause.)

I desire, gentlemen, in closing, to say to you that the news of America's determination to enter the world-war, to fight to defend her rights and to support the righteous principles of civilization, was enthusiastically received in Japan. (Applause.) Most hearty sympathy and expectation were manifested throughout the Empire. (Applause.)

Mr. Chairman and gentlemen, I thank you for your kind hospitality." (Applause.)

The Toastmaster

It is not necessary for me to introduce to the St. Louis part of this audience Dr. Hall, the Chancellor of Washington University. (Applause.)

Dr. Frederick A. Hall

"Mr. Chairman, Distinguished Guests, Members of the Commercial Club:

The significance of the occasion makes it a matter of pleasure for me briefly to speak in behalf of an institution of learning, in whose rapid and substantial development in recent years every citizen of St. Louis should take pride. College professors as a class have little to do with finance in a large way. That they remember the adage to look after the pennies is evident to those of us who have held and are holding college chairs. (Laughter.)

We have not always, however, found that the other half of the adage is equally true, that the dollars will look after themselves. (Laughter.) Finance on a broad basis must be a fascinating study, as are all great subjects which have to do with humanity at large, and the men who attain to a position of authority on world finance and world industries are worthy the admiration of men in whatever calling they may be. To be the selected men, as are our guests to-night, representing the great nation which desires to exchange views on the finances and the industries of the world, is a compliment which men of any nation must recognize and appreciate. The occasion is significant coming as it does almost on the eve of the ratification of an understanding between the two great nations represented here to-night—Japan and the United States. The prince of Japanese statesmen and our honored Secretary of State have recently, by coming into personal contact, and by a free exchange of views, reached a decision which clarifies the atmosphere, which removes the clouds, which stills carping criticism and jingo talk about the clashing of national interests. These two representatives of two great nations, in a brief time, by simply coming together as men ready for truth wherever it leads, have reached a decision which will be effective, we believe, for the betterment of both countries, for many a day to come. (Applause.)

To-night two great civilizations meet and greet each other, one typical of the Far East, the other typical of the Far West; one wise with the experience of centuries; the other vigorous with the freshness of youth. In both there have been shaped civilizations suited to their respective peoples. Each has had its own ideals. They are entirely unlike, yet have been nurtured and cherished with the care and patience of a mother, until they have ripened into maturity and have left their stamp upon the world as we find it to-day. It is useless to contrast and compare these ideals with the view of determining which is the superior. Neither would have fitted into the place of the other. Each civilization suited best its people, its time, its part of the world. Each has developed a civilization in which it may take just pride. It is useless to discuss whether there is such a thing as inferiority and superiority as these two civilizations are contrasted or

compared. Better by far that as we meet to-night there should be this interchange of opinions, of ideas, this comparison of notes, so that each may take from the other that which will be helpful to both, and both may take and put into practice those things which they find in each that will be for the mutual benefit of humanity as a whole. Thus, meetings like this spread throughout the country will do very much as the days go by to bring to the favorable attention of the United States and the favorable attention of the people of Flowery Japan the fact that the Orient and the Occident, in the development of human nature, in the progress of the human race, may harmoniously and enthusiastically cooperate in all those things which will tend to make the world a place in which one may desire to live, and a place in which it is a safe thing to conduct business.

Gentlemen from a distance, our guests, I bid you welcome and wish you God-speed on your errand." (Applause.)

The Toastmaster

"I wish now, gentlemen, to introduce to you one of our honored guests from the other side of the world—Mr. K. Matsumoto."

Mr. Kenjiro Matsumoto

"Mr. Chairman and Gentlemen :

I appreciate the kindness of your Committee in asking me to say a few words, but I accept the invitation with fear and trepidation. It is not easy for a Japanese to address an English-speaking audience, except in Japanese. (Laughter and applause.) I should be delighted to make a speech to you in Japanese, as probably no one here, except Mr. Smith, the Chairman of your Reception Committee, would understand a thing I said. (Laughter.) However, as a member of this Commission and as a business man deeply interested in close and friendly relations between our two countries, I gladly accept the duty imposed upon me and beg that you will bear with me for a moment.

I have never been in public life and our Commission is not a political one. Even if the contrary were true, there would be little left for us to discuss after the epoch-making exchange of the notes of yesterday between our respective governments ; but I

cannot help feeling that even intricate international political questions yield to easier solution when the business-men of the nations know and understand each other, and when there is a substantial interchange of commodities between them.

For years America has been Japan's best foreign customer. The foreign trade of a nation is an important factor in its economic life and prosperity. For that reason, among a world of others, we should do our utmost to avoid the slightest cause of friction or misunderstanding.

I have said America was Japan's best customer. Japan is a fair customer of the United States, but it could be made a much better one. Many things we bought of Germany before the war—chemicals, iron and steel, electrical apparatus, dye-stuffs, and so forth—should be supplied by you now. The merchants and manufacturers of your own City of St. Louis could furnish some of these things. Our purchases in your market are increasing, but the field is a great one and the possibilities for growth of trade do not yet seem to have been fully realized here.

To be sure, you are under pressure at the moment, to turn out vast quantities of munitions and supplies necessary to the vigorous conduct of the war. This is as it should be, and we can only say "Amen" and "God-speed" to the superb way in which your nation has risen to meet this crisis in world affairs. But business must continue to go on—not "business as usual," but business extraordinary! The cost of the war must be met.

You in America have enormous resources. These must be made to yield more now than ever before. Our natural resources in Japan are relatively limited, but we are doing our best, with such limitations, to do our full part economically during this trying war period. We have ample skilled labor and are using it to the fullest extent in our efforts to supply our Allies with what they most need, as well as to maintain firmly our position as a warring power. Baron Megata has told you something of Japan's part in the war in a military way, and I am glad of an opportunity to say just this word as to our efforts in an industrial way in the furtherance of the cause now uppermost in our minds and nearest to our hearts. Full and generous coöperation, both military and economic, may perhaps justly be said to be the motto and

watch-word of our Commission, and our Commission represents our Government.

I want to thank you, gentlemen, for your kindly hearing and for your very cordial reception and hospitality." (Applause.)

The Toastmaster

"We have with us, gentlemen, a man who has spent some years of his life in Japan, and I take pleasure in introducing to you Dr. Abbott, of Washington University."

Dr. James F. Abbott

"Mr. Chairman, Gentlemen of the Commission, Members of the Commercial Club :

It is a very keen pleasure to me to participate in welcoming the members of the Commission from the other side of the Pacific, because of the recollections I have of their very hearty welcome extended to myself on numerous occasions. At this particular time, as has been mentioned, when at least for the time being it would seem that the forces that made for misunderstanding have been set back and the way opened for a cordial understanding between the two nations, it is a double pleasure, because I have looked forward to such an occasion. The present European war has had a number of very bad effects upon mankind—upon the peoples of the various nations. Among other things it has developed a very skeptical attitude toward the possibility of international friendship ; and, in spite of the fact that responsible men, both in America and also in Japan, have repeatedly assured the world that Japan has never had anything but the best of intentions toward the United States, or the United States toward Japan, nevertheless the present situation has made it possible for that kind of reassurance to be very strongly deprecated.

I should like to call to your attention what most of you know, no doubt, that the cordial relations between Japan and America rest upon something more significant and more fundamental than mere felicitations. It is not without significance, as Mr. Matsumoto just remarked, that America is Japan's best customer. America—or the United States, rather—is the only Power in the world that before the war constantly purchased more of Japan than she sold to her. Perhaps 33% of our exports to Japan

before the war consisted of raw cotton, and that raw cotton was necessary for Japan's economic control of the cotton fabric industry in continental Asia. There are two danger spots in the world—or have been—one the Balkens and the other China, and most people in this country have looked forward to possible points of disagreement between this country and Japan on account of the triangular relations between America, China and Japan. We can never hope, I think, to compete with Japan; I do not think we shall try, in entering into China's market with regard to cotton manufactures. At the same time, since India and China are both very large producers of raw cotton, there must be some reason why Japan is dependent on the United States for her raw cotton supply. That reason is found in the fact that Japanese manufacturers demand the long staple high-grade cotton, which has not been found in either India or China, and therefore the more our trade increases in that regard and the more Japan's trade with China increases, the greater our own profit will be. Putting it on a basis, therefore, of purely selfish interests, and not at all on the basis of international disinterested friendship, it is to our advantage that Japan's predominance in this trade shall increase. There is another group of manufactures in which Japanese products have attained great preëminence in recent years in China. In the field of cheap manufactures, such as umbrellas, clocks, cigarettes, matches, and all such things, with the geographical advantage and with the cheap labor production which is afforded in Japan, we have no possibility of competition. The only competitor Japan has, or may have had, is Germany. But there is a third field in which the Chinese trade and commerce is to be developed, and that is the field of those manufacturers that depend upon skilled labor of the highest sort, the production of high-grade machinery, electrical supplies, household implements, sewing machines, and the whole range of manufactured products which China will use when she is educated up to the point of using them, and when China is sufficiently stable so that the development can go on to the point that these manufactures will flow in a steady stream. That point can only be reached when China has a stable government, secure against the encroachments of European and other aggressive politics, and that condition can never be attained.

until the world acknowledges, as the United States' Government has just acknowledged, Japan's supremacy of interest on the coast and continental portion of the Asiatic Pacific Coast. (Applause.) Therefore, putting it on the ground, not of an academic international friendship, but on the more prosaic but nevertheless more understandable ground of national self-interest, our own interest and Japan's fall together, and it remains to be seen whether we shall allow ourselves to be hood-winked any longer and to be blinded to the fact that we ought to coöperate as partners in developing China's resources, rather than as competitors, and if we do so it will make not only for our advantage, but also ultimately and finally for the peace of the world in that part of the world where peace is most necessary and desirable. (Applause.)

The Toastmaster

“ We have with us to-night an eminent banker. He is President at the present time of one of the largest banks in St. Louis. He is also Ex-President of the American Bankers' Association. It is with pleasure that I call on Mr. Frank O. Watts.” (Applause.)

Mr. Frank O. Watts

“ Mr. Chairman and Gentlemen of the Imperial Finance Commission and Members of the Commercial Club :

The very complimentary thing said by your Chairman I could hardly recognize. (Laughter.) I had a little nephew at my house recently and he caused me to have a very much modified view. He was asked what his older brother was to be and he said a lawyer. He was asked what he was to be and he said a preacher. He was asked what his younger brother was to be— “ Nothing but a banker.” (Laughter.) Gentlemen, it is a distinct pleasure for the citizens of St. Louis to have as their guests this Commission from the wonderful country across the Pacific. I am sure they are here upon an investigating tour and they would like to hear from us something of the conditions, not only that prevail at this time, but which were existent at the time the world-war began. I wish I had the time and the power to draw a true picture of American conditions in business and in finance in 1914, and in the succeeding years up to the time that the United States entered as one of the participants in this great world-war.

We were, as you know, poorly prepared for such a participation. We were even poorly prepared to take the part of merchants, to take the part of a furnisher of supplies for those people engaged in war. Our economic fabric had not been developed so that we could play the important part that such a nation should play in such a world-war. The mistakes we made, the wastefulness, is beyond comprehension. But, gentlemen, fortunately, we have progressed and the conditions as they exist to-day would not be recognized by one having in mind the conditions existing at the time of the beginning of this great conflagration. No greater change has taken place in any part of the business fabric of this country than in the banking and in the financial part of it.

In what I am to say I fear that I may be tiring to those of you who for five years or more have listened to the discussion of the banking system of our country and the accomplishments of the Federal Reserve System; but I ask your indulgence, in order that I may place before our distinguished guests the conditions that existed just-prior—the building of its banking system, what that system has enabled us to accomplish in the matter of financing our own affairs and the affairs of those associated with us in this war. Prior to 1914, the United States of America had the poorest banking system in the world. It had no reservoir of reserve, no place where the gold of this country was mobilized, in order that it might have force and power. The gold reserves of this country were scattered in 20,000 units. There were 20,000 places where gold was placed, where gold was used, in order that the business of this country might be upon a gold basis. This country, with the largest supply of gold, made the least use of it. It was unscientific, it was wasteful, it was not effective. Due to the political conditions of our country, we were unable to make any rapid progress toward overcoming that deficiency until the panic of 1907, a panic the cost of which could hardly be estimated upon the business of this country. After that public opinion began shaping itself and began making such a pressure upon our representatives in Congress as they could not resist, and they began to shape a banking system in keeping with the importance of this country. The bankers of the country thought that one Central Bank was the ideal method, was the ideal system, and

yet, due to the political conditions, we were unable to have the law-makers of the country agree upon that form of banking ; but, gentlemen, notwithstanding the political necessities of the time, we built in its stead better than we knew ; we built a system of twelve Regional Banks, twelve Central Banks, placed in twelve sections of the country, in commercial cities of greatest importance. Those twelve banks owned by the member banks, by the banks coöperating together, were coördinated in such a way by the Federal Reserve Board at Washington that to all practical intents and purposes they constitute one central system. That system to-day, gentlemen, holds one billion, five hundred million dollars of gold, the largest supply of gold in the world under one control. (Applause.) That supply of gold is the power that enables this country to carry on its gigantic business operations and enables it to furnish our Allies with the stupendous credits which we have been furnishing to them. (Applause.) Even the bankers themselves, when approached on the subject of the Government issuing its obligations to the extent of two billion dollars, in the early part of this year, feared that it could not be done ; feared that it would be too great a strain upon the banking of this country ; and feared the results upon the business of this country. Gentlemen, the two billion dollars of bonds were offered to the people of the country through the financial institutions of the country. The country not only subscribed for the two billion dollars, but offered to the Government more than three billion dollars. That transaction was effected without in any way doing injury to the commercial business of this country, through the operation of our Federal Reserve System. (Applause.) And upon the heels of that stupendous operation the Secretary of the Treasury, within the last sixty days, announced that the necessities of the Government and of the Allied countries associated with us, were such that he needed an additional loan of three billion dollars ; and, with the assurance born of the experience in the first operation, he said to the country, "We need three billion dollars, we ask your subscription to three billion dollars, but if you have it convenient, we would like to have five billion dollars." And the response of the country, though not yet announced, has been that we are to give the Government five

billion dollars. (Applause.) These operations, gentlemen, are carried on through the banking system of this country. Neither the twelve Federal Reserve Banks nor the member banks desire; nor is it the desire of the country at large, that these banks shall hold the Government securities, but the operation is such that those securities are being distributed through these agencies into the hands of the people of this country.

For fear that the Committee have not sufficiently impressed upon our guests the importance of St. Louis, I believe it will be permissible to do a little boasting of St. Louis's part in these operations, to say that it was announced that St. Louis's quota of the last Liberty Bond issue was to be forty million dollars, that the maximum suggested by the Honorable Secretary of the Treasury was to be sixty-eight million dollars, and the City of St. Louis has given to the Government seventy-eight million dollars (applause); ninety dollars, gentlemen, per capita, for every man, woman and child in the City of St. Louis has been offered to the Government. (Applause.) We expect to be continually called upon for such financing upon the part of the Government. The gross income of the Government of the United States has been estimated to be varying sums, from forty to fifty billion dollars. Prior to the beginning of the war, or our participation in the war, it was estimated that our net income was six or seven billion dollars. As the result of increased production, the speeding up of production that is going on in this country, and as the result of increased economies, which is yet in its incipiency, the net income of this country has probably increased to a sum between twelve and fifteen billion dollars a year. That stupendous sum, gentlemen, is to be given to our Government, in order that we may do our part; and I may say to our distinguished visitors that whatever may have been the differences, politically or otherwise, in times agone, whatever may have been our different notions upon world affairs, that since March, 1917, there has grown up in this country, to a point where it is unanimous, the sentiment that this country will furnish supplies, money, ships and men to any extent necessary in this undertaking. (Applause.) We have set our face, and by the help of God there will be no turning back so far as this country is concerned. (Applause.)

Gentlemen, I feel like saying, in conclusion, that we hope that between this country and Japan, that in war we may ever be allies and in peace that we may ever be friends. I thank you. (Applause.)

The Toastmaster

"Gentlemen, I for one have listened with great pleasure and profit to the speeches that have been made here to-night. I now wish to give an opportunity to any one of the members of the Club, or of our guests, to speak to us again. In the event that there is no one who cares to make any further remarks, the meeting will be adjourned." (Applause.)



12. THREE DAYS IN CHICAGO

On the morning of November 9th the Commissioners arrived at the Union Station, Chicago, where they were met by the Japanese Consul, Mr. Kurasu and leading business men, and were taken in automobiles to the Blackstone Hotel where the Commission stopped for several days.

Luncheon at the Chicago Club

The Commissioners were guests of honour at a luncheon given at the Chicago Club by Mr. James B. Forgan, Chairman of the Board of Directors of the Chicago First National Bank and Mr. F. O. Wetmore, President of the same bank. Representative Chicago business men such as Mr. John C. Shedd, President of Marshall Field & Co., Mr. George M. Reynolds, President of the Continental and Commercial National Bank, Mr. Earnest A. Hamill, President of the Commercial Exchange National Bank, Mr. F. A. Bancroft of the same bank, Mr. C. H. Mc Cormick, President of the International Harvester Co., Mr. H. H. Swift, Vice President of Messrs. Swift, & Co., and several others were guests. Introductory remarks were made by Mr. Forgan and a welcome speech by Mr. F. O. Wetmore. Baron Megata responded in the following address :—

“ Messrs. Hosts and Gentlemen :—

While not a banker myself, I have for many years been interested in finance and, through my connection with the Finance Department of my Government, I have had close relations with bankers. I am delighted to be honored on this occasion by you gentlemen, who take such an active and prominent part in the financial life of your city and your nation. My fellow commissioners and I appreciate this reception and the compliment you pay us by coming from your pressing business affairs to meet with us for an hour or so.

We are living in the time of all times,—times pregnant and stirring and challenging the best thought of the best minds. We

are entering a new stage of human history. Great moral and political questions must be met and answered. Great financial and economic problems must be faced and solved. New and comprehensive measures of far-reaching influence and effect must be adopted to meet the needs of the present and the necessities of the future.

In the past, most economic policies have been based on national self-interest. In a world-crisis like the present and under the conditions of common interest that exist, should not new economic measures dealing with international trade and finance be conceived and formulated on broader grounds? Such a new policy of international finance, bringing mutual benefit, would be another bond uniting nations in friendship.

Japan was one of the Powers to enter the war in its early stages. Her battle-ships and cruisers have kept the Pacific and the Polynesian and Indian Oceans open to the shipping of the Allies; her destroyers are on duty in the Mediterranean; many of her merchant vessels have been chartered or sold to allied countries; others have been and are carrying munitions, food and supplies.

Japan's desire not only to do her own part in the war but to render the fullest possible aid to her Allies has forced her greatly to diminish her stocks of supplies. Her resources are limited and they are now strained to meet the demand for necessary and proper materials.

No one can foretell the end of the world crisis. It has become an urgent necessity for Japan, in her national position, to augment her resources to enable her to meet properly and fully the impending needs and to continue her full participation in this world-strife.

Our Commission is made up of Government experts and representative men of affairs, official heads of our leading banking and industrial interests. We come to study conditions here, to tell of conditions in Japan, to urge the fullest coöperation between the two countries. If we can do a part in joining the East and the West in effective coöperative endeavor, we shall have achieved our highest purpose. We conceive it to be a matter of the most vital importance at the moment.

I desire, in closing, to say to you that the news of America's determination to enter the world-war, to fight to defend her rights

and to support the righteous principles of civilization, was enthusiastically received in Japan. Most hearty sympathy and expectation were manifested throughout the Empire."

Dinner at Congress Hotel

The Commission were the guests of honour at a dinner given at Congress Hotel by Mr. Saburo Kurusu, His Imperial Japanese Majesty's Consul at Chicago. About eighty leading citizens of Chicago, gentlemen and ladies, were present on the occasion. Mr. George M. Reynolds, President of the Continental and Commercial National Bank, in a fascinating speech, pointed out the necessity of coöperation of America with Japan not only politically as recently agreed by the Ishii-Lansing notes, but also financially and economically. Chief Commissioner, Baron Megata in his response urged economic coöperation especially in the Far East, and praised the great success of the Second Liberty Loan. Mr. Samuel Insull, President of the Commonwealth Edison Co., and Dr. Shailer Mathews of the University of Chicago were also speakers.

Visits to Industrial Plants

After a luncheon given by Mr. Forgan of the First National Bank, the Commission in company with Mr. H. H. Swift motored to the Stockyards, where they were guests of Messrs. Swift and Co. The elaborate processes of the stockyard were shown to the Commissioners.

On the morning of the next day the Commissioners accompanied by Mr. E. J. Buffington, President of the Indiana Steel Company, a branch of the United States Steel Corporation, were taken by a special train to the Gary Steel Works. After a luncheon given at the General Office Building, the most up-to-date far-reaching steel plant consisting of "blast furnaces, fifty-six open hearth furnaces, rate mill, billet mill, merchant bar mills, car axle plant and a by-product coke oven plant, together with auxiliary shops, including machine shop, rolling shop, electric-repair shop, blacksmith shop, etc" were shown to the Commissioners. It was stated that the annual output for the year 1918 was estimated as follows :

Pig Iron...	...	...	...	...	...	...	1,900,000 tons
Open Hearth Ingots	...	...	...	...	...	...	3,000,000 "

Standard Rails	... ..	1,200,000 tons
Blooms and Billets	... ..	1,500,000 ,,
Merchant Bars	... ..	800,000 ,,
Plates	... ..	400,000 ,,
Car Axles	... ..	100,000 ,,
Steel Car Wheels	... ..	150,000 wheels
Coke	... ..	3,400,000 tons

13. BANQUET TENDERED BY THE COMMERCIAL CLUB OF CHICAGO

In the evening of November tenth, an elaborate banquet in the honour of the Commission was tendered by the Commercial Club of Chicago at the Blackstone Hotel. The banquet was presided over by Mr. Harrison B. Riley, President of the Club, and attended by more than 160 diners including business men, financiers, naval and military officers, a university president, professors and others. There were several speeches on the subject of the "Financial and Economic Relations of the United States and Japan" The speeches were as follows:—

President Riley

"To our honored guests from abroad and at home, friends all, we members of the Commercial Club, extend our heartfelt greeting.

The gentlemen of the Special Financial Commission of Japan who visit us tonight and honor us by being our guests are our class of people; and in saying so I perhaps arrogate to ourselves qualities which they possess and which we do not. But what I mean is that they are engaged in the financial world, as are we; in the commercial and industrial world, as are we. Some of them have served their country under arms, as have some of us. They have more recently than we felt the pangs arising from major wars, felt the sorrow and the anguish and surprise which we are now endeavoring to master.

They think in our terms. The only difference that occurs to me is that some of them are admittedly lawyers, while in this club, to my knowledge, only two have been permitted to camou-

flage their way into these sacred precincts. (Laughter.) They have come on no diplomatic mission, or they would not have come to us ; because, however capable we may assume ourselves to be, the power to settle questions of state does not rest in the hands of this body.

Other men of our race and other men of their race have exhibited in these days, first of all, indications of sound sense, common sense, in relation to the affairs of Japan and of the United States. As I take it, no greater pronouncement has been made in recent times, and the times are full of pronouncements, than that made at Washington last week, which applied the common sense principles of live and let live to the relationship between Japan and ourselves. (Applause.)

We have been sticklers for our so-called Monroe Doctrine,—and why? Not that we wished to wield the strong arm over lesser countries on this continent, not that we assumed to direct the destinies of the smallest state in the Western hemisphere, but because we could see plainly that if the armed nations of Europe obtained a foothold in our vicinity our relationship to international life would be immediately changed. And so what a great thing it was for the American nation to recognize the fact that if the armed nations of Europe obtained a foothold on the shores adjoining Japan, then that presented a hostile menace to Japan, which for purposes of self-preservation they were bound at all hazards to resist. (Applause.) Why that should be right with us and wrong with them, in this body there would be found no one brave enough to attempt to distinguish.

We have known for many years in our country of an attempt to steel our hearts against Japan. Where the plan originated,—because it was a plan—whither it was directed,—because it had direction,—we knew not. We are beginning to see now, we are beginning to realize that as a part of this 40 year old plan to subdue the universe, chicane was not limited to European waters, trickery was not confined to the European continent, and the power of suggestion through easily purchaseable mediums has been used in this country,—and has failed. (Applause.)

Within the life-time of the man who sits at my right, our honored guest, the head of the Special Commission, within that

life-time, I say, Japan has forsaken her conservatism of centuries, has accepted the offered hand of the United States, has become one of the sisterhood of nations, and I challenge any nation to show in the last sixty years such wonderful progress as that of the nation represented by our guests. (Applause.)

And stop and think, if you will. During that sixty years has Japan ever misled us or anyone else? Has she indulged in indirection? Has she led us to believe her principles were one way, when, in fact, they pointed another? Where is the nation in the whole world that has hewn a course so in accordance with the principles of rectitude, of gentlemanly conduct, of high ideals, of absolute adherence to word, to intimation, to thought, as has the country represented by our honored guests tonight. (Applause.)

It is in the spirit of no idle compliment, because these are not days for compliment,—it is with the feeling that all of us have, of oppression and surprise, perhaps of indignation, that we who have meant righteousness and justice to all the world, fair dealing, open conduct, hearty sympathy with nations east and west, should find ourselves dragged from our ways of peace into a maelstrom of war, which we d'd not seek and which we do not fear. (Applause.)

Japan led the way. She did her part. We, hoping against hope, feeling the love and reverence that we used to feel for that nation which above all endeared itself to all the world by its kindness and love for little children, did not feel it could be possible that the historical Germany, which we all knew and all loved, could run mad; yet that has occurred.

Our methods of life, our mode of thought, our interests are all changed. From peaceful development in honest competition and reasonable harmony with our sister nations east and west, we are drawing on the mail and lifting the armed hand.

As a nation we fear it not. As individuals it grips our hearts. Because today as before, our sons, our neighbors' sons, go out to lay down their lives,—and for what? From our position, for everything—honesty, justice, religion, fair dealing, the opposition to the doctrine that might makes right. But for what on the other side? What righteous, what religious, what moral object could ever have been hoped to be obtained by those now our enemies, formerly our friends, opposed to the law of God, of man, of morality, of humanity?

Our visitors must expect us to show ourselves in our true colors. It is a duty which we owe to them as to our other Allies, to lay bare our souls and our thoughts. That same close adherence to the line of right conduct which we habitually use in our daily intercourse with men is not out of place in our intercourse with nations.

And they will find, alas, that we are a provincial nation. I could not but recognize this tonight when I recognized that these gentlemen at my right and at my left sing our national hymns and speak our language. They have been educated in our institutions; and with what hopeless ignorance we attempt to appraise them, because we must appraise them.

We are provincial in this; that we suspect all that we do not understand. And it is not true alone in other sister nations. It is true among ourselves. We, who represent capital, perhaps, do not understand labor, and we suspect it. Labor, which is ignorant of that which is good and noble in our aspirations, suspects us. All of us urbanites suspect the farmer. We say he will not volunteer, he cannot be drafted, he does not subscribe to liberty bonds, and he won't even haul his grain to market. No greater misunderstanding, let me say in passing, has ever been given utterance.

This war must be won, or lost, not only in the field of battle, but in those other fields, those broad fields which God has blessed us with. It is not true that the farmer's boy does not volunteer. The first casualty list from the trenches gave one farmer's boy and two city boys of the killed.

Captain Moffett can tell you, if he will, that that wonderful camp of his on the north shore is crowded with farmer's boys. And it is nothing great; because the farmer's boy wants to be in the big show.

The farmer's boy's father has listened to the voice of the Government and has said "You must stay at home because bountiful crops are as essential as an extraordinary amount of ammunition." The conflict goes on between the farmer and his son as it goes on between you and your son.

We say that the farmer must increase his crops,—and we say it lightly. If we say to you, or to you, that you must increase your business, you immediately look for new capital, additional

buildings, additional personnel. Did you ever stop to think that if the farmer increases his crops he must make the investment this year in the hope of reward next year. To plow new lands, to break new prairies, requires more machinery than that to handle that which is already fallow and under the plow. Can the farmer use his money for the purpose of doing that which is his prime duty, producing crops, and at the same time have money left for other things?

Did you ever stop to think that the farmers in the northern tier of counties have money once in a year? Do you realize why it was that the first liberty loan in June was a failure, and in September in North Dakota, the most radical of all our states, was over subscribed 80 percent? Can you realize why that was? Why, it is as plain as A, B, C. In June they had no money. In September they had; their crops were reaped.

We say they should bring their crops to market. We forget that in the winter-wheat country winter-wheat must be in by September 25th. We forget that in the spring-wheat country sod must be broken ere frost comes in order to produce any possible crop in the coming year.

And so I say that we in the city who fail to realize that in the farmer's bosom beats the same heart that we have within ourselves, whose pulses quicken as rapidly as we claim ours do, whose patriotism has stood at the head of patriotism in the United States since the embattled farmers of 1776 met the British legions at Lexington, do not know the American farmer. (Applause.)

What is the use? We are all of us in it. We all of us know it. We each and all of us have our problems to work out among ourselves, and we have the prime duty over and above all to be true to ourselves so that we may be true to our Allies.

I am told tonight that our fellow townsman, Raymond Robins, now sojourning in St. Petersburg, says all is quiet. I am told that things are improving in Italy. I am told that France, beloved, bleeding France (great applause) will continue to be dear, to deserve our love and to shed her last drop of blood. But whether that be so or not, whether Russia has passed and gone, whether the national courage of Italy can come again or not, a burden rests on us to see this through, on us with our Allies, who

are still upstanding and unwounded,—Great Britain, France, Japan. (Applause.)

And it is not enough that there shall be restitution. It is not enough that there shall be reparation. There shall and must be retribution. It shall not be said in the histories of the future that those crimes that are condemned in the individual can be condoned in the mass, that the violation of women, the murder of children, the ravishing of fair lands, the destruction of ideals, of confidence in truth, of written and spoken engagements, shall exist in public life when we all denounce them in private life.

The mere matter of multiplication of the size of the unit does not change murder to a virtue. It does not change rape to a Biblical excellency. It must not be said in the ages to come that any nation, however they shall have prepared, how ever cunningly they shall have engaged the world, how ever cleverly they shall have intrigued, can do the things that have been done in the last three years, and get away with it. (Applause.)

If the pulses of our fathers course through our veins, if the heart beats which our mothers transmitted to us are not weakening, if our love for right, for justice and for the beautiful is not fading, it must be the idea of the United States, by itself if need be, with its Allies, if God will permit, to see this thing through. (Applause.) I have no doubt that our honored guests with their experience look on our amateur efforts at this time, after years of neglect, with kindly pity. I would not blame them if they did. Our only justification is that the love which we bear them we bore for other nations. Our intentions are as honest toward other nations as they are towards Japan, and were. We could not conceive in the civilized civilization of the present day that these things could exist. You, and you, and you, have said time and time again that war under present day conditions would be so horrible it would be impossible,—and yet here we are,—and we welcome tonight in our trouble these firm, devoted, truthful friends, from, as one of the speakers said last night, a gentleman nation, whose word was the word of a gentleman. (Applause.)

It is one of the happy moments of my life, this, when I can present to you our honored guest Baron Megata, chairman of the Special Finance Committee of our Ally, Japan. (Great applause.)

Baron Tanetaro Megata

Mr. Chairman and Gentlemen :

Since our passage through the Golden Gate and our landing on your shores, my fellow-commissioners and I have been the recipients of the most friendly hospitality.

Your coming to greet and meet us this evening affords us great satisfaction and pleasure.

We are delighted to be here in this great midland metropolis of America, destined, it seems to me, to become an increasingly important gate-way for commerce to the Orient. Your location in one of the richest parts of America, your great manufacturing and merchandizing institutions, your exceptional rail and water facilities and your "I Will" spirit,—(applause) all should contribute toward the greater growth of trade with the Far East.

I know in a general way of your means of reaching the Mississippi and I wonder if the present means may not in time be further developed to permit of substantial water shipments from Chicago to Japan through the Panama Canal. (Applause.) The Orient presents a vast field for American products. Japan's purchases in the United States are increasing; this trade, properly fostered, offers great possibilities. We urge your commercial activities in our markets on an expanding scale; we invite your consideration of the investment of capital in the Far East. The appointment and visit of our Commission is a recognition of the mutual interests of the United States and Japan in the commerce and industry of the Orient. Possibly our efforts may result in the formation of plans for a joint participation of the financial and industrial interests of the two countries in the development of the resources of China. We rely on your confidence in our honest intention to make such participation a mutual affair and to invite your capital to join with ours on a basis of equality and fairness. (Applause.)

America, with the far-reaching preparation it has been engaged in making, in recent months, for its active and vigorous military participation in the present world-struggle, with its unlimited energy and firm determination at this momentous time, has given Japan a great stimulus toward increased coöperative action for an early termination of the war. Our close relations as

allies, fighting in the same common cause, must serve to cement still more firmly the existing close friendship.

We must fight this horrible war through to the end, to victory and an honorable peace,—and I fervently hope an enduring peace. (Applause.)

I wonder if my American friends realize that, at the beginning of the war in Europe, scarcely two years had elapsed since the Imperial succession in Japan. Our Emperor was confronted with the responsibility of the great decision as to Japan's position. Should remote Japan enter this world-war? There was no hesitation, however, in taking the momentous step, and eight days after Germany had violated Belgium, whose neutrality was guaranteed by solemn treaty, Japan declared war. (Applause.)

She has been doing her utmost to protect the interests of her Allies in the Far East. It was largely the Japanese navy that cleared naval bases from the Pacific and Indian Oceans and that has kept and is keeping those seas open to the commerce of the Allies; it was the Japanese navy which convoyed Australian contingents from Sydney and Melbourne to the Suez Canal.

My country has been loyal to her Allies and her honor and her sense of the righteousness of the cause will carry her to the end. She has been taking her part and she is now doing her best to aid both militarily and economically. She has limitations in resources and materials, however, which are a matter of grave concern to her.

A world upheaval, such as the present, shakes the economic structure to its very foundations. Both the producers of wealth and wealth itself are destroyed. The demands for the actual military conduct of the war in men and material are enormous; the cost is staggering. The warring nations must supply not only the needs of the armies and navies, but must provide, through increased efficiency and production, for the maintenance of a substantial economic structure. Each nation must do its own part and aid the Allies to its utmost. The war is now waged as a great economic struggle, in which natural resources and national wealth are to be the deciding factors. (Applause.)

New and far reaching financial and economic measures must be adopted. Machinery to facilitate international trade and finance

must be developed. We have come here to investigate and study the measures you have already adopted and to confer with your leaders in finance and industry regarding plans for the future. We feel we can profit much by studying and conferring here, and we hope we may contribute something in suggestions, ideas or information, in return, which will be of value and benefit to you. Complete coöperation between the two nations is essential to the fulfillment of our mutual obligations as allies.

We hope the result of our efforts will be freer intercourse between the two countries,—each nation supplying the other with what it most needs, both now and in future. For the success of our work, we must depend largely on your sympathy and support. We feel confident of your help. (Prolonged applause.)

The Toastmaster

Because journeys are long and meetings between friends from opposite sides of the world are rare, I am going to ask you to permit a variation from our usual rule and ask one of our other guests to speak a few words. When the crops were bad one time in Scotland and the tribes and clans were driven forth and they stopped in Judea to obtain the necessary education, they traveled east and they traveled west, and became bankers. (Laughter.) As time went on those who traveled west became our Forgans, our Hamills and our Reynolds. Those who traveled east became our Yoneyamas.

Mr. Yoneyama is the managing director of the principal bank in Japan. I trust, I sincerely trust, that he is as able to detect illicit collateral as those who traveled west. (Laughter.) I trust, I sincerely trust, that he may be able to hold his own in any dealings which he may undertake. I doubt—oh, I have my fears and doubts—whether that can be possible. (Laughter.)

Mr. Yoneyama is not as old as some of us, but he is old enough. He has had his education in his native country and in ours. He knows all nations. He knows the banking business from the place where they go in at the messenger's desk to the place where they come out, the chairman of the board. (Laughter.)

According to his lights, and I have not heard that the lights in Japan are any less dim or any less trustful than they are in our own loved country, Mr. Umekichi Yoneyama has consented to say a few words. (Applause.)

Commissioner Yoneyama

“ Mr. Chairman and Gentlemen : I deem it a great honor to have an opportunity to speak even a few words to so distinguished and influential a body of gentlemen as you are, representing this great city of Chicago, Chicago formerly known as a great sky-scraper city, growing and broadening now into one of the most important and influential cities of the world, financially and commercially.

We are here, as Baron Megata, our chief, has told you, to make personal observations of your economic and financial conditions, to investigate the scope of the wonderful war measures you have already put into operation, and to confer with your leaders regarding economic policies likely to be adopted for the period to follow the war. Japan, almost from the very beginning of her intercourse with outside peoples has repeatedly sent commissions abroad, especially to this country, to study institutions, systems and methods which might be adopted and adapted to her benefit and for her progress.

First of all, we took our banking system from you ; then our educational institutions were patterned after yours ; our postal organization came from you, and so on. Sometimes critics say Japan's civilization is nothing but imitation and that mostly from America. Perhaps, yes. Japan was opened up by America and America offered to teach and help our nation and people in the ways of the Occidental world. Her offer was accepted and through her help and our policy of trying to take for Japan the institutions of Western civilization best suited to her needs, our nation has made more rapid progress in the past fifty years than it otherwise could have done.

At this most difficult hour of the world-war and because of the changed and changing conditions due to the war, it is natural that Japan should send such a commission as the present one to study the intricate questions involved in the financial and economic side of the struggle. We have been here but a few days, but we have already learned many lessons.

First, let me congratulate you upon the wonderful success of the second issue of your liberty bonds. (Applause.) To get, in

a few days, popular subscriptions for nearly five billions of dollars seems to a Japanese banker almost a miracle.

Next, may I again congratulate you upon the rapid development and growth in usefulness of your Federal Reserve Bank, the organization of which contributed so materially to the accomplishment of the miracle to which I have just referred. (Applause.) As I recall it, the organization of this huge, centralized institution, of which you had talked for some years, was completed just before the beginning of the war, quite as if Fate intended you to be prepared to meet the financial emergencies of the war. Even though so recently born, this infant of the banking world has taken a vast stride from the cradle to gigantic manhood.

Only to have witnessed the practical work done by the joined hands of the Government and the Reserve Bank is enough, at least for me, to form an unmistakable impression of affairs in America today, of the earnestness and seriousness of the people. Part of the report I want to make upon our return home is already formulated in my mind. Yet we have only arrived here and our stay in this country will be for sometime. There is, I am sure, much in store for us,—splendid achievements of your country under the determination to do. (Applause.)

Exchanges of views by citizens of different nations are always desirable. We come for study and information but we are prepared to give as well as take, and we shall be glad if we can suggest anything worth considering which will tend toward greater coöperation either industrially or financially.

Among many subjects discussed between ourselves, two or three might be mentioned for your consideration. For instance :

First; the formation of an American-Japanese Chamber of Commerce, with offices in both countries in close communication, for the purpose of promoting and fostering all measures designed to further and protect business interests. The proposed chamber would not confine itself to big questions only but would also advise as to the credit and standing of individuals and firms in the two countries. (Applause.)

Second; the establishment if possible and practicable, with capital from the two countries, of an American-Japanese bank for

use in investment in and accommodations for Far Eastern enterprises chiefly.

Third ; the formation of various coöperative industrial organizations. This suggestion is not a new one, but is one worth presenting for the purpose of greater consideration.

I could tell you of not a few examples already to be found in Japan, of extremely successful combinations of capital, skill, materials and knowledge of distribution of products. Why should not similar coöperation be carried out in China ?

The agreement recently reached in Washington between your Government and ours is most welcome, especially at this critical hour. It must be of lasting benefit and is an assurance of peace in any questions affecting our interests in China, for a long time to come.

This agreement leaves no further opportunity for German propaganda (applause) and there shall be no more misunderstandings between America and Japan. The paths for us both have been cleared of obstacles and smoothed, so we may march peacefully, hand-in-hand, without doubt or danger.

This wicked war, so calamitous and distressing, is a thing abnormal. We must fight it through to victory, for the preservation of civilization and the safety of the world. (Applause.) But we may look forward to the brighter days to come, when we shall have the comfort of knowing that we have done our duty as allies in the great conflict and when we may multiply our coöperative endeavors, not only for the good of our two nations but for the ultimate and great good of the entire world. (Applause.)

Gentlemen, before I sit down allow me to relate an anecdote, which was told me many years ago by a gentleman of this city, whom I knew in the old days.

He had a dear friend among those pioneer Americans in Japan in the early days, and by this friend in Japan, it seems to me, many students were introduced to him and received by him most kindly. I had the pleasure of being one, and I can never forget it.

As perhaps you have heard, Baron Megata, our chief, was one of the first students sent to this country from Japan.

Anyway, this happened about forty years ago. Four Japanese

students came to this country for education, and through a letter of introduction from this gentleman in Japan they came to this gentleman in Chicago of whom I spoke, and, as I said were received very warmly.

It seems it was noon time when they arrived, and directly they were invited to luncheon and led to the dining room. At the table the host, of course, was at the head, and the hostess at the foot, and the four students sat on either side while the host filled the dishes and the hostess passed them. They sat quietly, watching what the host was doing, and notwithstanding they wanted to eat while the food was warm they waited until the host began to eat.

When the host was ready he took his knife in his left hand and his fork in his right. At once the students followed his example. They all took their knives in their left hands and their forks in their right hands. Now-a-days we know in what style to eat, after that experience, (laughter) but, gentlemen, there was a time when it was a most difficult thing for Japanese to eat, to handle knives and forks instead of chop sticks. (Laughter.)

So those students began to eat in such an awkward manner that soon the hostess, as a wise woman always does, detected it and reminded her husband they were perhaps following his example. Thereupon he kindly explained to the young men that he was a left-handed man, and that the knife should be held in the right hand. (Laughter.)

While telling this story to me, this gentleman, whom I can meet no longer in this world, used to praise the wisdom of the Japanese, saying they were wise and careful to watch and learn and study what advanced nations did. Well, I don't know whether we Japanese deserve that or not, but at any rate we are a people most anxious to study and learn.

Gentlemen, at this time, I ask your right hand in assisting us, so that we can secure the best knowledge and best information of the measures and affairs in this great country, especially at this great time of struggle.

I thank you, gentlemen. (Prolonged applause.)

Toastmaster

I think we may say to Baron Megata and his Mission that

we understand now better than ever why Japan has progressed with such gigantic strides during the life-time of our honored guests, and if the time shall ever come when the Commercial Club shall send its mission to Japan we ask them not to measure us by their standards, but to be kind. (Laughter and applause.)

The Meeting is adjourned.



14. COMPLIMENTARY ISSUE OF THE NEW YORK EVENING POST

When the Commissioners temporarily stopped in New York before proceeding to Washington, the New York Evening Post published, on November 14, a complimentary issue on the Finance Mission. Among several articles, the one by Mr. David Lawrence, being quite interesting is here given in full :—

“ JAPAN AND THE U. S. AS FINANCIAL ALLIES

Object Sought by the Megata Mission

MAY REVIVE FIVE-POWER LOAN

“ Coöperation in Development of China will be Urged Upon American Financiers—Visitors will Confer with New York Bankers—Fifth War Mission from Japan.

By David Lawrence

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“ WASHINGTON, November 14.—Japan and the United States have become, by terms of the Lansing-Ishii agreement, political associates in preserving the equilibrium of the Far East ; they may even become financial partners in the same sphere.

Viscount Ishii and his colleagues have gone, but another Mission, headed by Baron Megata, not only will make a study of war-time finance for the benefit of the Japanese Government, but will endeavor to establish closer relations between Japanese bankers and the leading financial concerns in America. The financial Mission, which has already arrived in the United States, may be said to transcend in practical importance all the other commercial bodies that have come here from the Far East.

Although appointed by the Premier of Japan, it has no more diplomatic status than the Northcliffe Mission sent by Great

Britain or the Tardieu Mission stationed here by France. But while essentially a war mission, Baron Megata's work in the United States will embrace financial arrangements for the days of peace as well as war.

In fact, out of the Megata Mission may come a revival of the five-Power loan for the rehabilitation of China. Japan would welcome American participation in such a project. When the story of the effort on the part of Japan to expand commercially in China in company with American bankers is recalled, indeed it will be seen what real significance may be attached to the terms of the Ishii-Lansing agreement signed last week.

Baron Shibusawa's Visit

To understand the implications of the recent exchange of notes wherein the United States recognized the special interests of Japan in the Far East, while Japan solemnly pledged herself to refrain from any act involving a violation of the territorial integrity or administrative independence of China, it is necessary to give due weight to Chinese-Japanese antagonisms and suspicions. When a year ago Baron Shibusawa, known as the "J. P. Morgan of Japan," came to the United States on a secret mission, hoping to enlist the interest and support of American bankers in the development of China, there was noticeable opposition on the part of the Chinese press, and even speeches in the Chinese Parliament warning America against such a partnership; American bankers were ready and anxious to cooperate with Japan, but felt that without at least the moral support of the Department of State, they must not proceed.

The United States Government was approached. President Wilson and Secretary Lansing were not ready to issue any pronouncement which would serve either as a guarantee for the loan or would show to investors that the American Government stood morally pledged behind it. While the discussion was going on with the State Department, the American bankers themselves failed to come to an understanding, and the agreement whereby American bankers had originally been invited to participate in the famous six-Power, and, subsequently, five-Power loan, lapsed on June 30, 1917.

Since then it has been recognized by thoughtful observers in Japanese financial circles that until political obstacles should be removed, coöperation could not be realized. China would continue to cast suspicion on Japanese actions, and American public opinion would remain divided on the merit of a Japanese-American financial alliance.

Ishii Mission Paved the Way

Therefore, it may well be imagined that one purpose at least in the visit of the Ishii Mission was so to adjust the diplomatic relations between the people of Japan and the United States that financial and commercial intercourse would be renewed on a basis of mutual trust and in a spirit of common enterprise. There are those in Japan who have believed in establishing a hegemony over China very much as the Imperialistic minds of the Pan-Germanists have looked toward colonial aggrandizement, and very much as some thoughtless Americans have looked south of the Rio Grande to Panama in selfish gaze—and even have indiscreetly expressed that vision or lack of it in public speeches. But there are those in Japan, now happily in control, who do not believe Japan's destiny lies in swallowing up Chinese territory or in attempting to interfere with the sovereignty of that republic, but who think the long-looked-for commercial expansion which has come with Japan is a national inspiration that can best be realized by the promotion of Japanese business enterprise and trade in the Far East.

Hence the readiness on the part of the present Government of Japan to make as sweeping a promise as is contained in the Ishii-Lansing agreement: hence the sending to the United States promptly of a Financial Mission which will approach American financiers with equal candor and frankness. Japan, in other words, is losing no time in availing herself of the splendid atmosphere created by the Ishii Mission to get on intimate terms with American banking houses.

The meaning of this is fully appreciated in Washington. It means that if Japan and the United States go hand in hand in developing China, the advantage to America in after-the-war trade will not be inconsiderable. There is room enough for both Japa-

nese and American industry in the Far East, and with equal opportunity for all under the terms of the Lansing-Ishii agreement. So long as China's territorial integrity and sovereignty are not being infringed on, and so long as Japan, politically speaking, can present to her public opinion the prestige of paramountcy, which is carried in the term "special interests," the danger of any political conflict between the United States and Japan is removed.

Finance, then, has had much to do with altering the attitude of the two peoples, and it will have a great deal more to do in establishing a closer friendship and a better understanding between the two countries. Great Britain, Germany, France, Russia, the United States, and Japan were the principals in the original six-Power loan proposal, but with Germany out of it, and Russia, France, and Great Britain unable to lend money to China, the field is left entirely to the United States and Japan. Most of the world's gold supply is in Japan and the United States. This country is the great lending nation. So also is Japan lending money to Russia and the Allies, though on a much smaller scale than the United States. But since the beginning of the war, a steady flow of munitions has been going to Russia from Japanese factories and credit has been extended to Russia exactly as has been given to the Entente by the United States. What more natural than that Japan and the United States should join in financial enterprises in the Far East? Indeed, so long as conditions are upset in Russia, Japan will want to be kept closely advised of the direction of American policy. If the United States keeps on extending credit to Russia, Japan will do the same. Conversely, if financial power must be wielded discreetly in Russia, American and Japanese interests can be effectively combined to accomplish the necessary purpose.

Baron Megata's Mission

Primarily the Mission headed by Baron Megata will make a study of war-time finance in the United States and will spend much of its time in New York City after the customary visits of courtesy to President Wilson, Secretary Lansing, and Secretary McAdoo. Conferences with New York bankers are being ar-

ranged. Some of Baron Megata's associates are affiliated with the leading business and banking concerns in Japan.

Five missions from Japan have come to the United States in the last six months. The Ishii delegation, was, of course, entirely diplomatic in character and represented the Emperor of Japan. A commission from the Japanese Parliament has been studying American methods of legislation. A third commission of railroad engineers is studying transportation. A fourth delegation of Japanese school teachers is still making a survey of the American educational system. And the fifth is the financial mission presided over by Baron Megata.

Never in the history of Japanese-American relations have so many missions come to the United States. Never has the opportunity been so great for the two peoples to send emissaries to bring about a mutual understanding as well as a recognition of the true character of the two peoples. Trade between the United States and Japan has increased enormously in the last two years. To-day commercial relations are appreciably stimulated by the good feeling that prevails between the two countries.

Japan and the United States, for instance, are approaching an agreement on the transportation and steel questions. Steel, it will be recalled, was embargoed by the United States to the distress of Japanese shipyards. An arrangement is being worked out by diplomatic negotiation whereby the United States will obtain Japanese tonnage for use in the Atlantic in compensation for steel plate exported to Japan.

On the whole a new era in Japanese-American relations has begun and the financial mission about to undertake a work of coöperation with American banking houses will ultimately foster the growth of a great American trade in Asia after the war.

15. VISIT TO WASHINGTON

After stopping a few days in New York City, the Commission proceeded to Washington, the capital of the United States of America. When they arrived at three o'clock in the afternoon on November 16th, at the Union Station in Washington, they were met by His Excellency Aimaro Sato, His Imperial Japanese Majesty's Ambassador, and his staff and some officials of the Government of the United States. The Commissioners were taken by automobiles to the New Willard Hotel.

Formal Calls.

At ten thirty a.m. on the 17th Baron Megata's Commission were taken to the State Department by Ambassador Sato and Mr. Breckinridge Long, Third Assistant Secretary of State, and presented to the Counsellor of the State Department, Mr. Frank Lyon Polk, who was acting as the Secretary of State in the absence of Secretary Lansing who was in mourning for his father-in-law, Dr. John Forster. Following this, the Commissioners were taken to the Treasury Department and presented to Hon. William Gibbs McAdoo, Secretary of the Treasury. The Commissioners also were by Secretary McAdoo presented to the members of the Federal Reserve Board—Governor William P. G. Harding, Vice-Governor Paul M. Warburg, Hon. Charles S. Hamlin, et al., and also to Hon. John Skelton Williams, Comptroller of the Currency. Chief Commissioner Baron Tanetaro Megata accompanied by Commissioners Baron Bunkichi Ito and Dr. Shishida called on Hon. William Cox Redfield, Secretary of Commerce and Hon. David Franklin Houston, Secretary of Agriculture.

Presentation to President Willson

The Commissioners were taken at half past three in the afternoon of November 19th, to the White House by Assistant Secretary Long and presented by Ambassador Sato to President Wilson.

The President greeted the Special Finance and Economic Commission of the Imperial Japanese Government on behalf of the people and Government of the United States and offered any

possible assistance of his associates in the Government to facilitate the Commission's work. Chief Commissioner Baron Megata, expressed hearty gratitude for the President's cordial reception and kind proffer of aid. He also explained that the objects of his mission to the United States of America were to investigate the economic and financial measures adopted or being considered for the future and to exchange views with leading American men and officials concerned. The President said as he had already remarked in his public speeches that the economic warfare following the war would present difficulties even greater than the actual warfare. The economic questions then arising should be settled in the same way as territorial and other questions on a sound, just and equitable basis. Baron Megata expressed a deep appreciation of the President's view and hoped they might meet again.

Ambassador's Dinner

On the evening of the same day a dinner was given in honor of the Commission by the Japanese Ambassador at his residence. Beside the French and Italian Ambassadors and the Belgian Minister, Hon. William Gibbs McAdoo, Secretary of the Treasury, Hon. William Cox Redfield, Secretary of Commerce, Mr. Frank Lyon Polk, Counselor of the State Department, Mr. William P. G. Harding, Governor of the Federal Reserve Board, Mr. Paul M. Wardug, Vice Governor of the Federal Reserve Board, Mr. Charles S. Hamlin, Member of Federal Reserve Board, Mr. Frank Vanderlip of the New National City Bank taking charge of the War Saving Certificates, Mr. Bernard M. Baruch, Chairman of the Advisory Commission of War Industries, Mr. Edward N. Hurly, President of the United States Shipping Board, Mr. Herbert Hoover, Food Administrator of the United States Food Administration, Mr. Thomas B. Jones, Chief of the War Trade Board; several Senators and Congress-men and others were also guests. After the Ambassador's introductory speech, the Chief Commissioner made a brief address as follows :—

“ Mr. Ambassador, Excellencies, and Gentlemen :—

It is gracious of our host to have provided this opportunity for my fellow-commissioners and myself to meet so distinguished

a group of gentlemen. I esteem it an honor and a privilege to say a few words regarding the mission which has brought me to this country.

We are living in the time of all times. We are entering a new stage of human history. Great financial and economic problems must be faced and solved. New and comprehensive measures of far-reaching influence and effect must be adopted to meet the needs of the day and the necessities of the future.

We are at war to end war. The struggle may be a long one. Every ally must be brought to one mind and purpose. Full and complete coöperation, financial and economic, is absolutely essential for success in warfare.

Japan has limitations in resources and materials which require careful consideration and special provision in order to enable her to meet her part in the situation.

In the United States, new and far-reaching economic and financial measures have been adopted, some of them affecting Japan. We have come to study these and to confer with your financial and industrial leaders regarding present conditions and possibilities of future coöperative endeavor.

We know we can profit by studying and conferring here, and we hope we may contribute something in suggestions, information or ideas, in return, which will be of value and benefit to this country and to the common cause. There must be not only understanding and harmonious action, but fullest co-ordination of effort. Machinery to facilitate international trade and finance must be developed and an interchange of views and proposals will tend toward more speedily attaining this desired end and result in a free interchange both financially and commercially.

I am sure our Ambassador is in accord with the views I have expressed and will give every aid to the accomplishment of the objects of our mission.

It has been a pleasure for me to meet you and I am grateful for the opportunity thus provided by our host."

Secretary McAdoo said in parts of his speech that his department would gladly give the Commission all information

desired and would be happy to assist them in every possible way, and stated that while the Teutonic Powers in war had had an advantage in having become a compact group, the Allies now were making a coördinated effort which assured the ultimate victory.

Dinner by the Secretary of the Treasury

The Commissioners were on November 20th the guests at a dinner given by Secretary William Gibbs McAdoo at his residence. Ambassador Sato, several members of the Federal Reserve Board, Hon. John Skelton Williams, Comptroller of Currency, several Assistant Secretaries of the Treasury and others were present on the occasion. There were no formal speeches but the Commissioners had a good opportunity to have personal conversations.

Luncheon by Mr. Hamlin

On the 21st of November, an informal luncheon was tendered in honour of the Commission by Hon. Charles S. Hamlin, a member of the Federal Reserve Board. Beside the Ambassadors from Japan, Great Britain, France and Italy and the Minister from Belgium, the five Secretaries of War, Navy, Interior, Commerce, and Agriculture, several members of the Federal Reserve Board, the Comptroller of the Currency, Counselor of the State Department and three Assistant Secretaries of State, several members of the the Federal Advisory Council including Mr. J. P. Morgan of New York, Prof Toussing, the Chairman of the Tariff Board, Mr. Hoover, the Food Administrator, two senators and fifty other prominent persons were present.

Dinner by Col. Thomson

In the evening a dinner was tendered to Baron Megata and his associates by Col. Thomson, President of the Navy League, at his Washington residence. The guests were about forty in all, including Justice Pitney of the Supreme Court, several generals and admirals and others. Speeches were exchanged. The host introduced Baron Megata as a classmate, lawyer and administrator. The Baron responded by stating that the common sense and justice of the Common Law of England and America should be applied as the basis of the settlement of international disputes.

16. RECEPTION BY THE MAYOR OF NEW YORK

After the formal visit to Washington the Commission came back to New York, on November 22nd, and took rooms at the Plaza Hotel, which courteously displayed a Japanese national flag of the Rising Sun during their stay. On the next day The Mayor's Committee on National Defence charged with the duty of arranging the reception of the Japanese Finance Commission came to the hotel and took the Commissioners to the City Hall by automobile at ten o'clock.

The Mayor, Hon. John Purroy Mitchel, formally received the Commission in the Mayor's reception room, which was gaily decorated with the colors of the Allies in honor of the visitors. Two Japanese flags were draped behind the desk. Many prominent business men and friends of Japan including Judge Elbert H. Gary of the United States Steel Corporation, Mr. A. Barton Hepburn of the Chase National Bank, Mr. Jacob H. Schiff, Mr. Henry Clews, Japanese Consul General Yada, Mr. Darwin P. Kingsley of the New York Life Insurance Co. were present. Mr. George F. Baker, Jr. Chairman of the Mayor's reception committee, introduced Baron Tanetaro Megata, Chief of the Mission, and the eight other members.

Mayor Mitchel

welcoming the Commissioners, said :

“ It is a great satisfaction to be able to extend to you on behalf of all the people of the city a very cordial welcome. New York has had the privilege now of receiving two distinguished commissions from your great nation. The earlier commission, headed as it was by one of your most distinguished statesmen, came here to consider coöperation with our Government in the conduct of this great war in which we are both involved. Your commission comes to study the financial and industrial development of this country and, as I understand it, to promote still

closer and more cordial commercial relations between the people of Japan and the people of the United States.

“ We welcome your mission with these objects. We welcome it as representative of a nation so long our friend. We welcome it because of its purposes and because of its personnel.

“ Gentlemen, we realize that with you we are engaged in a great world struggle to preserve the liberties of our respective peoples, for in this struggle those liberties are menaced. We realize that we are allies. We realize the great work Japan has done in the East in keeping the Pacific clear of the navies of our enemy and open to the lines of communication with the Far East. We realize that the day may not be far distant when the work of Japan in this great war will take on still greater proportions and when our nation and yours will be still more intimately in coöperation for our common purpose in this struggle. For all these reasons, because of the long existing friendship and because New York is always glad to receive distinguished foreign visitors such as the members of your Commission, we delight to welcome you to-day and on behalf of all the people of the city I extend to you the most cordial of welcomes.”

Chief Commissioner Baron Megata replied to the Mayor's welcome as follows :

“ Your Honor, and Citizens of New York :

It is a source of the greatest gratification to my fellow-commissioners and myself to be so cordially received and welcomed by the Chief Executive and so many distinguished citizens of this great metropolis. It would be superfluous of me to tell of Japan's admiration for America's greatest city, but it might be of interest for me to mention that Japan has watched its growth and development almost from the day it was founded. My countrymen of that day had considerable trade with the Dutch and it was not long after the sturdy Dutchmen settled New Amsterdam that the news was brought to the Far East by traders—the wireless means of communication of that ancient time. Almost every phase of the life of the New York of today is well-known to us in Japan, from our close touch with the world's news, from the pictures of your towering skyscrapers, and from travelled Japanese. To visit this empire city and mingle with its people in

this life is a keen joy, and our Commission deems itself fortunate in being entrusted with work which requires that its longest stay,—that its American headquarters, in fact,—should be in your city.

The Japanese have a love for beauty, and we find much of it here. Light and color gleaming from towers and spires, a background of almost Mediterranean blue sky, a complete girdle of bright waters, the graceful traceries of the Brooklyn and Manhattan bridges.

Our mission here is to study conditions, to tell of conditions in Japan and to urge the fullest coöperation between our two countries. The whole world is in turmoil. We are entering a new epoch of human life. For the past sixty years our national life has been deeply influenced by your civilization coming to us across the Pacific. Our relations have been close and they are constantly becoming closer. We must know each other well and be prepared for full coöperation, for in this lies the hope for the future peace of the East and the West.

Japan has developed rapidly since her contact with Occidental nations. The development of machinery for international trade and finance has not, however, kept abreast of the progress along other lines, and this is a matter for serious thought and consideration. We hope in our studies and conferences here plans may be formulated to facilitate very greatly international finance and commerce. The more closely we are knit together economically, the more firmly will we be bound in friendship.

While our purposes are essentially economic, the ties of intimate and considerable commercial and financial relations are, after all, the ties that bind, and we cannot help but feel that with such international trade relations, political questions offer easier solutions.

Personal interchanges of views and proposals will tend towards more speedily attaining the desired end, and it is for this reason that we have come here.

The warm regard and hospitality evidenced by your reception and greeting give us assurance of your sympathy and support. We hope the result of our efforts will be freer intercourse between the two countries, closer ties binding us together and

fuller coöperation, especially in the Far East,—all conducing to the peace and prosperity of the world.

Your Honor, I desire to thank you personally and on behalf of my fellow-commissioners for the honor you have done us and for your cordial reception.



17. LUNCHEON AND BANQUET BY NEW YORK BANKERS

Immediately after the Mayor's welcome reception, the Commissioners were taken to the New York Bankers' Club in the Equitable Building and entertained at luncheon by Mr. A. Barton Hepburn, President of the Club. Leading members of the club, Mayor Mitchel, Judge Gary, ex-Ambassador to Turkey Henry Morgenthau, and others were present. The speeches and conversation were informal.

Banquet at the Metropolitan Club. On the evening of November 23rd. the Commissioners were the guests of honour at a banquet tendered at the Metropolitan Club by Messrs. A. Barton Hepburn (Chairman of Board of Directors, Chase National Bank) George F. Baker, Jr. (Vice President of the First National Bank) and Lindsay Russell (President of the Japan Society). Among eighty distinguished representatives of New York bankers and business men were Messrs. James S. Alexander (President, National Bank of Commerce), L. W. Baldwin (President, Empire Trust Co.), F. N. Brady, (President, New York Edison Co.) L. Lewis Clarke (President, American Exchange National Bank), Walter E. Frew, (President, Corn Exchange National Bank), Elbert H. Gary (Chairman of Board of Directors United States Steel Corporation) Archibald C. Kains (President, American Foreign Banking Corporation) Dwight W. Morrow, (J.P. Morgan & Company), George E. Roberts of the National City Bank, Charles A. Stone, (President, American International Corporation), George C. Van Tuyl, (President Metropolitan Trust Company), John I. Waterbury (Director, American Telephone & Telegraph Company), et al. Mr. Hepburn, acting as the toastmaster, in his introductory speech praised Japanese national unity or the coöperation of the Government and the people, and he further continued as follows: "America is now realizing the need of national unity in confronting the world-wide war. The

strong government of Japan is a blessing not only to the Orient but also to the whole world. America is proud of gallant, heroic Japan as her Ally." He concluded by saying that Baron Megata's Commission was a timely and important one in furthering traditional friendship and coöperative world-works between the two nations, and he wished it all success. Then the Toastmaster stating in brief the career of the Chief Commissioner, introduced Baron Megata to speak.

The Chief Commissioner's Address

" Mr. Chairman, our Hosts, and Gentlemen :

I esteem it a great privilege to have this opportunity of meeting so many of New York's prominent bankers so early in my visit in this city. While not a banker myself I have, in my official life, had close relations with bankers and have taken great interest in banking methods and development for many years past. I gladly embrace the opportunity given me this evening to tell briefly something of the purposes of our visit.

Our Finance Commission is made up of Government officials and experts and representatives of Japan's leading banking and industrial interests. We have come to study the far reaching war-measures you have already adopted, especially those affecting Japan ; to investigate financial and economic conditions here ; to confer with your captains of industry and finance ; to tell of conditions not only in Japan, but in the entire Far East,—a field which is destined to become of more and more interest to Americans as time goes on. Some Americans have realized the possibilities of the Orient and are already actively engaged in industrial and financial enterprises there. Others are now working with some of my fellow-countrymen on plans for the formation of companies to undertake several different branches of commercial endeavor. I desire to urge full coöperation of American and Japanese interests not only for the mutual profit and advantage which would accrue to such interests from such coöperation, but for the further reason that in such coöperation would be found the solution of many of the present and future problems of the Far East.

I will not, however, in this short address, attempt to discuss the significance of the aspects of these questions on any but the

economic side. I am talking to bankers and business men, and my purpose is to suggest some of the advantages of the joint endeavor of which I have already spoken. Among such advantages I might mention several in the industrial field :

1. Increasing financial power by capital from America for coöperative enterprises.
2. Co-ordination in the supply of raw material.
3. Co-ordination in the supply of technical skill.
4. Co-ordination in distribution of America-Japan products throughout the Far East.
5. Partial relief of the products of the two countries from the severe competition in Oriental markets.

Now these suggestions are not new to any of you, but I make them in the hope of arousing very much greater interest among you and other American leaders in their possibilities. Among conspicuous examples of successful combinations of American-Japanese capital, technical skill, management and marketing, I might mention that of the General Electric Company with the Tokio Electric Company, that of the Western Electric Company with the Nippon Electric Company, the Brady interests of the Peoples' Light and Power Company with the Osaka Gas Company. If these combinations have been successful,—and they have been,—why should not others similarly constituted be? We invite your earnest study of this subject and will, to the best of our ability, supply you with all information desired, and answer fully all enquiries made.

Technical skill is of the utmost importance for industrial success, and the most desirable combinations of interests would be of those which are already established in the industries to be joined. Such concerns have skilled men who could be sent to Japan; they already have properly equipped factories and mills, capably organized and managed, to which Japanese could be taken to study and to imbibe that spirit of industrial efficiency so essential but so difficult to obtain in our own land of art, flowers and philosophy.

In establishing new coöperative undertakings there are no serious legal difficulties to be overcome, and I feel confident there would be found few obstacles of any other nature. If the

American interest was that of a minority shareholder, complete protection would be afforded by the laws of Japan in case there should ever be any necessity for an appeal to the courts.

New York is now the money market of the world. Nations from every quarter of the globe will look to you for financial aid. We have come to present a situation which we hope will make its own appeal, and be given friendly and careful consideration. In your international book-keeping we want Japan's name to be a familiar one."

Impromptu Remarks by Judge Gary

"Mr. Toastmaster, Baron Megata and Associate Delegates, and Gentlemen :

It is a pleasure to join other Americans in extending to the distinguished representatives from Japan who are present a sincere and hearty welcome. We felicitate ourselves on the fact that the friendship between the great nations of Japan and the United States seems to be firmly and permanently established. There is every reason why this should be so. This has been made to appear in many ways during the last year. The large majority of the people of these two countries have always entertained feelings of respect and regard toward each other, but there have been trouble-makers in both countries who, by misstatements of fact, possibly in some cases as the result of outside influence, have endeavored to stir up strife ; and apparently at times there have been considerable numbers of individuals, including public speakers or writers for newspapers and magazines, who have insisted that serious trouble between the two countries might be expected. However, all these unfortunate circumstances now seem to have been swept away, and this large gathering tonight and the addresses which have been made are evidence that no real friend of either country has any fear of a disturbance of our most agreeable relations.

Reference has been made in the able address by Mr. Koike to the effect that the Government of China has expressed dissatisfaction with a paragraph in the late official correspondence between Viscount Ishii and Mr. Secretary Lansing relating to the three countries mentioned. I do not think China has any good

reason for complaint or that her protest as published is intended as a notice that the action of these two distinguished governmental representatives will be opposed or seriously objected to. I think the memorandum filed by the representative of the Government of China was intended simply as a reservation to make objection on hereafter if it is decided to be necessary or proper. As China was not a party to the correspondence it follows logically and legally that she would not be bound by it, and therefore the action referred to was unnecessary. But if there is serious objection on the part of China I think it is because of a misinterpretation of the language used in the official documents. The paragraph under discussion provides, in substance, that the two governments recognize that territorial propinquity (proximity) creates special relations between countries and consequently the United States recognizes that Japan has special interests in China, particularly in the part to which her possessions are contiguous.

Japan has heretofore, by voluntary agreement, received from the Government of China various concessions at Shanghai, Hankow and other places, and this created vested rights; and therefore particular relations concerning the same would exist between these countries. The same conditions apply to other countries by reason of similar concessions. But these conditions are not in question. The language I am referring to provides that territorial proximity, particularly where the possessions are contiguous, creates special relations. This means that, on account of the nearness of certain territory of the two countries, Japan is particularly interested in the political independence, the integrity of territory and the welfare of the nation of China.

The language cannot be any more objectionable to anyone than our claim, from the time of the announcing of the Monroe Doctrine, that the proximity of the United States to other lands in the Western Hemisphere gave the United States the right to insist that she has special interests in those countries and that special relations exist. Could the United States reasonably object to a position taken by Japan which is not different in substance or effect from the one insisted upon by the former in regard to the Latin-American countries? And by the Lansing letter no different position was affirmed.

As a matter of fact, Viscount Ishii, in a public address, stated frankly and clearly and with emphasis, during his visit as special ambassador to this country, that Japan would go further than the United States had gone in so far as the statement of the Monroe Doctrine is concerned, and would agree that henceforth the integrity of China should be maintained as against all other nations, including Japan. What could be fairer or more reasonable?

Both Japan and the United States, and other nations as well, are particularly interested in the development of China. Her resources are great; her opportunities for progress are large. Properly managed by a united people, China may prosper. It is to her advantage first, and then to all other nations, that everything practicable be done to make the most and the best out of the natural resources which China possesses but has not fully developed. Of course, of all outside countries, Japan would have the best opportunity to profit by the progress, prosperity and wealth of China on account of her geographical situation. The United States is not and never will be jealous of Japan in consequence of the latter's natural advantages geographical and otherwise. As I see it, there is nothing in the correspondence referred to which furnishes ground for complaint against Japan on the part of the United States or any other country.

But we have been considering incidents that are treated as closed by the able and fair-minded government officials who had the matter in charge and, for one, I think there is no room for discussion now; nor will there be in the long future.

I wish to refer to a subject that is practical at this time and of the highest importance. The distinguished guests of the evening, who represent the great empire of Japan, have come to this country on a mission that is economic. In appointing them His Majesty the Emperor of Japan recognized the fact that economic conditions of a country and its people are fundamental to progress and prosperity. The happiness and general welfare of all the people must depend upon opportunity to secure the necessities and comforts of life. Food, clothing and shelter are of prime importance. Japan has been making rapid strides in the development and utilization of her resources. She has become

rich ; she has extended her facilities for producing wealth ; she has opened mines, erected mills, established manufactories, increased transportation facilities, and she occupies a place in the ranks of nations who lead in progress and success. With all other similar countries, she desires to extend her markets and to open up new avenues for the location and establishment of business connections. Like ourselves, the Japanese people are hoping legitimately to increase their export trade. They are our customers and we are theirs, and each of us has a large export business. We are coöperative competitors ; but we recognize that as we benefit each other or as we benefit China we add to our own success, and if we should indulge in unfair or illegitimate competition to the injury of each other or if we should act toward China to her detriment we would, in either case, injure ourselves.

These gentlemen come here to mingle with our people, to learn of us and to teach us ; to point the way to future and further successes ; to consult our financiers as to the best system of finance and methods of financial operations ; to visit our manufactories and offices and to talk with our industrial leaders in regard to questions of mutual interest. They ask our business sympathy and help, as we ask theirs.

Let me say to these friends from Japan that around this table tonight are seated many of the leading bankers of this city and of the world. Their knowledge of banking is profound ; their experience has been extended ; there are no more able or influential financiers in this or any other country. Their presence here tonight and their demonstrations of approval of the addresses which have been made give you assurance that these men are glad to meet you and will freely and frankly discuss any financial problems that may be suggested. It is an honor to meet and to have the friendship of these distinguished bankers. And the other representative business men who are here offer to you the open door to their shops and offices and homes. They are glad to know you. They welcome your presence in this country. They would be of assistance. You will find us frank and cordial. You may be certain that those of us who have been in Japan, that country of magnificent and generous hospitality, remember with

grateful appreciation the kindness shown us and we would reciprocate in full measure the disposition shown by our friends across the sea.

And now, in closing, I may say the Japanese have a little advantage over Americans by reason of the fact that so many of them are visiting this country from time to time with opportunity to mix with the people throughout the States and to learn at first-hand and by actual contact what the feeling of Americans toward the Japanese really is. Both will profit by these visits. Americans, in larger numbers, should do likewise in order to learn the temper and intentions of the Japanese. And I urge upon all who are present, who have not visited Japan, to make the trip without delay. More extended acquaintanceship will be of advantage to both countries. The Far East and the West have come close together. Japan and the United States must perform patrol duty on the Pacific ocean. They must, for the present, guard and protect the seas; and, for their own good, the peoples of these governments should be frequent visitors and abiding friends. Occasions like these are not only delightful but valuable to all of us and to everything we represent. With delight we greet our friends from Japan who honor us by their presence."

Mr. Dwight Morrow of J. P. Morgan & Co. in his speech recalled Japan's centuries of civilization before Commodore Perry's visit to Japan. "Japanese" said he "carefully studied Western civilizations before adopting any. Then they adopted the best things and improved them, such as the banking system." "Baron Megata's Commission came to America to study not only for the present but for conditions likely to occur in future so as to prepare accordingly and thoughtfully for the future, an idea from which America should learn."

Commissioner Koike's Address

"Two or three days ago when I had the honour of attending the Mayor's reception I met Mr. Hepburn, who asked me to make a speech on the present occasion. Mr. Hepburn said that a speech of a few words would not suffice. This evening I met Mr. Russell in the hall of the Club when he reminded me that I had to make a speech and added that it must not be longer than ten minutes.

Now, Gentlemen, it is an effort to make a speech in a foreign tongue, and it is another effort to make a speech of many words in ten minutes. However, I will try to make a happy combination of the conflicting conditions.

Some ten years ago I had the good fortune to represent Japan in this great Emporium in a consular capacity, and therefore it gives me the greatest pleasure to come back here and meet many old friends. At the time when I was in the United States there was some feeling among the people against the Japanese, giving rise to several delicate questions to be handled by the respective Governments.

After a lapse of ten years these unpleasant happenings seem to have almost disappeared and I cannot help rejoicing heartily at the remarkable change of popular sentiment toward the Japanese. With this improvements in international feeling the trade relations between the two countries have shown enormous progress. In the year 1916, Japan sent to the United States goods to the value of yen 340,244,000 which was nearly one third of the total exports of Japan, which amounted in the same year to yen 1,127,468,000. In return, the United States sent to Japan, in the same year goods to the value of yen 204,078,000 which amounted to nearly one third of the total imports of Japan, the total imports of that year being yen 756,428,000. The trade returns between the two countries have been showing a steady increase in recent years and there is no reason why the trade between us should not continue to increase in the years to come. A vast amount of trade is not the only outward sign of friendly relations between the two nations, but it is no doubt a strong link which binds the two Powers across the Pacific in bonds of peace and friendship. Now that, thanks to the efforts of Secretary Lansing and Viscount Ishii, a finishing touch has recently been put to the already complete political understanding between our two peoples, it remains for us, by utilising this valuable international understanding, to cement the practical business relations of the two peoples, thus laying an indestructible foundation of peace upon which the Eastern hemisphere may rest undisturbed. Remarks have been made in different quarters regarding the meaning of the special interests which Japan possesses in China as mentioned in the

Ishii-Lansing Agreement. It is also reported that the Chinese Government have recently made representations to the two Governments. It would be impossible to define exactly the special interests. By a note dated April 24th, 1898, China promised Japan not to alienate to any power the whole or any part of the province of Fokien. In another note from the Chinese Ministry for Foreign Affairs, under date of May 25th 1915, to the Japanese Minister at Peking, China engages herself not to lease or cede the whole or part of the province of Shantung to any foreign Power. As regards Manchuria, there are several engagements by which China recognises Japan's special interests. These are a few instances of the special interests which Japan possesses in China and many of which are thus recognised by the Chinese Government by means of conventions, agreements or otherwise. Thus there is no reason why these interests should not be recognised by a broad-minded nation like the United States. The recognition of Japan's position in China by the American Government puts an end to various misunderstandings which might have existed between the two nations, thus removing or preventing possible causes of friction, and I am glad to say that we now enter a new era in the international relations between the United States and Japan, in which may we witness a gradual development of mutual coöperation in commerce and industry in the Far East.

I am afraid I have exceeded the time limit imposed upon me by our host, and sincerely thank you, Gentlemen, for your kind attention.



18. BANQUET BY JAPANESE CONSUL-GENERAL AND FINANCIAL ATTACHÉ

A formal dinner in honour of the Chief Commissioner Baron Megata and his associates was given on the evening of November 27, at the Plaza Hotel, by His Imperial Japanese Majesty's Consul-General, Chonosuke Yada, and Financial Attaché, Akira Den. Over eighty gentlemen, leading financiers, business men, manufacturers, a university president, professors, and journalists, were present including Messrs. E. H. Outerbridge (President of Chamber of Commerce), Dr. Nicholas Murray Butler (President of Columbia University), James A. Farrell (President, U. S. Steel Corporation), A. Barton Hepburn (Chairman of Directors, Chase National Bank), A. J. Hemphill, (Chairman, Board of Directors, Guarantee Trust Co.), Hamilton Holt of the Independent, Seward Prosser, (President, Bankers' Trust Co.) Jacob Schiff of Kuhn, Loeb & Co., Geo. E. Smith, (President American Manufacturers' Association of New York etc. The senior host, Consul-General Yada, made a short introductory speech and called upon the Chief Commissioner to speak.

Baron Megata

“ Messrs. Hosts, and Gentlemen :

Since our passing through the Golden Gate and our landing on the shores of this country at San Francisco my fellow commissioners and I have been the recipients of the most cordial hospitality, both official and private. We have greatly appreciated the honor done us in our reception by the Mayor of this great city at the City Hall, that gem of architecture of the New York of an earlier day.

Probably few New Yorkers realize that the Japanese had an interest in New York long before our Island Nation was visited by your Comondore Perry, but such is nevertheless the fact. We had a considerable trade with the Dutch, and shortly after the

settlement of New Amsterdam, news of this was brought to the ports of Japan by Dutch traders. In those days we had no direct contact with this part of the world; but now we, in Japan, know New York well, and have watched its vigorous growth and its broad civic development with great admiration and respect. America has for years been Japan's best customer commercially and a very large part of the business between the two countries is done in this city. There is also a knowledge and an appreciation of the cordiality extended by New York to the Japanese resident here, and to those who come to visit you officially, or for business or pleasure.

Our Commission, made up of Government officials and experts and representatives of the leading financial and industrial interests of Japan, has come to study present conditions in America and the probable tendency of finance and economics after the war, to investigate your measures for the re-adjustment of the international money market, to examine the far-reaching war measures already adopted by your country, to tell of conditions and business possibilities in Japan and the entire Orient, and to confer with your leaders in finance and industry and to urge greater development of machinery for international finance, and the establishment in the far East of more coöperative business enterprises.

Touching upon the last suggestion, I may say that there are already in Japan a number of successful combinations of American-Japanese capital, technical skill, management and marketing, conspicuous examples being that of the General Electric Company with the Tokyo Electric Company, that of the Western Electric Company with the Nippon Electric Company, and the Brady interests of the People's Power & Light Company with the Osaka Gas Company. If these combinations have been successful,—and they have been,—why should not others similarly constituted be?

Among the advantages of joint undertakings in the industrial field, I might mention :

1. Increasing the financial power by capital from America for coöperative enterprises.
2. Co-ordination in the supply of raw material.
3. Co-ordination in the supply of technical skill.

4. Co-ordination in distribution of America-Japan products throughout the Far East.

5. Partial relief from the severe competition of the products of the two countries in Oriental markets.

In such joint industrial undertakings technical skill is of the utmost importance and the most desirable combinations would be those of industries already established. Such concerns have skilled men who could be sent to Japan; they already have properly equipped factories and mills, capably organized and managed, to which Japanese could be taken to study, and to imbibe that spirit of industrial efficiency so essential but so difficult to obtain in our own land of art, flowers and philosophy.

I wish to call attention to the great recent increase of trade between America and Japan. Before the war, exports to the United States amounted annually to about \$92,000,000.; imports from the United States to about \$61,000,000. In 1916, exports had risen to \$170,000,000., imports from the United States to \$102,000,000. The greatest increase in exports from Japan was in the following commodities:—raw silk, straw braid for hats, antimony, copper, sulphur, camphor, fish oil, whale oil, starch, habutai silk, porcelain, buttons, brushes and toys. The principal growth in imports was in the following articles: cotton, steel, soda, carbolic acid, paraffin wax, aluminum, crude mineral oil and wood pulp.

Japan's greatest single export is silk, and it is interesting to note the rapid growth in the use of silk in the United States. While formerly garments and articles of silk were considered in the light of luxuries, now they are in the most general use.

It is with great satisfaction that the people and governments of both countries look upon the increase of this trade. This new and desirable growth of exchange of commodities has not, however, been accompanied by an equal development in financial and banking facilities. It is important to both nations that this trade should be held, and further increased, and one of the purposes of our mission is to discuss plans for strengthening present facilities and for building up new machinery for the more efficient handling of the financial side of this business.

New York is now the money market of the world. Nations

from every quarter of the globe will look to you for financial aid. It is but natural that we of Japan should come to you on a mission such as our present one ; we want to know the actual conditions from personal study and we want to find the means of making Japan's name a familiar one in your international bookkeeping.

I have spoken of joint industrial endeavor in Japan and I have touched upon the growing trade between the two countries. I might suggest also the possibilities of profitable investment of American capital in China. China, with her huge latent resources, offers a very inviting field for development. The recent exchange of notes between Secretary Lansing and Viscount Ishii makes clear the position of America and Japan towards China, and should put at rest suspicions regarding Japan's attitude toward that nation. I earnestly hope that, when the time seems ripe, plans may be formulated for a joint participation of the financial and industrial interests of the United States and Japan in the development of the resources of China. We would rely on your confidence in our honest intention to make such participation a mutual affair and would invite your capital and your brains to join with ours on a basis of equality and fairness. I cannot help but feel that such joint endeavors would be not only profitable to our two countries but of the greatest possible good to China. By dealing with her fairly we could be of the utmost assistance to her material prosperity. If China were prosperous industrially and commercially many of her present troubles would disappear.

America, with the far-reaching preparation it has been making, in recent months, for its active and vigorous military participation in the present world-struggle, with its unlimited energy and firm determination at this momentous time, has given Japan a great stimulus toward increased coöperative action for an early termination of the war. Our close relation as allies, fighting in the same common cause, must serve to cement still more firmly the existing close friendship.

We must fight this horrible war through to the end, to victory and an honorable peace,—and I fervently hope an enduring peace.

I wonder if my American friends realize that, at the beginning of the war in Europe, scarcely two years had elapsed since the

Imperial succession in Japan. Our Emperor was confronted with the responsibility of the great decision as to Japan's position. Should remote Japan enter this world-war? There was no hesitation in taking the momentous step, and eight days after Germany had violated Belgium, Japan declared war. Since that time she has been carrying on her part; she has, practically alone, cleared enemy naval bases from the Pacific and Indian Oceans and has kept and is keeping those seas open to the commerce of the Allies; she has convoyed Australian contingents from Sydney and Melbourne to the Suez Canal; her destroyers, along with those of the Allies, are guarding the Mediterranean.

As to financial aid, we have already furnished 1,100,000,000 yen, in spite of the fact that this amount considerably exceeds the specie which Japan has obtained since the beginning of the war. Many of our merchant vessels have been sold or chartered to Allied countries, others have been and are carrying munitions and other supplies for them.

Japan has been loyal to her Allies, and her honor and her sense of the righteousness of the cause will carry her to the end. She has limitations in resources and materials, however, which are a matter of grave concern to her. Since the beginning of the war we have greatly increased the number and the capacity of our ship yards. We must have your help if we are to be enabled to continue to construct vessels necessary to transport the troops and the supplies that are to defeat the enemy. To win victory each of our nations must do its own full part and also do its utmost to aid its Allies. This war is now being waged as a great economic struggle, in which natural resources and national wealth are to be the deciding factors. Complete coöperation is essential to the fulfillment of our mutual obligations and to the early and successful termination of the war.

I can only hope that among the results of the efforts of this Finance Commission may be freer intercourse between our countries,—each nation supplying the other with what it most needs, both now and in future,—and a marked development in financial machinery to facilitate the growth of a larger and broader international trade.

I beg to thank you, gentlemen, and to express my apprecia-

tion to our hosts for the opportunity they have given me to meet and address such distinguished representatives of finance, industry, transportation and the press."

After Baron Megata's address, Mr. Yada, the senior host, asked Judge Gary to act as toastmaster by excusing himself thus:—

"As I am not very well accustomed to the ways and make-ups of a toastmaster in such a function, and as I am very much afraid this splendid meeting would end in failure if I attempted to act as such, I ask Judge Gary to be toastmaster. Judge Gary is one of the best friends of our country; he is always very earnest and enthusiastic in cultivating and in promoting a better mutual understanding between our two peoples. From now on Judge Gary will be kind enough to act as toastmaster."

Judge Gary

"Mr. Host, Baron Megata, Associate Delegates and Gentlemen:—

I am to act simply as a Moderator, and a pretty stern one at that. No higher compliment could be paid me than to say that I am one of the best friends of Japan. I am a friend of Japan, first, because she deserves our friendship, and secondly because we desire the friendship of the Japanese, (Applause) and further, because it is for the interests, pecuniary and otherwise, of both countries to have these peoples continue on a friendly basis.

We have welcomed these gentlemen to New York and to this country. Since their arrival, on more than one occasion it has been my privilege and pleasure to meet them. They have been told how we feel towards them, how anxious our people are to know them better and to coöperate with them in every respect, and this is only an additional meeting, thanks to the kindness of our host, to give other people a chance to meet these gentlemen and to talk about business matters. Questions of diplomacy are not particularly involved at this time. We have disposed of all questions of differences between the Japanese people and ourselves. (Applause.)

As Viscount Ishii expressed himself, in referring to questions of differences that had heretofore arisen in the minds of some people of considerable importance in the respective countries,

“Well, that now is simply in the past tense.” That pretty well expresses our feelings, I think. (Applause.)

If I may be permitted to say just a word about the Chinese question, I will do so by repeating what I said the other evening. I consider it of the highest importance to have all questions of difference between the United States and Japan, between the United States and China, and between Japan and China, settled on fair, friendly and permanent bases. It is for the interest of all of us. (Applause.)

Now China, through her representatives, filed a certain note, called a note of protest to the official correspondence that passed between Viscount Ishii and Secretary Lansing, and that created temporarily a little disturbance in official circles, and I think it was the result of a misunderstanding. Therefore I want, in just a minute's time, to repeat what I said the other evening at another function on that subject, simply for your consideration, for it expresses my idea, and I hope you will agree with me.

I do not think China has any good reason for complaint, or that her protest as published is intended as a notice that the action of these two distinguished governmental representatives will be opposed or seriously objected to. I think the memorandum filed by the representative of the Government of China was intended simply as a reservation for an objection hereafter, if it is decided to be necessary or proper to make one.

As China was not a party to the correspondence, it follows logically and legally that she would not be bound by it, and therefore the action referred to was unnecessary. But if there is serious objection on the part of China, I think it is because of a misinterpretation of the language used in the official documents. The paragraph under discussion provides in substance that the two governments recognize that territorial propinquity (proximity) creates special relations between countries, and consequently the United States recognizes that Japan has special interests in China, particularly in the part to which her possessions are contiguous.

The language I am referring to provides that territorial proximity, particularly where the possessions are contiguous, creates special relations. This means that on account of the nearness of certain territory of the two countries, Japan is partic-

ularly interested in the political independence, the integrity of territory and the welfare of the nation of China.

The language cannot be any more objectionable to any one than our claim, from the time of the announcing of the Monroe doctrine, that the proximity of the United States to other lands in the Western Hemisphere gave the United States the right to insist that she has special interests in those countries and that special relations exist. The United States could not reasonably object to a position taken by Japan which is no different, in substance or effect, from the one insisted upon by the former in regard to the Latin-American countries. And by the Lansing letter no different position was affirmed.

As a matter of fact, Viscount Ishii, in a public address, stated frankly and clearly and with emphasis, during his visit as Special Ambassador to this country, that Japan would go further than the United States had gone in so far as the statement of the Monroe doctrine is concerned, and would agree that henceforth the integrity of China should be maintained as against all other nations, including Japan. What could be fairer or more reasonable?

Both Japan and the United States, and other nations as well, are particularly interested in the development of China. Her resources are great; her opportunities for progress are large. Properly managed by a united people, China may prosper. It is to her advantage first, and then to that of all other nations, that everything practicable be done to make the most and the best out of the natural resources which China possesses, but has not fully developed.

Of course, of all outside countries, Japan would have the best opportunity to profit by the progress, prosperity and wealth of China, on account of geographical situation. The United States is not and never will be jealous of Japan in consequence of the latter's natural advantages geographical and otherwise. As I see it, there is nothing in the correspondence referred to which furnishes ground for complaint against Japan on the part of the United States or any other country. (Applause.)

A list has been furnished me, of speakers that are going to be called upon, and the programme will be followed in accordance with what has been furnished to me."

The Toastmaster, after his introductory remarks, called upon

Mr. Charles S. Stone, President of the American International Corporation, Commissioner Yamashita, and Mr. Outerbridge, President of the Chamber of Commerce.

Mr. Stone

“ Judge Gary, Mr. Yada, Delegates and Members of the Imperial Japanese Economic Mission and Guests :—

It gives me great pleasure to say a few words this evening. If I had known before a few moments ago that I was to be called upon, I should have been glad to have had the opportunity to co-ordinate my thoughts a little better and express more clearly to the members of this Commission some of the things which I have in mind in regard to Japan. But I may say a few words.

The first is, that in the experience of the last year or two which the corporation over which I have the honor to preside has had in dealing with the Japanese missions, with gentlemen from Japan, and in various matters, I have been impressed most strongly with the fact that in many respects, Japan and the methods of Japan, have been superior, and not only that, but the men of Japan have been far superior to the men of America and many other countries of the world.

Japan has an older civilization than America. Japan has learned the art of co-ordination, how important and necessary it is to be successful ; how men must coöperate. There must be team play in any organization, be it a football team, a great corporation or any other form of organization ; to be successful men must work together. To illustrate, a football team teaches its men not to play for themselves, but to play for the team as a whole. They forget themselves. Now it has impressed me in dealing with the Japanese people that they have learned that art better than the people of any other nation with whom I have come in contact. The Japanese people play for Japan ; they co-ordinate.

They have sent commissions to this country. It has been my privilege to meet many gentlemen in the last year or two whom they have sent, and they all knew exactly what was needed for Japan, they understood each other and they played the game together, and I think that is a lesson that we can learn from them, and we can also learn the lesson of endeavoring to coöperate with Japan as a nation.

America and Japan, America and China, America and other nations of the world will, I believe, learn, from the lessons that Japan has taught us to cooperate and play the whole game together better than we have played it before.

Now, another thing which has impressed me very much in dealing with the Japanese business men is the pleasant, gentlemanly way in which they always approach a business question. It is a pleasure, gentlemen, to do business with the Japanese. They always approach the subject and the matter in a way which gives you the greatest satisfaction in doing business with them.

Now, much has been said in regard to the relations of Japan with China, and as Judge Gary has mentioned the question of the Japanese and Chinese, which has been a burning one in this country and more or less throughout the world, I would like to give you a little example of the Japanese way of acting, in one specific instance which has come to me in our experience, and which to my mind illustrates the open-minded and liberal and high-minded way in which the Japanese have approached the Chinese question. It happened that one of the business matters which my corporation took up some two years ago, was constructing some great engineering works in China. It was in fact the dredging, widening and deepening of the Grand Canal. When the negotiations for it were first started, the relations were directly with the Chinese Government. Japan had not entered into the field in any way, and a tentative agreement or contract was drawn between China and American interests, namely, the American International Corporation.

Before we began the execution of the work, it came to our attention that a portion of this canal ran through territory under the jurisdiction of Japan. Now I think we might quite logically feel considerably disturbed, any of us, if we found some foreign nation coming and carrying on an important work in a province or a part of a country over which we had, even to a degree, jurisdiction, and there might be some resentfulness of feeling in regard to that. But not so with Japan. In a very polite and gentlemanly way it was called to our attention that the Japanese felt that they had certain rights in that territory. They sent to this country a most distinguished gentleman, who fully understood all matters in

regard to the negotiations. He approached us in, I may say, a most humble spirit, and did not demand of us that we drop the work, or that we discontinue it, or that we turn it over to the Japanese; but in the most diplomatic terms and in a way which certainly commanded our respect and attention, he told us the facts and suggested that it would be most agreeable to the Japanese if they should be allowed to coöperate, not in a controlling capacity, but in a minority interest, in this very important work.

I think, if we had been approached in a different spirit, we should have resented it—you all would resent it; any one would have resented it—but we were approached in a spirit of coöperation, and not in a spirit of domination.

And more than that, this representative of the Japanese Government, or of a private corporation in Japan, I should say, not the Japanese Government, said, "We would not wish to be represented in this matter, unless it is the wish of the Chinese that we should participate. We would like to enter into a tentative agreement with you that we might participate in this undertaking, provided it meet the approval of the Chinese Government." I cannot conceive of any one going further than that. It would seem to be a perfectly logical thing for a nation to wish its citizens to participate in an undertaking which was partly within a province in which they had, to a certain degree, control.

Now that is an illustration of the way in which we have been met in all matters pertaining to Japan, and it seems to me that it is a great tribute to the people and to the nation that they should have felt that and should express that feeling in their business relations with other countries; and I am very glad to say that I certainly hope that the friendly relations which now exist between Japan and America will go on for centuries to come." (Prolonged applause.)

Commissioner Yamashita

"Messrs. Hosts, Mr. Toastmaster, and Gentlemen:—

It is a great honor to be called upon to speak on such an occasion before this assemblage of gentlemen of influence and importance in this great Republic of the United States. The

objects of our mission, as explained by Baron Megata just now, are manifold and cover a fairly broad field. We do not necessarily look for an immediate solution of all economic problems, particularly when all your thoughts and energies are now directed towards the war. In addition to what is required for our necessary co-operation for the effective execution of the war, we shall be satisfied if we can be the means, in some way or other, of bringing together, in future, parties in both countries interested in several lines of business, towards mutual understanding and coöperation. The recent interchange of notes between your Secretary, Mr. Lansing and our Viscount Ishii brought the question of the development of China afresh to the front. On this question, I should like to emphasize the distinction we have in our mind, the distinction between the development of China and the exploitation of China. When we talk of our coöperation with your country in the development of China, we do not for a moment mean to exploit China against her interest. We, in Japan have no more designs against her interest and her independence than America has. All we want to see in China is that she should become rich and prosperous and, above all, well united and self-governed ; for that will profit Japan to a degree that it is impossible for us at the moment to estimate. Just as you would not like to see Canada or South America disturbed and poor and a constant menace to the peace and well-being of the United States, but would rather see them rich and prosperous, supplying you with abundance of articles they produce in exchange for the surplus of your products, just so do we feel toward China. With these ideas, we invite your coöperation in China.

But our invitation is not confined to China alone. Certain articles entirely necessary for our independence, we must try to manufacture in Japan. This great war has taught us the lesson. We do not want to see this development of home industry possibly estrange our intimate relation with America because of loss of American export of certain commodities. We want to join hands, particularly with your manufacturers, rather than with those of any other country, in those branches of home industry. We can then help each other and both can profit. To suggest this idea is one of the objects of our mission. We should like to see our

interests joined together in the manufacture of articles which, for sound economic reasons, should be made in Japan. We can join our capital and we on the Japanese side can supply the necessary labour,—much cheaper than in your country; we can share in the administration, and the Japanese can be effective agents in the selling department, for they understand the conditions of the local markets better than anybody foreign to the land possibly can. And you, on the American side, can supply us with your mechanical knowledge and equipment. Any inequalities in the share of each party can easily be made a subject of arbitration between the two parties concerned. This interlocking of interest, if undertaken by parties of high standing and undisputed reputation, will be far more enduring than any other form of relations. I would call it “Industrial marriage” between America and Japan with nothing but love and mutual interest between us.

Well, gentlemen, before closing, I would like to say this, that although the present is not an opportune moment to talk of your investment for any purpose but for the successful prosecution of the war, I am glad that I have come to your country now, when you are giving all your thoughts and all your energies to the great part that you have taken upon yourselves to play in this most terrible, yet most epoch-making upheaval that has ever been seen in the history of mankind. It is not always an easy thing for visitors to a foreign country to see deep under the surface of things and to get in touch with the real feeling and emotions that are at work in the innermost heart. Like an individual, each nation has its own peculiarities, its own manners, its own mode of expression. These outward things in normal times often catch visitors’ eyes and lead them to make too hasty conclusions. When we have visitors in Japan, we would like them to see us not merely through our cherry-blossoms and chrysanthemums, not only in our temples, but to look right into our eyes and straight into our hearts. I am now in your country and, very fortunately for me, am given this unique opportunity of seeing your whole nation in righteous indignation for the great cause of humanity and justice, giving up your time, your money, and even the precious blood of your sons. We can feel and can hear the heart-throb, the heart-beat of your nation distinctly. When, in Japan, we first

heard that your country had decided to join in the war and to fight on the same side with us, it gave us immense pleasure. And ever since the knowledge that we have a common cause and are fighting with common ideals has made the heart of our countrymen draw nearer to America than ever before ; I think there is nothing more true than those beautiful lines you have in your rich literature. " Know one another and you will love one another." Even if nothing comes out of our mission, I shall be happy and glad to take back with me and tell my people at home the impressions I have received in seeing what I am now seeing with my own eyes, the willing and enthusiastic sacrifices you are making for the cause of humanity and equity ; in a word the real, healthy, strong, heart-throb of your great nation. Gentlemen, I thank you.

Mr. Dahl

" Mr. Toastmaster, Mr. Host, Baron Megata, Members of the Japanese Commission, and Gentlemen :—

It is highly gratifying to me to speak to you for a few minutes, although it is wholly unexpected. It was only a few moments ago that I was told that I would be called upon.

Baron Megata remarked, in the course of his lucid and admirable address, that New York is today the money market of the world. A wise and philosophic friend of mine remarked to me the other evening that during several years past he had seen in the newspapers that New York was the financial center of the world, he had heard it spoken of, he had seen it stated in the magazines, but he had never had any tangible evidence to support it until this visit of the Special Finance Commission of Japan. I am sure that this visit indicates the opinion of the Japanese people, but it does more than that. It not only indicates their opinion as to New York's financial importance, but it demonstrates the wonderful cosmopolitanism of the Japanese nation.

To my mind, of all the things that I have heard about the Japanese people, all the things that have been said about them, the most impressive is the marvelous development of the Japanese people in a little over half a century, towards a cosmopolitanism which exceeds that of any other nation in the world. The

Japanese people of a little over fifty years ago were the most exclusive nation on the face of the earth. Some philosopher once remarked that provincialism is a state of mind; that is true; likewise, cosmopolitanism is a state of mind. When I say, looking back over half a century, that the state of mind of the Japanese was provincial, that is no reflection on them, because they made an effort to be provincial, they desired to be provincial, and this provincialism was merely evidence of their exclusiveness.

But after a while they realized that possibly their development would be hastened by a different policy, they realized what it meant to communicate with the other nations of the world, and a short fifty years ago they determined that they would emerge from their exclusiveness, that they would consult with the other nations of the world, that they would come out of their shell and see what these other civilizations meant, and in the short space of time which has elapsed since that day when Commodore Perry paid his visit to Japan, the Japanese people have permeated the society, they have permeated the educational institutions, they have permeated the industries and commercial enterprises of all the various nations of the world. They have come to the English and the French and the Germans and the Americans to learn and to assimilate, and they have seen what was being done by these nations, and out of that has grown what seems to me one of the marvels of the world, a cosmopolitanism which cannot be equaled by any other nation on the face of the earth. (Applause.)

Now, we are supposed to be the melting-pot of the world, and yet we are not without our own provincialism. The American people have provincialisms, for which there is no particular excuse. To be specific, you Japanese gentlemen are gathered around this table this evening with those who are the representatives of "Wall Street." You know, in some sections of these United States "Wall Street" is not looked upon with entire sympathy. "Wall Street" has been in years past, in the Middle West and Far West of the United States, looked upon with suspicion. In fact, Walter Lippman says that he personally knows a socialist who actually believes that Eugenics is a Wall Street conspiracy to sterilize the leaders of the laboring class. (Laughter.)

And yet to-day we behold "Wall Street" (under which

inclusive term is meant the men who are leaders in industry, in commerce and in finance), we behold these men today, called upon by the formerly suspicious sections of the country, called upon to go to Washington and lend their brains and their untiring energy, not in the commercial field, not in the industrial field, but to lend their energy and their brains to the Government, that the Government may prosecute successfully the great war in which we are engaged for the purpose of making the world safe for democracy. (Applause.)

Now, you gentlemen have expressed your frank appreciation of the courtesies received on this visit here. We believe that expression on your part is sincere and genuine. We sympathize with it. I am particularly impressed with the sincere and genuine remarks of the gentlemen who have preceded me. You know, we have in this country those who are sometimes called sentimentalists. We have those sentimentalists in politics, and we also have sentimentalists in business. The sentimentalist, to speak briefly, deals in words; he does not believe in actions; he believes sentimental philosophy takes the place of genuine sentiment and genuine action. The sentimentalist in business is a man who talks to you, who feeds you with kind words, who does not distinguish between conversation and conversation. Such a person is like the Texas cow that had the biggest horns and the longest tail, would bawl the loudest and jump the highest, but gave the least milk of any cow on earth.

Now that is not the kind of expression which we are receiving from you gentlemen. We believe that when you speak of co-operation, when you speak of a mutual understanding, you mean what you say, we believe that you mean reciprocal benefits, and that you mean joint responsibilities and joint economic benefits, and it is believing in those expressions of yours that we welcome you, and that we hope that this visit of yours will bring further great advantages to you personally, to your nation and the American nation. (Applause.)

In closing, this gathering of the East and West reminds me of a poetic expression of Richard Hovey, of the University of Michigan— and I am sure that some of the members of the Japanese Commission are graduates of the University of Michi-

gan—in fact, it is getting so that when I meet a Japanese gentleman I want to ask him of which American University he is a graduate. Richard Hovey said :

“ For a road runs East and a road runs West
From the table where we sit,
And the lure of the one is the roving quest
And the lure of the other the Lotus Dream ;
And the Eastward Road leads into the West
Of the lifelong chase of the vanishing gleam,
And the Westward road leads into the East
Where the spirit from striving is released,
Where the soul, like a child, in God’s arms lies
And forgets the lure of the butterflies.” (Applause.)

Toastmaster

It is now my pleasure to introduce to you Monsieur Stephane Lauzanne, Editor in Chief of *Le Matin*. (Applause.)

M. Lauzanne

“ Mr. Toastmaster and Gentlemen :

It is a great honor for me to address such a gathering. It is especially a pleasure for me to have an occasion for expressing some of the feelings of France towards Japan.

Before this war, long before this war, we had in France for Japan a feeling of high esteem and of sincere admiration. But now we have something more ; we have the feeling of true friendship. We knew before this war that Japan was a great nation, a nation great by her army, by her navy, by her power ; but today we know something more, we know that Japan is also great by her ideals of civilization and by her heart, and we feel that this heart is beating with our heart in the same cause (Applause.)

I heard this evening one of the speakers say that we had very much to learn from Japan. To this I agree completely. We in France have learned something from Japan. We have learned of you the definition, at least the true definition, of victory. That definition was given by one of your most illustrious men, by Marshal Nogi, when he said “ Victory will belong to the one who will be able to suffer a quarter of an hour more than the other.” (Applause.) We think that for our part we have tried

to put into practice that definition. If at the Marne we were victorious, it was because we were able to suffer a quarter of an hour more than the others. If at Verdun we were victorious, it was because we were able to suffer a quarter of an hour more than our adversaries. And if we have victory at the end of the war, it will be because we will be able to suffer a quarter of an hour more than the others. (Applause.)

Yes, we have learned from you, and we think that some others in Europe, not only peoples among the enemy, but also among the Allies, could learn something, could learn by reading your Bushido and learn what it has directed, what it is to be true to friends and to allies.

But in any case there is something that we will always remember in France, and it is that you in Japan have given us your hand, a clean hand of a great people and a great cause, and we have given you our hand, a clean hand of a suffering people, the joining of two hands which will never be severed. (Applause.)

Mr. Outerbridge

“ Mr. Toastmaster, our Host, Baron Megata and Gentlemen :—

I had the great privilege of saying a few words to Baron Ishii and the members of his mission when they were here. I began with some confidence saying a few words on those subjects of which we know definitely, such as the valor of their race in battle and the value of their association with us in the prosecution of this war as one of our allies. And then, with a good deal of timidity, I ventured on a more hazardous subject, that of our ideas of relations with Japan, and very diffidently suggested that the propinquity of Japan undoubtedly carried with it privileges which must be recognized, provided that went hand in hand with coöperation with the United States. And after that meeting, when I was asked how I had the temerity to announce any such principle or touch any such delicate subject, I said that it was simply because as a layman and a business man I did not know any better.

But a few weeks afterwards, when there was published the diplomatic arrangement that was entered into, it was a great

gratification to me to see that the thin ice that I had presumably been skating upon at that time had thickened into various phases of friendly coöperation on the lines which I had so hazardously discussed on that occasion.

Now that was a diplomatic mission, and we understood it to be such, and this is a commercial mission, I believe, as we understand it, and Japan—we have all known about “the Land of the Rising Sun,” and perhaps if I say much more we shall realize it coming through here, as the hour is now late—but I think it is also a land of surprises, and although I am still a very young man, I can recollect that the type of commercial mission which Japan, in my early business recollection, used to send to us, was quite different from the commission or mission which is visiting us today.

I go back far enough to remember what was called the Secreta Commercial Syndicate, and when it was at the park of the high prices, I think it was a surprise from the Land of the Rising Sun in the outpouring of copper from a place where nobody at that time knew there was a copper industry, that burst the Secreta Copper Syndicate. And when, some few years later, hazardous Americans were prompted to combine again in certain kinds of oils, there arrived in San Francisco cargo after cargo of herring oil, when nobody before that knew that Japan had herring oil. And still in later years, if you will pardon a very personal experience which my firm had, in the little known and distant colony of Newfoundland, where they had revived and were prosecuting an ancient industry that had long passed away and which we were then operating on scientific lines, a whale fishery, where the whales were shot with modern guns and were used actually, all the carcasses, etc., just as they do the cattle in the packing houses of Chicago, there arrived at our factory one day, in that little colony, our far off outpost, two Japanese, who asked to be allowed to go to work in that factory, and then for the first time we found that Japan had a whale fishery, and that with extraordinary enterprise they had sent two men to that far distant colony to learn something about this particular form of the enterprise.

We welcomed them, and they were taken into the factory.

They were shown all that we knew about that enterprise with the very happy result that in a few years they gave us orders for a large number of steamers of that type and other apparatus, which we shipped them, and now I understand they are carrying on a very large and very Scientific whale fishery in that country.

To come down to even more recent dates, since the war broke out, do you know that the people of Boston have been eating baked beans raised in Japan? It may interest you to know that. (Laughter.)

Now I mention those little incidents, and the surprises that they created at awkward moments in commercial circles in this country; but a much more important fact is that friendship between the Japanese people and our own has so grown that now they come here to tell us their plans, and what they propose to do, and to confer with us about these little surprises, and to exchange with us the information and the commodities and the enterprise and the skill of both countries, and I think there is only one thing left for us to do and that we should do to convince them and show them how heartily we appreciate not only their accomplishments, but their friendship and their coöperation, and that is to plan as soon as possible to return a visit of this sort, and go there and see for ourselves how it is that they do those things. (Applause.)

The Toastmaster

I would like to add just one word to what has been said, and repeat what I have been saying often: All Americans who have not visited Japan should go there as soon as possible, for many reasons.

First, because you will enjoy the visit immensely. Everything in Japan is agreeable, pleasant, beautiful, and from a business standpoint is thrifty. There is lots to see and lots to learn, and above everything else, the welcome that you will receive there will charm you. They are the most hospitable people in the world, and, contrary to some of the slanders that have been uttered, they are perfectly frank and open, and they are willing and glad to talk to Americans on any subject, for mutual advantage.

Americans owe it to themselves to go to Japan, if they

have not been there. There is no place on earth where you can go with more profit and more pleasure to yourselves. So I urge you all who have not been there to go and see Japan for yourselves.

And as Toastmaster, I thank you all for being here, and on behalf of all of you, I thank our host for having given us this opportunity of meeting these distinguished gentlemen from Japan, and— I bid you Good night.



19. RECEPTION AT N.Y. CHAMBER OF COMMERCE.

The members of the Commission were invited to be present at the Chamber of Commerce of the State of New York, when a regular monthly meeting of the Chamber was held on December, 6, 1917. After the regular proceedings were over, Baron Tanetaro Megata was introduced by Mr. Eugenius H. Outerbridge, the President of the Chamber, with the following introductory remarks :—

The President

“ Gentlemen of the Chamber :—

We have the honor and pleasure of having with us to day a very distinguished company of men from our great Ally, Japan. A short time ago we welcomed here another distinguished delegation from that country. At that time or prior thereto, there had been scattered insidiously through various channels, both in their country and ours, reports and rumors that were calculated to create misunderstandings and to disturb the friendship which had always existed between us.

The visit of that Diplomatic Mission which came here a few months ago resulted in clearing up all mutual misunderstandings. So far as diplomacy could go it went to the full limit on both sides in declaring the understanding and character of our relationships both diplomatic and commercial.

It might be said that a formula for our common action was promulgated.

That Diplomatic Mission paved the way and these gentlemen of the Finance Commission have followed promptly in their path so that this is not a time for words but for action.

Our guests to-day represent the greatest financial, commercial and industrial interests and institutions in Japan. They are all distinguished as experts in the several lines which they have come here to represent. Some of you have already been in conferences with them ; many more of you have yet to meet them.

I urge that we should all extend to them not only a warm

hand of greeting but a frank spirit of coöperation, so that the full fruits of those preliminary negotiations which were conducted by the Diplomatic Mission may now, through the efforts of this Finance and Industrial Commission, be achieved with our help, to the end that combined economic development and extension of commerce in the Far East and between the Far East and the United States, where our mutual interests lie, may be productive of peace and good will between us and of genuine material benefit.

I have the honor of presenting to you Baron Tanetaro Megata, the Chairman of the Japanese Finance Commission.

The Chief Commissioner

“ Mr. President and Members of the Chamber of Commerce :

Not only is it a great pleasure for my fellow commissioners and myself to be here as your guests today, but we are deeply sensible and appreciative of the honor you do us. We know what the Chamber of Commerce stands for, and has stood for during its long and honorable and useful life. It is a great privilege for us to be here among its members of today, among you men who are so steadfastly maintaining the best traditions of this ancient institution in your staunch and constructive Americanism in this time of peril.

The spirit which prompted the appointment of this Special Finance Commission, of which I have the honor to be the head, was quite in accord with that which inspired the founders of this Chamber,—a realization that “ numberless benefits have accrued to mankind from commerce.” And, further, the purposes of our mission are in complete harmony with the objects of this Chamber, “ To carry into execution, encourage and promote such measures as will tend to extend just and lawful commerce.”

This Chamber of Commerce is the high chamber of world commerce and finance. The money market of New York is now the money market of the world. Your banking institutions, especially the Federal Reserve Bank, of such recent origin, are working smoothly and effectively in conjoint action. Their unity and spontaneous action enable you to carry on the war, not only for this nation but also for the sake and benefit of the others concerned as Allies.

Several years ago I visited America with Marquis Matsukata. We were then told that the United States had a surplus of money in the Treasury and that there was under consideration a plan to establish a central bank like the Bank of England or the Bank of France. But, your state organizations, your federal system, did not need such a central bank as those of other countries. There was then a discussion of the advisability of founding four great central banks throughout the country ; now you have three times as many in your twelve regional branches, making, with the central board, one unit in action and constituting the soundest financial institution in the world.

This great institution will now spread its influence throughout the world ; in its international position it will facilitate commerce and finance.

Now in this great world war everyone in all the allied nations must be brought to one mind and purpose to speedily and successfully end this detestable war. Let us make the fullest use of the powerful weapon of finance and trade.

20. BANQUET BY JAPANESE BANKERS

On the evening of December 5th, the Commissioners were guests of honour at the dinner tendered at "Sherry's" by Messrs. Itsuno Hamaoka, (resident superintendent of the Bank of Japan) Reitaro Ichinomiya, (Manager of the New York Agency of the Yokohama Specie Bank) and Kenji Imanishi, (Manager of the New York Agency of the Bank of Formosa). About seventy American and Japanese guests including chairmen of boards of directors and presidents of leading banks and trust companies and friends of Japan honoured the occasion with their presence. Mr Hamaoka representing his associate hosts made the introductory address in which he urged that Japan and America should coöperate and work together shoulder to shoulder, heart to heart for the good of mankind in the East and the West and concluded follows :—

"We welcome most heartily every opportunity of coming together, and as hosts desire to thank you gentlemen for your kindness in honoring our gathering with your presence.

We are happy to have as our guest this evening Mr. F.L. Hine, who has so kindly consented to act as Toastmaster. Now, gentlemen, I have the honor of presenting to you Mr. Hine, the President of the First National Bank of New York. (Applause.)

Mr. F. L. Hine

“Mr. Hamaoka and the other hosts, Gentlemen of the Special Finance Commission of Japan, and other gentlemen present:

Not until this afternoon did Mr. Hamaoka pay me the compliment of asking me to act as Toastmaster on this occasion, a rôle, I assure you, to which I am entirely unaccustomed, and therefore you will appreciate the brevity of my preliminary remarks in presenting the speakers to whom we shall have the pleasure to listen.

I will take occasion, however, on this occasion to say to you just a word in expression of my great admiration for Japan and her wonderful achievements, social, political, educational, military and commercial. (Applause.) It is no exaggeration, I think, to say that no nation in the history of the world has during a corresponding period made such extraordinary progress as Japan during the last sixty years. (Applause.)

I rejoice that an understanding was arrived at with the United States Government by Viscount Ishii and his Commission upon their recent visit, whereby Japan shall have the commercial advantages to which by reason of her enterprise and intelligence she is justly entitled through her close proximity to China. The open door—the door was flung open by Secretary Hay many years ago, and I regret to say that comparatively few Americans, apart from missionaries, have entered that door, and our interests in China, outside of those of a sentimental character, are almost nominal. We hope, however, in co-operation with Japan and with the brotherliness which has now been developed between the two nations, that we shall have a share in the great trade of China, which is now open to the world. (Applause.)

I will not follow this thought any farther than simply to say that I ardently hope, as I know we all do, that the people of Japan and the people of the United States will work together, shoulder to shoulder and heart to heart, not only for their own

welfare, but for the good of mankind in the East and in the West. (Applause.)

The head of the Special Finance Commission to the United States is a man who has rendered his country great service. He is known here as a graduate of Harvard University. He has visited America three times now since his graduation. He has acted as an expert in finance to the Treasury Department of Japan; he has been financial adviser of Korea; he is a member of the House of Peers. I now have the honor, gentlemen, of presenting Baron Megata."

Baron Megata's Address

"I have already explained in several addresses here in New York the purposes of the visit of this Special Finance Commission and I hesitate to repeat but, for the benefit of those here tonight who may not be familiar with them, I will touch upon them briefly.

Japan's relations with the United States are very close,—perhaps closer now in many respects than at any other time in history,—and every important move made here in financial or economic matters not only interests Japan but affects her. Some of the recently adopted Government measures are of direct concern to us and we have come to study them and get first-hand information as to their scope and meaning. Sometimes it is difficult, at a distance of thousands of miles, to interpret measures correctly; Japan wants to understand, and we come to investigate and to confer so we can report to our Government and people the real intent and the actual effect of war legislation.

We want, too, the opinions of your leading bankers as to the probable tendency of finance following the war. This terrible conflict must come to an end some day,—I pray soon,—and then great economic problems will arise for solution. If the peoples who are now fighting together in the righteous cause of justice, humanity and civilization know each other well and understand each others' conditions, these problems are going to be more easily and more wisely solved.

Our mission, however, is not simply to get information but is to give information as well. If, by appreciating our limitations

in certain respects and our capacity and ability in others, you will find ways in which you can assist us to make ourselves more helpful as one of the Allied powers, we feel sure you will be glad to coöperate to the fullest possible extent. Japan has greatly increased the number and the size of her shipyards since the war began and has sold and chartered to the Allies many ships, while others have been and are engaged in transporting munitions and supplies for them. The need for bottoms today is very great and Japan is doing her utmost to meet it; her ability to contribute in this economic way toward the early and successful termination of the war should be taken advantage of. She has the yards, she has the skilled labor, she has the will to do; with America's aid and coöperation she will have the essentials with which to do.

The aspiration and, at the same time, the need of Japan is closer connection with world finance and world economics. She has been taking her part in both, in this present period of great stress, having afforded accomodation to her allies, directly or indirectly, to the extent of one billion one hundred million yen and having manufactured vast quantities of supplies. In actual warfare, she has done what she could do.

She is observing with deep interest the war financing of the world, especially that of the United States as present and future conditions of finance and economics here have a direct bearing on those of Japan. Under the new conditions of the world, with the new state of affairs in Asia, the United States is to take a powerful position in world politics and economics. Our common avenue of the Pacific is the common avenue of world civilization and world finance and commerce, and is the avenue connecting the East and the West.

In the East, China and Japan form, as it were, an economic unit. China cannot go on well without Japan; Japan needs a strong and prosperous China. Japan's energy and forwardness might well be joined with China's resources, and this union, with the coöperation of the United States, would provide the means for the very necessary work of the uplifting of the new Asia. Western civilization must communicate and spread its influence, ideals and institutions across the Pacific to other countries of Asia.

The new state of Asia, enlightened and strengthened, will be the only check to militarism and selfishness of some power always tending to encroach upon less advanced, less prepared and perhaps less organized nations.

What are the weapons of war? Are they arms and ammunition only? No, outside these instruments lies the powerful weapon of finance and trade. In the present large and growing trade between our two countries, Japan's exports exceed her imports. She is able to import more and is desirous that her imports from the United States should increase. Our exchange of goods should take on still greater proportions. We must both make every effort to further such a program. Another point of first importance is the development of more enterprises in the Orient backed by our joint capital and administered by joint management. The organizing of more of such combinations would form a foundation upon which to build most intimate and friendly relations.

For future world economics, we aspire only to secure and have maintained relations based on sound, equitable, liberal principles, those founded on a high sense of international righteousness and justice, and not upon the selfish purposes of the special interests of one country,—particularly of a military nation.

I am very happy in the thought that the pact recently entered into between your country and ours will serve as a foundation upon which will be built a structure of the most liberal and equitable economic relations, not only to our mutual benefit but to the great benefit of China and to the good of the whole world in the promise it offers for future peace. From this new understanding we have great expectations, and we have a deep sense of gratitude to America."

The Toastmaster called upon the next speaker, saying: One of the important offices of the Treasury Department of the United States is that of Chief Examiner of the National Banks of the City of New York. We have with us today, I am glad to say, a chief examiner who magnifies his office. His intelligence and his fairness impress all the banks with which he is in so close touch. I take great pleasure in introducing to you Mr. William P. Malburn.

Mr. Malburn

“Gentlemen, it gives me great pleasure to meet here tonight with these strangers who have come to us from a far land, and it gives me great pleasure to be able to express to them the appreciation that I feel, and I think, that all of us feel, of their having come to this country on such a mission.

We Americans are very apt to think of ourselves as a very traveled people. We have at all times under normal conditions a large number of our people—tourists, we call them—traveling to Europe and Asia and Africa. They are, however, intent upon seeking pleasure rather than instruction, and the Japanese have a great advantage over us, because all of the Japanese who come over to this country with whom I have had any acquaintance come over here for some serious purpose; they come over here for instruction, they come over to see how the rest of the world lives, and to carry back with them to their country the lessons which they have learned, with the idea that the lessons may be something by which they can improve their way of living; it may be and often is, I am sure, a warning to them against trying to do what other nations are doing. (Applause.)

It has always seemed to me that an ideal way of seeing foreign countries would be as a member of a board or commission such as the Commission which is visiting us, especially one which has an official or a semi-official position. When we visit foreign countries as private individuals, we have no opportunity, hardly, of acquainting ourselves with the actual lives and customs of the people of those countries. We meet individuals here and there, but we do not come in contact with the public life of the country that we are visiting, and we are not able to understand the life of that country. But when we go to another country as a member of an official commission like that of these gentlemen who have come here, we are brought into contact with the different phases of life; we meet people who live—who are prominent in official life, who are prominent in business, in financial, in commercial life, and by means of the interchange of thought between them and ourselves we are often able to understand much better the true inwardness of the feelings of the people of those countries that we visit.

The Commission which has come here from Japan for instruction meets tonight among others, a number of the prominent bankers of this City, and from them the gentlemen of that Commission are much better able to understand the feeling of the financial interests of this country towards Japan, and they are much better able to impress upon our bankers the feeling of the financial interests of Japan towards our country, than they would be if they came to this country as private citizens, with no means of coming in contact with our people except as they met individuals from day to day.

A body such as this is not only of great benefit to the different individual members of it by acquainting them with the country to which they go and the feelings of the people in that country and their habits and their customs, but they are much better able to inform their own country when they go back; for the reason that they have the advantage of discussion among themselves and getting the different viewpoints of the different members as to the feelings of the people of the country that they are visiting.

But above all, I feel that a commission of this kind is of the most value to the country that they live in. I think it is a matter of regret that our country has not more commissions, more boards, who have an official or semi-official capacity, in the other countries with which we do business; and I hope that in the future there will be much more of that sort of thing done, because when these gentlemen come to us, I think you all realize that as a result of these visits with them we can understand them better, and we can understand the feelings of the people of Japan better than we could or than we did before, and I think, if we do realize that we will appreciate when we send our own commissions to other countries, that they will have the same effect upon the people of those countries as visits such as the one that we are having now have upon our own people.

We have had great success in what few commissions we have sent to other countries. Those commissions have been, as this Japanese Commission is, serious commissions, and they have gone to study and investigate and learn what they could on the

subjects on which they were sent. They have not been mere junketing commissions.

One of those commissions was sent to Europe about ten years ago to investigate the financial institutions, the banking systems of the different countries of Europe. The members of the commission came back to this country, and made a report, which has been published in a large number of volumes, and while they themselves did not initiate any legislation or any change in our financial system, they laid the foundations out of which grew our Federal Reserve System, under which at present our financial institutions are carrying on their business, and which has given us, I believe, if not the very best, at least one of the best financial systems in the whole world. That is the result of a commission from this country which visited the countries of Europe about ten years ago.

Another commission which was very successful, and the entire effects of which are not felt yet, was the commission which visited Europe a few years ago to investigate the question of agricultural credits. That commission visited a number of the countries of Europe, went into the matter very thoroughly, and published its report in a number of volumes which are now available to any one who is interested in the subject of agricultural credits, and it also had the opportunity and the pleasure of seeing a bill introduced in Congress and passed embodying its investigations or rather the result of its investigations. That bill is now a law, the Federal Farm Loan System is now in operation, and while it is a very small thing as compared with its older brother, the Federal Reserve System, and is yet in its infancy, it will, I believe from what I know of it, in time prove to be as great an assistance to the agricultural interests of this country and as great a developer of the agriculture of this country as the Federal Reserve System has been an assistance to and a developer of the financial and commercial industries of this country.

These which I have mentioned are two of the most successful commissions which this country has sent abroad from the viewpoint of construction, of doing something. There have been other committees or commissions which have investigated in foreign countries and which have made valuable reports, many of

which are buried and no one knows anything about them, but which are very valuable, none the less. But these two commissions have been the means of initiating legislation which has been most beneficial to this country.

A few years ago—a number of years ago, I should say—the Japanese Government, as the result, I think, of a commission which came to this country, adopted for its banking system a system which was founded upon and resembled very closely the National Banking System of this country. The Japanese tried that for a few years, and found that it was not adapted to their conditions over there, and changed their system. We retained it longer, perhaps because it was our own “baby” and we were a little partial to it, and although we found that it was not able to stand alone, to say nothing of supporting the commercial interests of this country, nevertheless we stood by it until very recent years. Then we found it necessary not to abandon the National Banking system; we have never abandoned it; but we have added to it the Federal Reserve System, we have placed the National Banking system under the charge of the Federal Reserve Board, as a sort of nurse. (Laughter.)

Now we have by that means established a national banking system which it is safe to say is the safest banking system anywhere in the world, and is the best able to meet—to understand the people, I should say—of every little community in the land, better than any other banking system. We have combined with our National Banking system, the Federal Reserve system, with its liquidity and flexibility, and as I stated before, I think we have now the best and soundest and safest banking system in the world, and in the troublous times of the last few years, financially as well as otherwise, we never could have passed through as we have, with as little friction, with as little trouble, if we had not had that system. One reason why we have not appreciated the advantages of it is because things have moved so smoothly.

There have always been, I think, pleasant and kindly relations between the Government of the United States and the Government of Japan. (Applause.) There has always been, I believe, the most friendly feeling on the part of the mass of

the people of the United States towards the people of Japan. (Applause.) I think there has been the same kindly feeling on the part of the Japanese people towards the people of this country, (Applause) though I cannot speak with authority on that. There have been in this country at all times a few malcontents, a few hotheads, who have not agreed with the feelings of the mass of the people. There have been people of the same kind in Japan, I presume. There are people of that kind everywhere. They are, in this country, I am sure, growing fewer every year. I believe and I trust that now that this country and Japan are united as Allies under a common banner, that part of this population and of the Japanese population will continue to grow fewer and fewer, and that in the future there will be no discord in the relations between the Government of Japan and the Government of the United States, and the people of this country, "Columbia, the Gem of the Ocean," and the people of Japan, "the Land of the Rising Sun." (Prolonged applause.)

The Toastmaster next introduced commissioner Yoneyama by saying.

The next gentleman to whom we shall have the privilege of listening is a member of the Special Finance Commission of the Japanese Government, and is Managing Director of the Mitsui Bank of Tokio, one of the great banks of Japan. I have the great pleasure of introducing to you Mr. U. Yoneyama. (Applause.)

Mr. Yoneyama

"Mr. Toastmaster and Gentlemen,

It is a great surprise to me that my name is mentioned as one of the speakers, which is something that I never thought of, I never dreamed of. It is a most difficult matter for a Japanese to make a speech in the English tongue. To do so, I must at least form my ideas, and then communicate them to you, put them into English, and it takes a great deal of time to do that.

Gentlemen, I thank you for the courtesy and kindness so abundantly shown to us. In fact, ever since our arrival in this country we have been receiving such kindness, which has been shown us everywhere, and I am sure that we all of us who are here at this function are more than satisfied and delighted with

-the reception that we get, and the value of the instruction that we receive, which can never be estimated.

As I said, I am not prepared to make any speech tonight, so you will excuse me from saying anything more, but only to express my heartfelt thanks to you." (Applause.)

The Toastmaster in calling the last speaker Mr. Kains, the President of American Foreign Banking Corporation, said;

"The course of empire, instead of taking its way westward, which has been its traditional course for many years, seems recently to have turned about a bit. In any event, as a variation from the course of many men who helped to create empire, I shall now present to you a gentleman who has been Governor of the Federal Reserve Bank of San Francisco, and who has recently come to New York to accept the position, the important position of President of the American Foreign Banking Corporation, Mr. Archibald Kains." (Applause.)

Mr. Archibald Kains

"Mr. Toastmaster and Gentlemen;

I don't know really what in me—I am almost a stranger here—put into the mind of Mr. Hamaoka to ask me to say a few words to you. It is most unexpected, and my feelings were very much mixed on the subject. I tried to tell him that I was no speaker, but he looked rather incredulous and smiled, and I felt somewhat like a negro who was asked for the change of ten dollars. He said, "Boss, I haven't got no money, but I thank you for the compliment." (Laughter.)

It is some thirty years, nearly, since I had my first transaction with a Japanese, and I remember the transaction very well; it was based on a shipment of manufactured domestic cotton from here to Yokohama. I fancy that has been relegated into the limbo of forgotten things by now because the Japanese, I imagine, import their cotton raw and manufacture it, as they should. But as a result of that transaction, I got to be very friendly with a young man, who ultimately became assistant manager of Mitsui & Company, and after I had known him for some time I asked him out to spend a week-end with me in the country, to the great consternation of my wife, who asked me, "What shall I get for

him to eat?" "Why," I said, "the Japanese are epicures," as understood by an English sailor who was rowing his Admiral over to another shore, to dine with the officers there; the sailor said "Bill, the Admiral is a hepiculture." His companion asked "What the hell is a hepiculture?" He replied "He is a bloke as will eat anything." (Laughter.)

However, this guest of mine justified everything, and ate everything, and smiled and had a good time, I think. But about ten days afterwards he invited me to a Japanese Club, at that time at about Twenty-Fourth Street, I think. I went down, and he sat me down to a dinner of about ten courses, and I of course had to be as epicurean at his table as he had been at mine, and if it had not been for the *saké*, I don't think I could have held it all.

But just to show how hospitable he was, he insisted upon my taking a richly decorated basket, containing a portion of every one of the courses we had had, back to my wife.

I have been for nearly the last twenty years out in San Francisco, and have had a great deal to do with Japanese during that time, and have had a good many transactions with them, and I have yet to have a transaction with a Japanese which has not been carried out with the strictest honor and integrity. For some years I was Examiner of Banks in San Francisco, and in that capacity I had to examine the Yokohama Specie Bank, and I was somewhat surprised to find some American and English accounts in it, and I had occasion to ask one of these depositors why it was that he dealt with the Yokohama Specie Bank. "Why," he said, "I am captain of a ship, and we did a great deal of business with Japan, and I came into the Port of San Francisco just after the earthquake and fire, when everything was topsy-turvy, and I had a considerable sum of money, and I looked around the whole list of banks in San Francisco, and I decided that the Yokohama Specie Bank was the safest to make my deposit in." (Applause.)

I hope, gentlemen, that as a result of your mission the United States will send a commission over to Japan, and that as a result of the efforts of the gentlemen, both on your side and ours, we shall enter into many industrial and commercial alliances. And I don't want to take up your time, but I have an idea that I was discussing with Dr. Hishida just now, and he wonders why New

York does not offer the same hospitality to foreign banks that Japan offers to foreign banks. I have often wondered myself; I was here nearly thirty years ago in a foreign bank, and I remember very well the unnecessary taxes which were put upon us. I remember very well that we were in terror of our lives all the time, that some politician would get up at Albany and put in a bill that would make it impossible for us to do business, and by and by, owing to some more or less honorable influence, the bill would be withdrawn.

But I think, the state of things has got to be such that in New York we have agreed, under certain restrictions, to allow foreign banks to accept deposits.

I am very much obliged to you all. (Applause.)

The Toastmaster

“Gentlemen :—

Seventeen years ago, I think, it was in October, I attended a meeting with Prince Ito or Marquis Ito, one of the most distinguished Japanese of modern times. During this evening I have had the pleasure of dining in the same room in company with the son of Prince Ito.

As a personal privilege, I would like, as a sort of benediction, to propose the health of Baron Ito, the son of the Prince.

(All present rise and the toast is drunk standing, Baron Ito thanks the Toastmaster, and the function comes to an end.)



21. COMMISSIONERS AT THE ECONOMIC CLUB

The Commissioners were also the guests of honour when the Economic Club of New York under the presidency of Mr. Frank Vanderlip, held on December 6th its forty-first meeting in the Grand Banquet Hall of Hotel Astor. The Banquet was attended by nearly one thousand men prominent in finance, commerce education and journalism. "The Necessary Steps to Victory" was the subject for discussion, and former Ambassador Henry Morgenthau, Vice-President of the Club, acted as the Toastmaster. Hon. David E. Houston (Secretary of Agriculture) Rear-Admiral A. Fiske U. S. N. (now President, U. S. Naval Institution) and Mr. Frank A. Vanderlip (President, National City Bank) were the announced speakers, but the guests of honour Baron Tanetaro Megata, (Chief of Japanese Finance Commission), Sir Frederick W. Black, (Acting Chairman of British War Mission) and Lieutenant Roselli of the Italian Army were also called upon to speak. After an introductory speech of the Toastmaster, Baron Megata made a short address in which he urged close coöperation among the Allies financially and economically, especially using the words, "the Allies should be of one mind for the speedy and honorable ending of the present detestable war." Sir Frederick Black, told, in his address, of the great sacrifice encountered by the British people in the present war and of the changed economic conditions in England, so that in manufacturing munitions nearly eighty percent of the employees are now women to enable men as far as possible to be at front. In his lengthy address, Secretary David Houston described the far-reaching war measures of the Government and said the best evidence of the unity and determination of the nation was given by the Congress directly representing the people appropriating over eighteen billion dollars. He suggested the spirit and will of people were more vital than materials in conquering in the war. Mr. Frank Vanderlip, in a strong and fascinating address, said the war

measures or efforts of the Secretary of Treasury, the Secretary of War, Bureau Directors or other Government authorities would be of little avail, if man-power was not conserved for wise use in mills and factories to produce war requisites, and urged that frugality be observed by every class of people, that the money might be used only for the vigorous prosecution of the war. He also said he was conducting in campaign for the sale of war saving stamps, expecting to raise \$2,000,000,000 for the use of the nation and the Allies and hoping for thirty million purchasers representing every class of men, women and children. He further went on to declare that, as the Governments burden and works are now twenty times greater than in normal times and mistakes thereby would no doubt be made, the Government should not be criticized unless with helpful or constructive criticism, but should be supported with full sympathy.

22. AMERICAN MANUFACTURERS EXPORT ASSOCIATION

On the evening of December 7, the American Manufacturers Export Association comprising in its membership approximately over seven hundred important manufacturing interests of all varieties, interested in promoting the economic and trade relations between the United States and other countries, tendered an elaborate banquet in honour of the Special Finance Commission at the Biltmore. The occasion was honoured with the presence of Honorable Charles S. Hamlin, member and ex-Governor of the Federal Reserve Board, who had brought with him the words of kind greeting Secretary McAdoo and of regret at his inability to attend the banquet owing to his heavy burden of war work. Mr. George Edward Smith, President of the Association in his address, said that the ever growing trade between the two countries would be further augmented by Baron Megata's Mission. He then introduced the Baron dwelling upon his personal relation with the United States, his administrative work and his political career. The Chief Commissioner in his address pleaded for the coöperation of the United States with Japan in developing China the labour in Japan being higher, but relatively not so high as in America, and suggested the United

States should send raw materials to Japan as far as possible and let Japan send her manufactured goods direct to the Allies, especially to Russia and Rumania, and declared allied countries should coöperate not only militarily but economically.

Baron Megata

“ Mr. President, and Gentlemen :—

The thought and courtesy of your Association in making my fellow-commissioners and myself the guests of honor on an occasion of this importance is greatly appreciated. It is a privilege for us to meet and know you, and I am glad of the opportunity to address such a body of representative Americans interested in international commerce and finance.

It is desirable for us to be conversant with conditions in the United States. It is important that we should explain the state of our own country and request your full understanding. Just as intimate personal friends must know and understand each other's condition if there is to be a complete exchange of confidence and sympathy, just so with two nations bound together in friendly intercourse. We allied countries must know each other well and assist each other in commerce, finance, and industry, both now and after the war is over.

As to trade between the United States and Japan, we find Japan's exports to the United States amounted last year to about \$170,000,000; according to Japanese statistics our imports from you amounted to about \$102,000,000. The former represents thirty per cent of the total of Japan's exports and the latter twenty-seven per cent of her total imports,— a great increase compared with the figures before the war. The chief reason for our greater exports was your enlarged demand for raw silk because of the steady growth here of the weaving industry; our imports from you grew larger through our increased need of raw materials, such as cotton, steel, etc. When I visited Paterson recently, I was told by one of its manufacturers that the number of looms has so increased in that city that now more than half the raw silk imported from Japan is used there. We want the silk business to grow to still greater proportions and, to accelerate the develop-

ment of the weaving industry in the United States, we are endeavoring to reduce the cost of producing raw silk.

At the present time in the cotton spinning mills of Japan there are about 3,000,000 spindles but it is estimated that in the very near future this number will reach at least 4,000,000. Our need for cotton will increase correspondingly and as China becomes more prosperous,— as I hope and believe she will in the near future,— her purchasing power will grow likewise, to America's and Japan's advantage commercially. It will interest Americans to know that the demand is growing for better cotton goods, requiring a fine grade of cotton. This will mean larger imports of cotton from the United States and probably smaller imports from India.

Shipbuilding and kindred industries are developing rapidly in Japan and, as our own production of steel is not large, our imports from you of steel plates, bars, tubes, etc., will grow very appreciably. We hope that your mills here, through enlarged capacity and greater efficiency, will soon be able to produce not only sufficient for all of your own needs but a surplus for export.

I am told that wages in this country are very high, owing to the urgent requirements of the war. Wages in Japan have increased but are not as high relatively as those in the United States. It would seem, therefore, that it would be far better that some of the war requirements should be made in Japan, we to import the raw materials from the United States and carry the made up goods direct to the front,— to Russia, to Roumania or elsewhere. The allied countries must assist each other in industrial and commercial matters as well as in a military way, and it seems to me the suggestion I have just made is based on sound economic premises. Not only would such a course of coöperation be advantageous as a direct war measure in supplying the armies and navies of the Allies quickly and economically but it would result in industrial development of reciprocal interest, which would assist us all in competing against the merchandise of the enemy in every quarter of the globe."

The second speaker was Honorable Charles S. Hamlin, whose address was as follows :—

Honorable Charles S. Hamlin

“ Mr. President and Gentlemen :

I want first to express the very deep regrets of the Secretary of the Treasury that he cannot be here with you this evening to join in this welcome to our distinguished guests ; but events over which he could have no control unfortunately presented themselves and he was obliged to remain in Washington. I am sure you all appreciate the difficulties which are before the Treasury Department of this great nation at the present time. I think it is fair to say that never before in history of our Government have the difficulties been so many and so perplexing ; but I venture to say that, in my humble opinion, the present Secretary of the Treasury is handling those difficulties with the hand of a master (applause), and I believe that when the history of these times is written his name will go down among the most eminent of the Secretaries of the Treasury of the United States. (Applause.)

It is a labor of love on my part that I am able to come here and join in this tribute of respect and admiration to Baron Megata and his associates on the Japanese Financial Commission, and I want to say to him that in the whole United States of America you could not gather together a more representative array of the very best type of American citizenship than is gathered together here this evening in honor to you and your associates. (Applause.)

It is indeed a labor of love that brings me here tonight. I have the deepest admiration and affection for the people of Japan. I have every reason, both personally and in family ways, to respect that great nation. In the first place, my wife's great-grandfather was Edmund Roberts of Portsmouth, New Hampshire, who was sent by President Jackson to negotiate treaties with eastern countries. He made two trips and was successful in arranging treaties with Siam, Annam and other eastern countries. In 1836, he was sent back by President Jackson on his second journey and he took with him letters from the President of the United States to the Emperor of Japan. Unfortunately at Macao he was taken ill with cholera and died, and Captain Edmund Roberts is buried there today. But I take great pride in feeling that had it not been for his untimely death Captain Roberts might have made much of the work of our great Commodore Perry

unnecessary. In addition to that, my wife's cousin Robert Pruyn was the first minister to Japan, succeeding Townsend Harris. Townsend Harris, as you know, was Consul-General, but the first accredited minister was Robert Pruyn.

Then, as your President has said, in 1897—and that is a great many years ago—I was sent by President McKinley as commissioner to Japan in connection with the Behring Sea Fur Seal question, and I had a delightful visit. I was then a very young man; now I feel I am a very venerable man. But when I think that I graduated from the Harvard Law School in 1886, and when I realize that Baron Megata graduated from the Law School in the Class of 1874, I feel that I still have a few years of useful life left to me. (Applause.)

Now, on my journey to Japan I had a number of very interesting experiences. One thing almost resembled a tragedy, because I lost a birthday. My birthday was August 30th, Sunday, and on Saturday night at twelve o'clock precisely that stupid ship crossed the 180th meridian and it instantly became Monday, and I was out a birthday. (Laughter.) Though the next year I happened to be in Russia and I had two birthdays, according to our own and the Russian calendars, so that restored the balance of power. (Laughter.)

Among the passengers on my ship, was none other than that great statesman Prince Ito, and his son Baron Ito is one of our guests this evening. I think I can say calmly and judiciously that Prince Ito was one of the greatest statesmen that the world has ever known (applause) and I am delighted to welcome his son here to-night with us. (Applause.)

When I landed in Japan I thought Japan was a very exciting place. The first day we had an earthquake; the second day, a typhoon; the third day, a flood; and I wondered what was going to happen the fourth day. The fourth day came an avalanche, but it was an avalanche of kindness and courtesy and hospitality which I can never forget. (Applause.) I was sent over there, as I have said, in connection with the fur seal controversy in Behring Sea, and we appointed a learned, scientific commission which acted in connection with a scientific commission of Japanese to study that whole question; and some time later I was perfectly amazed

to learn that this commission had discovered a new fish, which they had named for me, the greatest honor ever paid to me. It was called *podificus hamlini*. A photograph was sent to me by the commission and I was very proud of it, until one day a famous scientist visited me at my house in Boston, and said, "I wouldn't be too proud of that, because after all that fish is a species of sculpin;" but still I was proud to have even a sculpin named for me.

I met a great many of the eminent men of Japan when I was there. I remember so well Count Okuma, still living and in power. He was then Minister of Foreign Affairs. I was then a very young man, and he asked me if I had ever been in Japan before, and I told him, no, but it had been the one ambition of my life. I told him however, as his delegates were to sail for Washington to a convention, in four days, that was the limit of my stay in Japan. He thought a moment and he said, "Would you like to see Japan?" I said, Nothing could give me greater pleasure. Then, after a few moments thought, suddenly as if it was a new thought, he said, "I am very sorry to say to you that our delegates cannot go to Washington until at least thirty days." Thus that man out of the kindness of his heart extended the time of sailing of his commission in order to give me, a young man, an opportunity to see that great country. (Applause.)

Now, Japan is a marvelous country; the people are marvelous people,—when you consider their dynasty goes back 2500 years, when you consider that Japan was a highly cultured, civilized nation when our ancestors were hardly emerged from barbarism,—and that is literally true. Up to the middle of the 17th century Japan had much intercourse with the rest of the world, and a thriving and steadily growing commerce. But some of the traders who represented us acted certainly not in any American spirit, and out of it all and for other reasons Japan decided that it was to her best interest to expel all foreigners and to cut herself off from the rest of the world, and for two hundred and fifty years that great nation developed by herself. Now you would say that ordinarily two hundred and fifty years' isolation would prove the ruination of almost any nation. It would of most nations; but not of Japan. How

did Japan emerge from that two hundred and fifty years, isolation, when she opened her doors at the request of Commodore Perry? We see a government, perhaps the most aristocratic in the world, but we see the people of Japan on the whole perhaps the most democratic community, or as democratic as this world has ever seen. We see village communities almost exactly like New England country towns and villages. They were given vast powers in the way making their own laws. Taxation, the payment of taxes, was regarded as a patriotic privilege. There was much poverty, but poverty was no disgrace; it was rather a mark of honor. Agriculture was lifted up until it was looked upon and considered a profession. Land holdings among the masses were small. They had to be small. The government imposed severe sumptuary laws to inculcate such frugality and temperance as were necessary to have the nation succeed. But I think historians agree in the statement that the masses of the Empire of Japan of those days were far better off in many ways than were the masses of medieval Europe at the same time.

Now, during the isolation of that great nation what do we find going on? We find that they had banks, at a time when banks were almost unknown in medieval Europe, except possibly a few in Italy. The system of checks was in full vogue,—in fact, it was invented by the Japanese. They had bills of exchange; they had bills of lading; they even had a stock exchange, for the sale of rice. They were a prosperous, happy, contented people; and it was not the fact that they opened their doors to the rest of the world that made her great. They were great in that they had the elements of greatness inculcated into the minds of the people, and they simply went on and developed before the world precisely as they developed during that two hundred and fifty years of isolation. (Applause.)

Now, my friends, if we want to study the development of religion, we go to Judea; if we want to study the development of art we go to Greece; law, we go to Rome. If we want to study the development of loyalty, of patriotism, contentment and happiness, you go to the great Empire of Japan and study them there. (Applause.)

You remember in 1868 or so, that the great nobles came

forward voluntarily and gave up their lands to the Emperor, in order that feudal tenure should be abolished. And the country prospered even greater than it had prospered before ! That great country had the sagacity in 1897 to establish the gold standard. Marquis Matsukata, still living, was the great Finance Minister, and at the right hand of the Marquis in that great work stood our friend Baron Megata, a younger man than he is now, but may he be spared for many more years of service to his country. (Applause.)

Japan, indeed, has prospered marvelously. She took at one time the ideas of our national banking system where, as now, we issue notes against Government bonds. Japan copied that from the United States, but after a few years Japan had the sagacity to do what only recently we have done,—she had to send the whole plan to the scrap heap, and she established the Bank of Japan, giving it a monopoly of note issue. And because of that splendid financial establishment she was able to carry through with great success the great war with Russia. (Applause.)

She has established branch banks all over the world. She has captured the German trade in the East. She has extended her trade on the west coast of South America, not to speak of Manchuria and China. She has rendered eminent service in the present war to the cause of the Allies. (Applause.)

Before the war broke out Japan had a treaty with Great Britain,—and a treaty to Japan is not a “scrap of paper.” (Applause.)

She has taken Chintao from Germany ; she has taken the German islands ; she did something that caused the German fleet to disappear very quickly from the Pacific Ocean. She is manufacturing munitions to help the Allies. She has even made loans to Great Britain and to Russia, and I think, also to France. She has established credits in England and the United States in order to help us in the great undertaking with which we are all connected. (Applause.)

She has done splendid work for the cause of the Allies, and I only hope that in the future it may be found possible for her to do even more than she has done in the past to join hands, the civilization of the East with the civilization of the West, and to down this threat to democracy and liberty, yes, to civilization, in the

world, under which we are suffering to-day. (Applause and cheers.)

The United States has also prospered marvelously in recent years. Our trade has increased enormously. We have become the creditor nation of the world. We have bought back billions of our securities held abroad. We have loaned billions to our friends and our Allies. We have got to-day one of the soundest financial systems in the world, and we have got the soundest banking system, the Federal Reserve System, that the world has ever seen. (Applause.)

We are now preparing ourselves for further work in this great conflict, and before the end of this war, when peace comes, our great nation will stand forth, in my opinion, as the most powerful nation in the world in arms and armament. (Applause.)

We have, as I said, the Federal Reserve System. Members of all parties contributed to that act. We know the members of that System together have to-day over \$1,600,000,000 in gold. They have in their vaults today more dollars in gold than the Russian, the French, and the Bank of England, all put together. We have gone through as you know, in the last six months, with two tremendous bond issues. We have had to help our people discount notes in connection with placing these loans; and yet after all this struggle the Federal Reserve banks to-day have nearly \$100,000,000 more free gold over and above their legal reserve than they had on June 23rd before the first bond issue had been practically disposed of. (Applause.)

The Federal Reserve System was established primarily to aid the commerce, business and agriculture of the United States, and yet to-day, my friends, America with her great Federal Reserve System is like Atlas; we are not only taking care of the United States, but we are taking care of the greater portion of the civilized world in its great effort to maintain liberty and freedom forever. (Applause.)

But we will be successful. We have got a banking system sound as a rock. Now, as I have said, Republicans, Democrats, men of all parties, voted for that System; the credit is given to a great many people; but I want to say to you, my friends, that the man who did more than any other man to put that act on the statute books was the President, the Commander of the Army and Navy of the United States, Woodrow Wilson. (Applause.)

Now, war has brought about many drastic industrial changes. We see the fixing of prices. It is almost like rubbing your eyes and wondering if you are not in a dream. We see the taxing of profits. We see the limitation of exports and imports, and the hoarding—not hoarding—we see the conservation of gold and the embargo on its export for certain reasons. But, my friends, under the Federal Reserve System we are trying to gather the gold together as the basis of credit, not only for ourselves but for the greater portion of the civilized world; and every dollar of gold that we get is not selfishly for our benefit but is for the benefit of the great Allies of this world who are fighting for civilization and for humanity.

Now, it is necessary for us, in order to win this war, to make many sacrifices because, as I have said, democracy, civilization even, is at stake. We have got to approach it as the Japanese approached it in their day, when the great nobles offered up all their titles to the Emperor in order that their great country might prosper. We have got to adopt frugality and savings, because out of our savings we can and will win this war. (Applause.)

We can only follow the example of Japan, and we will go down in history in the great triumph of having waged one of the greatest wars in the world out of, or largely out of, the voluntary savings and thrift of the American people.

Now, let us hope that we will go together, Japan and the United States, this civilization of the East and the civilization of the West. This civilization of the East comes to us and is willing and glad to help us. Let us get together, Japan and the United States, over the world in friendly rivalry commercially, in friendly relation, yes, and in friendly coöperation. Hand in hand we will fight this German menace, and we will make the principles of liberty and democracy known and respected all over the world; and finally, when we have achieved that end and when we have brought peace to the world and freedom to the world and democracy to the world, then when we have passed away our children and our children's children, in Japan and America, will rise up and call our memory blessed. (Great applause.)

Among other several speeches made by the Japanese Commissioners and American business men, one delivered by Mr. A. C.

Bedford, Chairman of the Board of Directors of the Standard Oil Company.

Mr. Bedford

It is a distinction for any American to speak here this evening, to greet Baron Megata and his illustrious colleagues. Never before have we had the privilege of welcoming to America from Japan, such a distinguished commission, representing, as this does, every phase of finance, industry and agriculture of the wonderful country of the Rising Sun. It is a rare occasion to greet these gentlemen who come from the new Japan. By that I mean financial, industrial and agricultural Japan, which in the last three years has undergone a development such as never before has been witnessed in the world. We in America have prided ourselves often on the tremendous industrial development that has broken all economic records in the last forty years, but now comes Japan, with a burst of economic development that promises to exceed anything America has done. Because our guests are both the representatives and the leaders of this great industrial movement, and because they have come to America offering their coöperation and seeking our friendship, we feel greatly honored.

It has always been a conceit of mine, in thinking about the great industrial and economic leaders of America who have aided so wonderfully in the development of the wealth of the country, and who, by their genius have added to the comfort of the nation and its opportunities for development of mind, body and living surroundings, to regard them as industrial artists. And they are artists in the sense that they have been creators, that they have been constructors of big industries which have made for the progress of civilization. Has not Mr. Carnegie, Mr. Edison, Mr. Rockefeller, Alexander Graham Bell, Mr. Harriman, each proved himself an artist by genius of organization, foresight or invention, by his force of imagination and his ability to create out of materials and opportunities vast economic institutions that have made for the prosperity of the nation? But His Excellency, Aimara Sato, the Ambassador of Japan to the United States, has surpassed me in his designation of such men. He recently referred to industrial leaders of his own country as "the new poets of Japan."

That is a finer touch. As one thinks of the development of Japan one cannot but feel that the men who have guided Japan in recent years have earned the title of industrial poets. To appreciate this fact more fully, it is only necessary to get a perspective of the industrial development of the nation in the last few years. The number of electric light companies in 1906 was 103, capitalized at \$14,000,000, and supplying 651,000 electric lights. Nine years later there were 484 companies capitalized at \$231,000,000, supplying 8,420,000 electric lights. That growth is an index of the change in the living and business conditions of the country. Most wonderful of all is the development of the mercantile marine. In 1896, Japan had 15,000 tons of shipping. In August last there were 2,185 steamships with a tonnage of 1,748,000, and sailing tonnage of 585,000 making a total of 2,333,000 tons.

But these are only a few of the wonderful things which Japan has accomplished. With an area less than that of Texas and six times that of Pennsylvania, the country has over 77,000,000 people, and yet with a land of which only one-quarter is tillable, the people have been able to support themselves, thus displaying a wonderful persistence and fortitude. Always resourceful, always ingenious, always daring, Japan has developed in a way that has amazed the rest of the world. This almost miraculous progress is due to the industry, intelligence and energy of people. And our distinguished guests, who honor us this evening, have come to America to tell us something of their progress and show us how we can be of mutual help. They have delighted and stimulated us by their energy and mastery.

The things commercial which Japan has accomplished, surpass Japan's prowess in war. We have appreciated, it is true, Japan's military genius and today we are grateful for it. While these economic enterprises have been developing, the people of Japan have worked for democratic government, and today they are proving themselves the peers of democracy, because they are helping wage the fight for democracy against autocracy. They are fighting side by side with the Allies against the domination of Germany. They have driven German arms from the Far East. They have done a tremendous work in keeping the Pacific clear of the navies of our enemy and keeping open the Allies' lines of

communication with the Far East. They have eradicated the influence of German secret diplomacy and insidious propoganda in the Far East. They have shown us just as clearly as the Zimmerman note the fact that Germany has for years been scheming and plotting to destroy the peace that has always existed between our two nations.

Just as Japan, always alert and always possessing a marvelous second sight, has discerned the moves of intriguing Germany, so she has realized that it is the duty of both nations, of Japan and of the United States, to frustrate those schemes and to establish and maintain the bonds of permanent amity across the Pacific. Both countries should realize that this can be accomplished only by cementing the relationships of trade, and that with the closer binding of these commercial bonds, there will come a still better understanding of the aims of both these nations. Japan no more than America desired this war, because Japan, like America, has been peace-loving. No country in the world through tradition of nation and of home has so desired to be left to work out its own destiny. But Japan, like America has always been keen to resist outside domination and control and the trampling upon the rights of her citizens.

So, with Japan as our Ally, there lies for commercial America, a twofold duty. One is to strengthen the commercial bonds between Japan and the United States during the war. The other is to plan for the further upbuilding of that commerce after the war. From purely a matter of sentiment, if nothing else, this should be our duty, because of the friendship that has existed between the two nations and because of the stand taken by Japan in the present war in fighting intriguing and military Germany.

If, as I am confident will be the case, our trade can be developed and our peoples can come in closer contact in the channels of trade, there will be developed a tremendous force and influence that will constitute permanent friendship. We wish, as also does Japan, to expand our trade. It is obvious that the best way to accomplish this is to help each other to a common prosperity that both may expand simultaneously, and let us so help each other so as to obtain between our two nations justice and peace, thus creating in both countries a public opinion whose power shall

influence international conduct for the good of all those desiring prosperity, production, trade, and, above all, peace and good will.

Furthermore, we are Japan's best customer in her rapidly increasing foreign trade. Her export trade to all countries increased from \$354,000,000 in 1915, to \$563,500,000 in 1916: a gain of over 59%. We bought from her goods amounting to \$102,000,000 in 1915, and \$170,000,000 in 1916. To show how rapidly her trade with us is increasing, we sold Japan in 1915 merchandise amounting to \$51,000,000 and last year merchandise amounting to \$102,000,000, an enormous increase in one year. The commerce between the two countries has increased with gigantic strides since the war began. It was developing before the war, and we trust that after the war the same friendly relations will increase still more.

The industrial conditions in both countries and the fundamental principles of foreign trade are in themselves conducive not only to a continuance of this commercial relationship but to its upbuilding. When the people of one nation have a product which the people of another nation desire, and when the people of the second nation have a product which the people of the first nation desire, we have the quick and easy basis of trade. Such is the situation existing between Japan and the United States. Japan has silk, of which her sales to America last year amounted to almost \$120,000,000. She has tea, potteries, toys, which we desire. On the other hand, the United States has cotton, of which we sold Japan last year \$40,000,000., iron, steel, engines and machinery, all of which are essential to the upbuilding of her industries and to the further development of Japan along the lines of her tremendous industrial progress. While temporarily an embargo has been placed upon the export of steel to Japan, it is devoutly to be trusted that this economic difficulty will be cleared away and that the upbuilding of Japan's merchant marine may go smoothly on, with results that will be beneficial not only to Japan but to the United States.

Here then are the basic conditions for a healthy trade between the two countries—a trade that can be developed evenly on both sides, so that there need be at the end of the year no necessity for a settlement in gold. Supplies of raw products such as Japan

requires, can be furnished. Though the war needs in Europe grow, I am such an optimist over the productive capacity of the United States and the readiness of all American manufacturers and merchants to mobilize their resources to the end of efficiency, as to believe that the requirements of the Far East also can be adequately met.

The Yankee has always been pictured as a shrewd dealer. The Japanese have been credited with the same shrewdness. There is nothing in those fundamental characteristics to prevent Japan and America from being friendly rivals in any field. It is of advantage to any country to export those goods which it can produce, because of efficiency and natural conditions, more cheaply than another nation, and economically speaking, the prizes in trade must go to the most efficient producer, and the people of the United States are perfectly willing to vie in a friendly manner with any other nation of the world for foreign trade upon this basis. When President Wilson in his annual message to Congress, the other day, speaking of Germany's trade, said "We were content to abide the rivalries of manufacture, science and commerce that were involved for us in her success, and stand or fall as we had or did not have the brains and the initiative to surpass her," he expressed eloquently an ideal of American commerce.

Japan and the United States can cooperate in the Far East and they can compete, always respecting each other. American exporters are indeed hopeful that conditions may be made still better by Federal legislation for the development of our foreign trade, and that results will ensue that will be mutually beneficial in the Far East to Japan and America; and President Wilson in his annual message spoke of legislation with regard to regulated combinations among our exporters, in order to provide for our foreign trade a more effective organisation and method of cooperation. Such legislation should be helpful to the wishes of Japan.

But this war has opened the eyes of America; it has opened the eyes of Japan. It has made both nations appreciate more than ever the value of foreign trade and made both realise that foreign commerce based upon natural economic conditions can be a benefit not only to each nation but to the world. No people can

live alone and progress. Constant and increasing intercourse such as result through the natural channels of trade broaden the views and lift the standards through the desire not only to emulate but to secure the good opinion of others.

His Excellency, the Japanese Ambassador to the United States, has said truly and succinctly, "Whatever it may have been in the past, the European war has worked such unlimited changes in America's national life that she can no longer afford to stay at home in self-sufficiency not, if only from economic reasons." He said on still another occasion, "On the other side of the Pacific the world drama is being enacted. The Far Eastern drama is none the less important to the people of America, because it is constructive, instead of destructive. The world is about to enter upon what might be called the Pacific era, and the United States of America is tiptoeing on the threshold of a new day wherein she is to be at once a world merchant and a world power."

Therein lies an opportunity for Japan and an opportunity for the United States. Therein also lies a duty for both nations. The opportunity lies in the tremendous commercial growth of the Far East and the tremendous opportunities for trade with Japan. Likewise, it is the duty of both nations to cooperate in such a manner that amity shall always prevail. True, difficulties may come. When we realise, however, that Japan has among its citizens such distinguished and able men as comprise the membership of the present mission—men who appreciate their duties and their opportunities—there can be no doubt that all these difficulties will quickly be smoothed away and that there will be steady and continued progress in our commercial relations. With the upbuilding of our commerce will come more frequent exchange of visits between the two countries. There will spread more information about America in Japan, and about Japan in the United States.

The visit of this eminent Mission from Japan is an evidence to us of the sincerity of purposes of the Government and of the people they represent—an evidence of their desire to be our friends. It is another link in the chain of friendship that binds the two countries, but a stronger link. I believe the visit of these distinguished gentlemen will have an important and lasting effect

upon the relations of our two countries. It means that the business men of the two countries are getting closer together. It means that the people of both countries, in the shop, in the factories, in the fields and in the banks are beginning to think more about each other. It means that the people of both countries are coming closer together and by such intercourse will the people of each nation come to understand the customs, the religions and the national aspirations of each other. By such intercourse and exchange of ideas, the commercial relations of both countries will expand. Once certain proportions are obtained, no nation will likely throw away the opportunities of trade thus developed. Although, as our President said in his address to Congress, Germany did this very thing, yet had the German people really understood what the military caste of Germany was seeking to do, and what their leaders were throwing away, they never would have consented to the beginning of this war.

So as our commercial relations grow, there will come a better understanding, there will be tolerance where tolerance is needed, and there will be increasing respect. Such relations cannot help but make for enduring peace, not only between the two countries, but throughout the world. Is it not true, therefore that great possibilities, yes, great responsibilities, lie in the hands of the merchants of both countries to see that the business relations of the two countries are made so they will bind the peoples of both in such a manner that nothing can sever them? It is my confident hope that a great and glorious future awaits Japan. Japan has changed and developed marvelously in a generation and her people are awakening to the great possibility of international trade and international peace, and they are joining in the great movement for the upbuilding of an international spirit and the ideas of modern civilization.

All that I have said concerning the possibilities of the development of trade and our respective duties to bring about universal peace, comes in the last analysis back to the mind and heart of every citizen. Governments may plan and diplomats may make treaties, but after all, it is the people who, by their thoughts and their acts, make these treaties lasting.

There is a great work for all the leading peoples in the world to do, and we are glad to join the people of Japan and their nation in the extension of civilization and commerce without resorting to methods of violence and intimidation or conquest. We do so in the realization that, aside from the moral ethics involved, no nation can conquer the world by force or maintain her place in the world without the respect of the civilized nations of the earth.

The development of commerce, amity and peace between our two great peoples must be the joint task of both. The world even now earnestly desires peace. There can be no peace, however, that does not bring about a condition that will allow all the nations of the world, no matter what their nationality or size, to pursue their destiny free from fear of the armed perils that have so long controlled them—a destiny whose growth of influence shall be upon a higher plane than that of the “forces of might.”

Our love of peace is sincere and profound and our national policy is against war. Realising, however, that this war is a crime against humanity and that the only way to stop it is to join those who will bring it to an end once and for all, the United States has taken up arms. Under the leadership of one whom the people of the United States trust and respect—a man of indomitable courage and singleness of purpose, a man who has exercised under the most trying conditions a great wisdom and patience, a man of the highest devotion to the cause of liberty, the President of the United States—the people of the United States have arranged themselves as one. And with this man “we dedicate our lives and our fortunes, everything that we are, and everything that we have,” to prosecute the war to a victorious end. And, gentlemen, we will not allow ourselves to falter or to be swayed by the course of events. Though there be up and downs, good news and bad news, victories and reverses, good judgment shown and mistakes made, nevertheless, steadfast and immovable in our faith in the justice and righteousness of our cause and in the supreme confidence that ultimate victory will be ours, we will fight on.

We will fight for the cause of humanity, so that when peace comes there will be a final peace. We will mobilize our

resources, we will assemble our men and we will carry on this war to show Germany that this is not merely a fight by force of arms, but by the force of spirit of a united people, we will show Germany that the sentiment of those lines of McLandburgh Wilson in that strong little lyric, "Where the Flag Shows," applies alike to both the people of Japan and America.

“ There’s a certain sort of glory
That is throbbing in the street ;
You can read the battle story
In the faces that you meet.
They have flung the colors gleaming
From their offices and homes,
And the flag is proudly streaming
From the many towered domes.
For the battle fire has known it
Where the cannon thunder rolls,
And the citizens have flown it
From the windows of their souls.”



23. RECEPTION BY THE JAPAN SOCIETY

The Japan Society comprising today over 1,000 American and some 200 Japanese residents in New York, one of the strong social organizations of New York City, gave on the evening of December eleventh a reception and supper in honour of Ambassador Sato and Baron Megata's Mission at the Grand Banquet Hall of Astor Hotel. Over one thousand gentlemen and ladies honoured the occasion with their presence. After an introductory speech made by Mr. Lindsay Russell, President of the Society, Mr. Darwin P. Kingsley President of the N. Y. Life Insurance Co. was asked to act as Toastmaster. His Excellency Ambassador Sato, Chief Commissioner Baron Megata, Commissioner Koike, Hon. Marcel Knight and Mr. Gerald M. Dahl, Vice-President of Chase National Bank were the announced speakers. When Baron Megata was called upon to speak, the Toastmaster introduced him with a short biography specially referring to his educational relations with the United States, his administrative abilities demonstrated in fiscal administration in Japan and Korea, and his political career in the Japanese parliament. The following speeches are those by President Lindsay Russell, Baron Megata, Mr. Dahl and Mr. Koike:—

Mr. Lindsay Russell

“ During the many years in which you have honored me with the Presidency of the Japan Society I have endeavored to observe three rules : first to be brief of speech ; second, not to relate at each dinner or other gathering the history of Commodore Perry's landing in Japan ; third, not to indulge in fulsome praise of Japan and the Japanese. Sometime amid such a plethora of praise, I can enjoy, by way of contrast, an editorial like that in the New York Tribune last month which innocently stated that the Japanese emerged from barbarism only fifty years ago ! Criticism of that kind helps us to think of them as normal human beings and also develops their sense of humor.

Mark Twain was very close to the truth when he said that every American boy was born with the date, 1492, stamped upon his brain. Every school child in Japan knows 1853 and the story of Commodore Perry almost as well as he knows his own name. And yet, at every one of the countless international dinners which I have attended, in New York and Tokyo, within the past twelve years, some one invariably has felt called upon to resurrect this ancient history in all its details. I sometimes wonder if every Spaniard who visited the United States during the first hundred years after the discovery of America reminded our forefathers of our debt of gratitude to Columbus.

In the attitude of the American mind toward Japan, as it has revealed itself in the past, you will find, in my opinion, five distinct historical periods.

Last evening I was glancing through a book entitled "The Elements of General History." It was one of the first textbooks of history used in our schools and academies after the Revolution. It was published in New Hampshire in 1823. Only half a page was devoted to Japan and this is what it said: "The Empire of Japan was discovered by the Portuguese about the middle of the 16th century. The open and unsuspecting character of this industrious and polished people led them to encourage the resort of foreigners to their ports, and the Spaniards carried on a most beneficial trade to the coast of Japan. The Emperor zealously promoted this trade until the priests, under the pretense of converting the Japanese from idolatry, set one-half the people at mortal variance with the other, and started a conspiracy for dethroning the Emperor and seizing the Government. Since that period the European nations have been excluded from the ports of Japan, the Dutch only having the privilege of landing on one of the small islands for the purpose of trade."

That was the sum total of the information available about Japan in our public schools until about 60 years ago, and that constitutes the first of the periods to which I have alluded.

From 1853 until 1905, that is from Perry's visit to the Russo-Japanese war, the second period held sway. Our attitude was still one of ignorance and indifference. True, a few artists and tourists enthused over the art and natural beauty of the Eastern

Empire; nevertheless they regarded the Japanese as a romantic race, ever shouting Banzai and committing *hara kiri* simply for dramatic effect.

The third period was ushered in by the Russo-Japanese war. The achievements of the Japanese army and navy astonished us and our enthusiasm was keyed to the highest pitch. Every Japanese sailor was a hero and every soldier a samurai, "devotedly rushing on his foes," as Bernard Shaw says, "with shouts of Banzai and brimming over with Bushido, though nobody knew what Banzai meant, or whether Bushido was a liquid or solid."

The fourth period began a year or two after the Russo-Japanese war and was marked by more or less suspicion and distrust. This attitude was largely the result of anti-Japanese propaganda coupled with a sentimental interest for China. Senator Root said last month. "There never has been in this country, so far as my observation and reading go, any more dangerous and persistent misrepresentation regarding the relations, the purposes and the character of another country with which we have relations than in the case of relations between the United States and Japan."

1917 is the mile stone marking the fifth and last period, in our mental attitude towards Japan. The publication of the famous, or infamous, Zimmerman note and the visit of Viscount Ishii were cloudbursts that cleared the international atmosphere. To-day the relations between the United States and Japan are on a more permanent and friendly foundation than at any time in the past decade.

One guarantee of the continuance of this happy relationship is the fact that so many of our ablest men, our best international minds now recognize the importance of a clear understanding of and with Japan, of a friendship in the higher sense between the Ancient East and the Newer West.

One of our directors who is doing his part in bringing to pass such a consummation has consented to preside this evening. If he were permanently in the office which he will temporarily usurp, the Society's membership would be doubled, its bank account expanded and its curriculum enlarged. Ladies and Gentlemen, I have pleasure in introducing Mr. Darwin P. Kingsley.

Mr. Kingsley, acting as Toastmaster then gracefully introduced Baron Megata, who spoke as follows:—

Baron Megata

“ Mr. President, Mr. Toastmaster, Ladies and Gentlemen:—

It is a very great pleasure for my fellow-commissioners and myself to be your guests, and we appreciate your courtesy in arranging this occasion in our honor. We know what the Japan Society stands for and, for more than ten years, have watched its work with interest and noted its growth with satisfaction. In going over your year book recently, I was impressed with the very representative character of your membership and I congratulate both America and Japan that there is such an organisation devoted to furthering and maintaining a full and happy understanding between the two peoples.

Personally, I am especially gratified to partake of the hospitality of this Society, as I am one of the honorary Vice Presidents of a similar association in Japan called “ The America-Japan Society.” The objects of both societies, I think, may be more tangibly realized if we are able to fulfill the duties of our present mission and bring the economic and financial relations of the two countries into a closer bond.

I wish to talk to you tonight about the Far East generally, with particular reference to Japan's part in the activities of the Orient. You are no doubt already familiar with Japan's part in the war, — her effective work in clearing enemy naval bases from the Pacific and Indian Oceans, — in keeping those seas open to the commerce of the Allies, — in convoying Australian armies, — in having afforded accommodation to her Allies, directly or indirectly, to the extent of one billion one hundred million yen. She has been working at high pitch turning out ships, arms, ammunition and other supplies. Recently this work has had to slow down because Japan is suffering from need of materials. Most of the raw materials used in the manufacture of war requirements must be imported, and it is our hope that, in the near future, the United States will be able to produce not only sufficient for her own needs but a surplus for export, particularly of such commodities as steel plates, bars, tubes, etc. Our manufactured pro-

ducts are used in the allied cause and it is our desire to do our part to the utmost of our ability.

We have supplied Russia with vast quantities of arms, ammunition and other requisites. In the early part of the war, she paid in cash or by bills of exchange, later she paid by selling exchequer bonds in Japan to the sum of 170,000,000 yen. Two obstacles have prevented still greater help to Russia, — the limitations of the trans-Siberian Railway and the lack of adequate foreign financial connections of the Russian Government.

I am a member of the Russo-Japan Society in Tokyo and have watched conditions in Russia with the greatest interest. Recent developments are most unfortunate and no one can safely predict what the future will bring forth in that at present unhappy country.

Japan's greatest aim is the maintenance of peace in the East; in accomplishing her aim she will be contributing her part to world-peace. Her navy and army are purely for national defense and are in no sense intended for purposes of aggression. We have never fought a war of aggression and, in future as well as in the past, our armed forces will be only for the defense of our life as a nation and our provision for national defense can be only that within the sphere of our financial capacity. If the present world-struggle is to be of long duration, Japan must prepare her financial and economic structure to bear a greater burden.

Japan's economic well-being is dependent upon China. China and Japan form, as it were, an economic unit. China cannot go on well without Japan; Japan needs a strong and prosperous China. Japan's energy and forwardness might well be joined with China's resources and this union, with the co-operation of the United States, would provide the means for the uplifting of the new Asia. The new state of Asia, enlightened and strengthened, will be the only check to the militarism and selfishness of some power always tending to encroach upon less advanced, less prepared and perhaps less organized nations.

I want to say a few words about progress in Korea. When I assumed the duties of financial adviser to Korea, I found conditions there in a chaotic state. There was no budget, so government accounts were often mixed with those of the Korean Imperial

household and influential officials often meddled with the State's revenues. Official extortion was commonly practiced in both central and local governments, resulting in the people's losing their ambition to raise their standards and prosper; they were content to live in huts, thus avoiding official extortion. The currency system also was in a deplorable condition; counterfeit nickle coins were not only smuggled in by foreigners but were even struck off by the Korean government itself for the purpose of making unusual profits. Had not reform been introduced and enforced in Korea, she would long since have become bankrupt.

During my stay in Korea, I introduced and established new budget and tax systems. At first it was necessary for Japan to help financially and 15,000,000 yen a year was appropriated for civil administration and public works and, in addition, the military expenses were defrayed by the Japanese Government. In 1914, the Government General inaugurated a plan for the fiscal independence of Korea; this plan is developing satisfactorily and under it complete fiscal independence is expected by the year 1919.

In 1905, the year after my arrival in Korea, the revenue was only 7,000,000 yen; in 1916 this had increased to 41,000,000 yen, without inflicting any heavy burden but actually promoting the well-being of Koreans as a whole. As to public works,—road construction, harbors, railroads, etc.,—those are not only for the benefit of Japan and Korea but for the benefit of the world at large. The railroads have adopted a broad gauge, and recently Korean and Manchurian railways were put under the same management to promote efficiency on a world-route and to increase the comfort of tourists and other travelers. The Government General has also well-equipped modern hotels. Fusan harbor, when completed, will be able to accommodate ships of 20,000 tons; fine public highways are near completion and tourists will soon comfortably cross the Korean peninsula by automobiles. A fine bridge was completed several years ago over the Yalu River connecting Korea with Manchuria.

These are a few of the things done and they will, I hope, indicate Japan's forward looking and her preparation to do her full part in the world's work, both now and in future."

Mr. G. H. Dahl

“I am informed that Viscount Ishi remarked in one of his addresses shortly before leaving America that he had been delighted with the hospitality of the American people, but that he was convinced the American people did not understand the Japanese. I am impressed with the sincerity and accuracy of this observation. We hear a great deal about a more complete understanding between Japan and America and, of course, there can be no coöperation, either economic or political, without understanding. But such understanding must be mutual. It accomplishes nothing if the Japanese understand us and we do not understand them. It must be apparent to all of us that the Japanese can not be held responsible for any failure of mutual understanding. They have sent us numerous commissions—they have sent us some of their ablest and best citizens, leaders of finance, industry and diplomacy. They have offered us every opportunity to become acquainted with their political and economic designs and to understand their temperament and aspirations. But we have sent them no commissions. It is seven thousand miles from Yokohama to New York, but it seems to be many times that distance from New York to Yokohama. Very few of our leading citizens have visited Japan. Hardly any of the rank and file of our citizens have attempted to familiarize themselves with the history of Japan, or to understand the modern enlightened policy of the Japanese nation. When it comes to the interchange of brains between Japan and America, the balance of trade is always in favor of Japan and there is no medium of exchange in which this balance can be settled.

It is not surprising that we, as a people do not understand Japan. We have not understood nations with which we have been in much closer contact. For years we have failed to understand England, and there have been differences of opinion between England ourselves occasionally amounting almost to serious friction. We have not understood Germany. Although we have had millions of Germans in the United States, and have been in constant economic and intellectual contact, we never realized the menace of the Prussian belief that Prussia was designed by the Almighty to rule the world. Several years ago the Kaiser said “We Hohenzollerns take our throne from God and to God alone

are we responsible for the fulfillment of our duty." The Kaiser's allusions to the Almighty were almost a commonplace, but we never appreciated exactly what they meant. So long as the Hohenzollerns were able to convince Prussia that they were divinely appointed to rule Prussia, it did not interest us. So long as Prussia was able to convince the rest of Germany, that Prussia was divinely appointed to rule Germany, we passed it by. But, when this doctrine of divine appointment was carried so far as to insist upon the right of Germany to rule the rest of the world, we then proceeded to understand the situation and made it our business, with our Allies, including Japan, to permanently dissolve this alleged partnership between the Kaiser and the Almighty.

Now, there are a number of reasons for this failure on the part of our people to understand Japan and to understand other nations of the world. To begin with, Japan is a homogeneous, although a composite race, of like tradition, similar inherited qualities and uniformity of aspiration, organized into a government which is in sympathy with and which directs the best brains of the country. Its government is in sympathy with the commercial and industrial plans of the large business institutions of Japan. So you have a national and a racial solidarity, consciously organized for the specific purpose of directing the commercial and industrial development of the country and, as a part of that purpose, an understanding of occidental civilization and industry. The egoist never understands anybody. He is too absorbed in himself. Japan is not a nation of egoists. The Japanese have the virtue of humility and their modest bearing enables them to penetrate other civilizations in a sympathetic spirit and to thoroughly understand them. Not only humility, but patriotism, loyalty and a high sense of honor, a Stoicism in the face of danger or adversity, are as indigenous to the soil of Japan as the cherry blossom and the chrysanthemum.

Now, we, as a nation, occupy a vast expanse of territory, which is not yet fully developed. In the past it has not been necessary for us to have such an intimate knowledge of foreign conditions and foreign peoples. We have found sufficient opportunities for development within our own boundaries. We have been very much of an isolated nation. And this has made us

provincial and complacent. If an inhabitant of Mars should have dropped into this country at any time prior to a year or two ago, and should have been asked what impressed him most about the American people, he would probably have said that the most striking thing was the complacency, self-satisfaction and self-sufficiency of the American. Another difficulty with us has been that we have no racial or national solidarity. We are a heterogeneous people. We have a mixture of all peoples and of all races. These different races have different traditions, different aspirations, different inherited characteristics and varying moral stability. This has produced friction within our own boundaries, friction of a character not possible in a nation which has a racial solidarity. Our country is so large that different sections have developed along individual lines, without understanding the other sections of the country. We have heard something in recent years about "The New Nationalism" and "The New Freedom." Some verbal artist with keen political insight might write a book on our "New Sectionalism." We have farmers of the Middle West and of the Pacific Coast who are out of sympathy with and do not understand the commerce, the industry and finance of the Atlantic Seaboard. We have not yet co-ordinated our different races and our varying industries for our internal national purposes, to say nothing of co-ordinating them for international purposes. Business and government in Japan have gone hand-in-hand. In the United States they pass on opposite sides of the street and rarely speak as they go by. But I am hopeful that out of this war will grow not only a co-ordination of our own industries and of our various races of peoples, but a national vision, and more, an international vision, which will enable us to understand and comprehend the aims, the aspirations and the purposes of other nations of the globe and which will give us a cosmopolitanism as broad and liberal as that of Japan."

Commissioner Koike

It gives me boundless pleasure to meet such a large number of representative members of the Japan Society in this hall tonight. At the time when the Society was formed ten years ago I was representing Japan here in a consular capacity and was naturally

consulted regarding its formation, which I welcomed with all my heart. Ever since I have taken the greatest pleasure in its development and nothing gives me greater satisfaction than to see the Society in such a thriving condition as at present. It has done and is doing good work in the betterment, if possible, of the international relations of our two countries.

Coming to New York again, after an interval of ten years, I notice a great change in the feeling of the people toward Japan. Indeed, it has improved remarkably and I am confident that the change is due greatly, if not entirely, to the activity of the Japan Society. It would not be too much to say that if there had been no such organization as the Japan Society that valuable political understanding which has lately been arrived at between Secretary Lansing and Viscount Ishii would not have been made. The friendly relations between the United States and Japan are of traditional cordiality and the friendliness of the two nations constitutes the basis of the peace in the Orient. Our two nations are the guardians of the Pacific and our mutual and complete understanding is essential to the peace of the East. For this complete understanding it is necessary that each of the two nations should honestly and frankly recognise the wants of the other. Japan does not hesitate to recognise the special interests which the United States may possess in the different parts of the world and the United States has now shown her traditional justice by recognizing the position of Japan in regard to China. By this thoughtful and wise agreement causes for difference of views, if any, regarding Far Eastern Policy, between the United States and Japan have to a large extent been removed. At this time when international understanding between our two countries has become complete, it will not be out of place if I ask you to look back a little in history and find out how a certain great European Power has long been scheming to place Japan at a disadvantage in international relations and to prevent her growth in every direction. It has been and it is still one of the many ambitions of that military Power to obtain access to southern waters, as she has at present an outlet only in the northern seas. For the realization of that ambition she has been fomenting internal discord in Austro-Hungary; for the same purpose she has been establishing

her influence in the Empire of Turkey. If she only could obtain an outlet in the south, her colony in Asia Minor, her south-sea possessions, her stronghold at Kiauchau would be linked together from middle Europe to the Far East. If this could be accomplished no other Power could check the further advance of German influence over the whole world. Between her and her goal, however, there lay many obstacles, one of which was the rise of Japan. To facilitate German expansion in the East all the Oriental nations must be weakened and above all the growth of Japan must be nipped in the bud. Another obstacle which threatened to be a very hard nut for Germany to crack was her powerful neighbour Russia. In order to give a death blow to Russia and to check Japanese growth nothing would be more desirable than a conflict between those two Powers, if such a thing could be realized. In the estimation of Germany at that time a war between a small Eastern Power like Japan and a great military Power like Russia was almost an impossibility. Japan would never think of fighting single-handed against a nation which was so many times larger than herself in size and in resources. In order to enable Japan to pick a quarrel with Russia she must be strengthened and supported by some means. It was most opportune for the furtherance of Germany's ambition that at that time an agreement of alliance was under consideration between the Japanese and the British Governments. I have every reason to believe that Germany was aware of the negotiations from their commencement and that she not only approved of the idea of an Anglo-Japanese Alliance, but actually encouraged its conclusion. The Agreement was signed in February, 1902, much to the satisfaction of the German Emperor. In the opinion of the Kaiser now that the agreement was concluded it only remained to strike a match to start the fire. Means were employed to foment conflict and ill sentiments between the two peoples of Japan and Russia, and all sort of intrigues were planned to sow seeds of discord between the two nations, until at last the Russo-Japanese war broke out in 1904. It was perhaps the Kaiser's private prediction that Japan would be entirely beaten by Russia, while the latter, on her part, would be greatly crippled. But unfortunately for the Kaiser his prediction was not realised, and the

result of the war was as you all know. Greatly disheartened by the unexpected turn of events the Kaiser contemplated an alliance with Russia. An invitation to visit Potsdam was extended to Count Witte who was on his way home from Portsmouth where he had signed the Treaty of Peace. The wise and thoughtful statesman however refused to accept the Imperial invitation and the Kaiser's dream ended as a dream. Ever since Germany has been working hard to alienate American sympathy from Japan. But, thanks to the good work and untiring efforts of the Japan Society, the mutual understanding and confidence of our two peoples have grown remarkably in recent experience. I cannot help thinking that the growth of the Japan Society indicates also the growth of the friendly relations between the two countries, and I sincerely hope that the good influence of the Society will continue to increase as time goes on.

24. LUNCHEON BY THE EVENING POST

As the New York Evening Post has been ever sympathetic and courteous toward Japan, this paper eminent in the financial world of America issued, as already mentioned a special number commemorating the visit of the Japanese Finance Commission. Further, it entertained the Commission at luncheon on December 12th at the Banker's Club. About seventy prominent bankers, business men and journalists were present. Mr. Alexander Noyes, Financial Editor, presiding on the occasion said Japan was rather weak financially before or in the time of the war with Russia, but now, had been advanced to be one of the great financial Powers by the loyal services of wise men such as the late Prince Ito who adopted the national banking system, Marquis Matsukata who adopted the gold standard, Baron Magata who contributed much to the financial administration of both Japan and Korea. In his response, Baron Megata briefly explained the object of the Finance Commission and urged American-Japanese coöperation in developing the Far East including China, Siberia and Oceania and the formation of a corporation for that purpose. The following is the gist of the Baron's remarks on coöperation :—

The advantages of coöperation are so many that they cannot be enumerated here, especially as they would carry us beyond the sphere of economics; but a few factors in the industrial field may be mentioned :—

- A. Doubling the financial power of all industries in Japan, on the coöperative plan, by the importation of capital.
 - B. Co-ordination in the supply of raw material.
 - C. Co-ordination in the supply of technical skill.
 - D. Co-ordination in the distribution of America-Japan products throughout the Far East.
 - E. Partial relief of the products of the two countries from the disadvantages of severe competition in Oriental markets.
- etc. etc.

NOTES ON THE FOREGOING

- (A) Capital imported under A. and invested in industrial plants becomes firmly rooted to Japanese soil and cannot be physically removed.

It is true that a certain percentage of profits may go abroad, but it is very small compared with the earning power, by reason of the necessity in industrial economics to return a large part of the earnings for the development of the industry.

The largest part of the earnings are not direct, but in the form of profit to labour which goes to the domestic development of this country.

- (B) Certain raw materials are to be found in this part of the world which could be more economically fabricated here near the base of supply, than if sent to America, manufactured, and returned to the Orient.
- (C) Technical skill is the very corner stone of industrial success, and in order to insure a full supply I would go so far as to recommend that the combination of interests be confined almost entirely to those that are already established in the industries to be joined. In this way only can Japan receive from her investing co-partners the full value of their coöperation.

25. ENTERTAINMENTS BY PROMINENT INDIVIDUALS

While the Commissioners were entertained by bankers' clubs, commercial associations and other societies in New York, they often enjoyed the hospitality of prominent individuals.

On November 28, Mr. and Mrs. Jacob H. Schiff invited Chief Commissioner Baron Megata and Commissioner Koike to a dinner given at their residence and after that they were taken to the Metropolitan Opera House where the famous Caruso, Scotti and Madame Hempel were playing. Mr. Henry Clews on the 28th invited Baron Megata and Baron Ito to a dinner given at his residence. On Thanksgiving Day Baron Megata and Commissioner Dr. Hishida were taken by automobile to the country house of Mr. Henston, Vice President of the Doubleday Page Company, on Long Island, where they had Thanksgiving dinner and where they met Mr. and Mrs. Doubleday and their daughters. Mr. Doubleday was about to start for Japan, China and the Philippines to investigate Red Cross matters by Government order.

Prof. Edwin E.A. Seligman of Columbia University, who has been acquainted with Baron Megata since the Baron visited New York in the suite of Marquis Matsukata's mission fifteen years ago and who knew Dr. Hishida as his pupil eleven years ago at Columbia, tendered a dinner on December 1st in the honor of Chief Commissioner Baron Megata and his associates, Hishida, Ito and Yoneyama at his residence. Former senator Theodore E. Burton, President of the Merchants' National Bank, Mr. Jacob H. Schiff of Kuhn, Loeb and Company, Mr. E.H. Outerbridge, President of the Chamber of Commerce, Honorable Oscar S. Straus of the Public Service Commission, Mr. Henry Seligman of the Seligman firm, and several other lawyers and bankers were also guests. After dinner, the guests were taken to the Professor's celebrated library room which contains mostly economic and financial works of reference to the number of over 30,000 copies. Among them, an original edition of Fritz Herbert's "Husbandry" published in 1531, was shown to the guests.

On December 19th, all the Commissioners were invited to a dinner given by Dr. Jokichi Takamine, the well-known Japanese chemist in New York, at his residence on Riverside Drive. Mayor and Mrs. Mitchel and Judge and Mrs. Gary of the United States Steel Corporation were also guests.

Judge Gary, Chairman of the Board of Directors, United States Steel Corporation, entertained the Commissioners at a dinner given on December 21st at his Fifth Avenue residence. There were more than thirty guests including ambassadors Gerard, Morgenthau and Elkins, Frank Baker Jr. of the First National Bank, J. P. Morgan, Director Henry C. Frick of the Steel Corporation, President James A. Farrell and other Directors of the Board and Executive officers of the corporation. Among several informal speeches exchanged, Judge Gary, with his characteristic and fascinating tone, introduced Baron Megata by again advising the American guests to visit Japan and to see Japanese sincerity toward America. Mayor Mitchel welcomed the visit of the Commission in his short address. Baron Megata spoke of the urgency of application of common law to the world at large, and said America's entry into the war is of vital importance to end the war. Ambassador James W. Gerard familiarly addressing Baron Megata as "Judge Megata," (because the Baron was once a judge in a law court in Japan), praised the characteristic sincerity and politeness of Japanese by giving several examples, which he had witnessed, while he had charge of protecting Japanese in Berlin after Japan's entry into the war.

On December 23, Mr. Fredrick Jennings, an eminent lawyer having connection with the Morgan Firm, gave a dinner to Baron Megata.

On December 24, Mr. Henry C. Frick, Director of the United States Steel Corporation tendered a luncheon in the honour of Chief Commissioner Baron Megata, and Commissioners Koike, Ito and Hishida, Ambassador Gerard, Mr. James Perkins, the former President of the N. Y. Life Insurance Co. Several directors and executive officials of the Steel Corporation were also guests. The host has a wonderful collection of oil paintings of Italian, Dutch and English masters, and the guests were taken to his elaborate art parlor after the luncheon.

26. LOCAL VISITS

While the Commissioners were carrying on their work in New York as their headquarters in pursuing investigations on finance and economic matters or exchanging views with businessmen and financiers, they were collectively or individually radiated from New York to different cities and industrial quarters from time to time.

The Paterson Silk Mills

The Commissioners motored down on November 27th to Paterson, New Jersey, in order to inspect the silk mills where more than half of the Japanese raw silk imported to the United States is used. They were received in the City Hall and were introduced by Hon. Amos H. Radcliffe, Mayor of Paterson, to leading city authorities and members of the Chamber of Commerce. An informal luncheon was given by the City and Chamber of Commerce in honour of the Commission. Among several speeches, Mr. James T. Jordan, President of the Chamber of Commerce, in his welcome address, said that Paterson manufactures more than half the silk sent to the United States from Japan and that the friendly relations between the two countries are not only traditional and sentimental, but is becoming more material and substantial. In his response, Chief Commissioner Baron Megata spoke of the fabric alliance and said this alliance grows stronger year by year as more Japanese silk is manufactured in America, and more American cotton manufactured in Japan. After the luncheon, the Commissioners were shown a demonstration of the activities of the Paterson fire brigade. The Commissioners spent practically the whole afternoon in inspecting spinning and weaving in the mills of Doherty Wadsworth and Co., John Hand & Co., and the National Silk Dyeing Company.

The Resolution of the Silk Association of America

A fortnight after the Commissioners' visit to Paterson, the Commission received a copy of a Resolution and Brief relating to

the silk industry in America, which had been unanimously approved and passed by the members of the Board, of the Silk Association of America. This resolution and brief were presented to the authorities at Washington by the President of the Association. The brief very clearly states that silk goods are no longer "used exclusively by the small class of rich people," but have become a practical utility to every class to people. "A silk dress costs less than a woolen one, and a silk waist costs less than the better grades of cotton ones. No other costume has so wide a range of uses as has a silk one." The silk industry in America having very important relations with the silk industry in Japan, it is worth while to give here a copy of the above mentioned resolution and brief.

"To the Members of the Silk Association of America

For your guidance, you are advised that at the regular quarterly meeting of the Board of Managers, held December 12, 1917, in the rooms of the Association, the following resolution and brief were unanimously passed and approved by the members of the Board.

This resolution and brief have been presented to the authorities at Washington by our President.

Yours faithfully,

Sig. (Ramsay Peugnet)
Secretary."

"Conservation Resolution Adopted by the Silk Association of America

Whereas, the exigencies of the War make it necessary for the silk industry to join in an undivided effort to sustain the Government in its employment of all the country's resources ;

AND Whereas, these resources consisting of labor, capital, fuel and other supplies, must be conserved :

Be it Resolved, that the Board of Managers of The Silk Association of America recommends to its members to coöperate in this direction, and to plan the production of fabrics best calculated to supply the needs of the public with the least expenditure of the aforesaid resources, confining the use of their machinery to the making of articles which can serve as useful material."

“ Brief on Silk, An Article of Utility and Silk Industry, An Essential One

The stress and urgency of war preparation are putting a severe strain upon the producing and the transportation facilities of the country and it is urged with much force that the vital energies of our people should be centered upon those activities which are of first importance, and that those industries which result only in the production of unessential articles should for the time being stand aside. It is urged that the power of the Government should be exerted to force them to do so by various means, as for instance, the curtailment of transportation and of coal supplies. Among others, the silk industry has frequently been cited as a non-essential one.

On account of its beauty and its former great expense, the idea of silk is almost inextricably interwoven in the public mind with the idea of luxury, and, therefore, it is not strange that to many the silk industry might appear to be non-essential. This view of the case is, however, superficial. The fact that silk is beautiful does not at all impair its usefulness. It is very necessary to put aside all preconceived ideas and traditions of the past, and make serious inquiry into the present status of silk as an article of utility, its relative cost and the part it is playing as a substitute for other fabrics.

Silk culture and silk manufacture have made enormous strides during the life of the present generation, and silk goods are no longer as they formerly were, used exclusively by the small class of rich people. Silk has now become a part of the clothing of the people to a degree undreamed of even a few years ago. The price of silks has been constantly decreasing, and even now in these days of war prices, it has increased relatively less than that of any other textile, and probably less than almost any other commodity.

A silk dress costs less than a woolen one, and a silk waist costs less than the better grades of cotton ones. No other costume has so wide a range of uses as has a silk one. It can be used throughout the day and evening without change and is suitable for all occasions. It is available for summer and for winter, and it has unequaled wearing qualities. For reasons of economy as

well as for its general utility and beauty, it has become the favorite of the women.

On the other hand, wool is the only suitable fabric for military wear. Our soldiers and our sailors must have it. They cannot fight and they cannot live without it. Wool is terribly scarce and very costly, and it must be conserved and used only where vitally needed. Cotton also is called for in an unprecedented way, and its cost has been multiplied. It must not be applied to unnecessary uses.

For these two textile fabrics which are of such vital need in conducting the war, there is no substitute so satisfactory and so available as silk.

The following extract from a resolution passed at a wool conservation meeting held in New York, on November 27, 1917, by representatives of the garment manufacturers, jobbers, retailers, dress makers, importers, model houses, tailors, mail order houses, pattern makers, fashion publications and others, shows how clearly the value and utility of silk as a substitute for wool is understood by the trade :

“That an endeavor be made to have garment manufacturers advocate the freer use of other materials than those composed wholly or in part of wool, and that wherever possible other fabrics such as SILK, cotton, etc., be combined with woolen materials in the manufacture of women’s, misses’ and childrens’ coats, suits, and dresses, and that they use their influence in advertising and exhibiting to popularize the use of these other materials.”

The Silk industry is now called upon to do its part in supplying war material, and the Government is calling and will call for enormous quantities of various silk materials for which there are no satisfactory substitutes. Millions upon millions of yards of silk noils cloth is needed for the making of cartridge bag cloth for the use of the artillery of both the army and the navy. Silk cloth is used to an enormous extent in Europe for airplane wings, and it will certainly be so used by America. Sewing silk is largely used both for clothing and for shoes. Silk neckcloths are used by the navy. Silk is the material for our flags and banners.

The cartridge bag cloth and airplane cloth are made from noils and from spun silk which are, so to speak, by-products of general silk manufactures, and which would not exist if making of reeled silk and its products were arrested. These supplies simply must be had.

Silk has played an important rôle in the European war and all nations have carefully guarded their sources of supply. The allied countries, including the United States, have taken strong steps to prevent the importation of silk into Germany and Austria, and to attain this end they have put great pressure upon neutral countries, especially Switzerland, and they now exercise a control over all imports and exports of silk to that country.

No European country has stopped the manufacture of silk during the war, although in some cases they have commandeered the product for government use. Silk manufacture has continued in France, Switzerland, and Italy, at from 50 per cent. to 75 per cent. of normal throughout the war.

Raw silk was imported into the United States from Japan during the last year to the value of one hundred and thirty million dollars (\$ 130,000,000.) It constitutes the chief export article of Japan and is the largest source of income to that country. If the consumption of Japanese raw silk by this country should be stopped or seriously curtailed, it would be the cause of grave concern to the Japanese people and the Japanese Government; and it is well to consider what effect this would have upon the present cordial relations existing between the island government and our own. This is certainly not the time to introduce any new and unnecessary international complications into the situation.

The silk industry puts a relatively small burden upon the transportation routes. Its raw material and its finished product are compact and of high unit value. There are no great bulky masses to be moved as is the case in so many other industries. Even the consumption of coal is relatively light for the reason that the machinery used is light and does not require great power for its operation. Although a considerable amount of heat is required in dyeing, it is not larger than in other textile industries. In most of the mills the heating of the buildings is done by the

exhaust steam from the power plants. If the plants were to be stopped they would still have to be heated to prevent serious deterioration, and the heat used for this purpose would have to be obtained by the burning of coal which would not be also utilized for power. This would greatly diminish the coal economy in stopping.

The silk industry must bear its share in supplying the Government with revenue during this emergency. If there is to be no income, or a greatly restricted one, the money that is expected to be forthcoming through the operation of the income tax law and the excess profits tax law, and all other tax laws, will not materialize and the Treasury will be the loser. The silk industry has been a liberal subscriber to Liberty Loans, and can be counted upon to do its full duty in the future. It cannot do it if it is prevented from living.

The hampering of the activity of our factories must inevitably impair, or ruin, our credit, and would produce evil results which it would require years to repair. In many cases bankruptcy would result.

The financial situation of the country should not have such burdens put upon it now when an effort should be made to keep it as far from undue stress as possible.

With the notable exception of the local development in and around Paterson, N. J. the silk industry is widely scattered through small towns in the Eastern states. For the most part the factories are not located near to other industries which are engaged in producing munitions of war, and if they were to cease operations the employes would suffer great hardship and be without employment. Many individuals would no doubt migrate to other places in search of work, but whole communities cannot be transplanted. An attempt to do it would create desolation and want in many localities. This is all the more true as about sixty (60) per cent. of the wage earners in the silk industry are women. The removal of women and the inevitable breaking up of homes and families which must accompany such an act would be only little less of a tragedy than the exile of the Arcadians or the deportations of recent times in Europe. If accomplished, the resulting disorganization of the social and the industrial organiza-

tion would be so great that it would be the work of years to repair the damage.

The silk industry of America is now far in the lead as compared with that of any and all other countries. Before the outbreak of the war we were consuming more raw silk than were France, Germany Switzerland and Italy combined. The value of our output was over two hundred and fifty-four million dollars (\$ 254,000,000), (now greatly increased). The total of wages paid to one hundred and eight thousand (108,000) operatives, was over forty-seven million dollars (\$ 47,000,000), (now probably 50 per cent. higher). Although the United States census figures for capital invested are confessedly incomplete and inaccurate, it is nevertheless worth noting that the silk industry was, in 1914, credited with a capitalization of over two hundred and ten million dollars (\$ 210,000,000).

The figures present the outline of a picture of a proud achievement in industrial development. The hand that arrests it or halts its useful productivity should be well advised as to the need and the justification for such act.

The Silk Association of America,
Charles Cheney, President.

Approved by the Board of Managers of
The Silk Association of America at a
meeting held on December 12, 1917, at
New York City.

Attest :

Ramsay Peugnet,
Secretary."

Baltimore

By the invitation of the Merchants and Manufacturers Association of Baltimore, Chief Commissioner Baron Megata and his several associates went to Baltimore on December 2nd. On the following day a luncheon was given in honour of the Commissioners by the Association at one of the clubs of the city. More than three hundred persons including His Honor, the Governor of Maryland and President Frank Goodnow of Johns Hopkins University, were present. Mr. Frank N. Hoen, President of the Association, acting

as the toastmaster called upon Baron Megata to speak after recounting the Baron's personal relation with Harvard University and his official and political career. Baron Megata in his response, briefly stated the object of the Finance Commission sent to the United States and also spoke of Japan's sincerity in participating in the war by declaring that Japan is doing what she can do financially and militarily in helping her allies." After the luncheon the Commissioners were taken to the City Hall, Baltimore Museum and Harbour by automobile.

Philadelphia and elsewhere

Chief Commissioner Baron Megata accompanied by Commissioner Yoneyama spent one day in Philadelphia on December 18th after his visit at Princeton. He had an interview with Mr. John Wanamaker upon questions relating to the World Sunday School Association. Commissioner Kenjiro Matsumoto visited Pittsburg to investigate the ironworks, while Commissioner Yamashita twice went to Toledo, Ohio, to inspect the glass manufacture. Mr. Sakakuchi went to New Orleans and Galveston to investigate economic conditions in the South.



27. SEVERAL DAYS AT BOSTON

As Boston, the Hub City, is not only a centre of education and industry in New England, but also as its citizens were much interested in the Special Finance Commission headed by Baron Megata who was educated in a preparatory school in West Newton and in Harvard University, they organized a Reception Committee and requested the Finance Commissioner to visit Boston. Baron Megata accompanied by Commissioners Matsumoto, Sakaguchi, Ito and Hishida and Yamashita, together with Messrs Akira Den (Financial attaché to the Japanese Embassy), Itsuno Hamaoka (Representative of the Bank of Japan) and Reitaro Ichinomiya (Manager, New York Agency of the Yokohama Specie Bank) arrived at South Station in Boston on the morning of December 13th and were greeted and escorted in automobiles to Hotel Somerset by a Reception Committee composed of Messrs. Charles B. Strecker, Assistant U. S. Treasury, Charles L. Burrill, Treasurer of Massachusetts, and Addison L. Winship, Civic Secretary of the Boston City Club..... The Commissioners were entertained at breakfast by the Committee at the Hotel. After spending a few hours at Harvard University in meeting the University authorities, professors and the former President Charles Eliot and in inspecting the new library building and other buildings, the Commissioners were the guests of honour at a dinner tendered by Dr. Morton Prince at his residence. Messrs William A. Gasto, of the Shawmut National Bank; Eugene V. R. Thayer, President of the Merchants Bank; Allen Forbes, President of the State Street Trust Co; General Joseph A. Johnson U.S.A. and Mr. Frederick H. Prince, a Boston banker, were also guests.

On the following day while the Chief Commissioner visited the Institute of Technology, the School of Expression and paid his respects to the tomb of his old friend, Mr. Nawa, at the Forest Hill Cemetery, the associate Commissioners were taken to the United Shoe Machinery Company to inspect the factory.

Banquet by Banks and Trust Companies

On the evening of December 14, forty-four banks and trust companies in Boston entertained the Finance Commissioners at a banquet given in their honour at Hotel Somerset. Over three hundred persons including His Honor Samuel W. McCall, Governor of the State of Massachusetts; Hon. James M. Curley, Mayor of Boston; Hon. Charles S. Hamlin, a member of the Federal Reserve Board; Judge Samuel J. Elder; Mr. Charles B. Strecker, Assistant U. S. Treasury; several Army and Navy Officers and several Press Representatives, attended the function. Mr. Alfred Aiken, Governor of the Federal Reserve Bank of Boston, acting as the toastmaster commented on the sending of Megata's Commission as of incalculable value to the friendship of the two countries and specially welcomed Baron Megata as an adopted son of the Commonwealth of Massachusetts on account of his being a graduate of Harvard University. Baron Megata, Commissioners Ito, Yamashita and Hishida were called upon to speak besides Hon. Charles Hamlin, and Judge Elder.....

Address by Baron Megata

Messrs. Hosts and Gentlemen :

I feel quite at home to be in the Hub again. I spent several years of my youth here while studying and receiving my higher education. The remembrance of old cow-paths is fresh in my mind and still among my cherished memories.

The relations between Boston and Japan are historic, and rather romantic. Prince Iwakura, our first Ambassador once sent to an occidental country, in 1871, started from here on his journey to Europe, on his mission for treaty revision. This celebrated Ambassador was most cordially received by the citizens of Boston I recall with pleasure the delight of Prince Iwakura and his colleagues when they found, at the banquet given them in the old Revere House, menus printed with the Prince's crest on wisteria colored satin, the revered national color of Japan.

After all these years, I may perhaps be permitted to confess that I had suggested this idea to the reception committee.

I should like to touch for a moment upon our tariff matters in connection with Iwakura's Mission. In concluding our first

commercial treaty with you, Mr. Townsend Harris was most liberal and sound in framing our customs tariff, which was divided into three classes. Raw material, used in shipbuilding and house-construction, machinery and all food stuffs were subject to five percent duty only, while all intoxicating liquors were subject to the highest duty of thirty-five percent. Articles not mentioned in any of the above classes were subject to a duty of twenty percent. Mr. Townsend Harris recommended other powers to adopt a similar arrangement. These simple tariff regulations, though arranged by convention with the treaty powers, were remarkably well-conceived from the economic as well as the fiscal point of view. They were not protective, but permitted virtual free trade, and still afforded adequate revenue for Japan. But, as the result of the Shimonoseki bombardment case, this tariff system was replaced by a general tariff system of five per cent, regardless of whether the articles were luxuries or necessities. So Iwakura was sent to revise the treaty with the object of recovering Japan's fiscal and judicial independence. Though his mission did not bear direct results, it gave impulse to the restoring of our fiscal and judicial independence which was brought about twenty-three years later, largely through the kind sympathy of America, for, as you probably know, this country was the first to enter into the revision of a new treaty.

Boston has given inspiration not only to the American intellect but also to the Japanese. Dr. Niishima, in spite of his humble start in life, received his higher education in this state and established in his own country the Doshisha University, many graduates of which are today taking a leading part in the affairs of Japan and are playing as important rôles as many of the Japanese graduates of Harvard and of the Institute of Technology.

Now to inform you about our Mission here, the need of Japan is closer connection with world finance and world economics. She has been taking her part in both, in this present period of great stress, having afforded accommodation to her Allies directly or indirectly, to the extent of over one billion yen and having manufactured vast quantities of supplies.

In actual warfare, she has done what she could do. She is observing with deep interest the war-financing of the world, especially that of the United States, as present and future conditions of finance and economics here have a direct bearing on commercial affairs in every country in the world, including Japan. Under the new conditions of the world, with the new state of affairs in Asia, the United States is to take a powerful position in world politics and economics. Our common avenue of the Pacific is a common avenue of world civilization, and of world finance and commerce, and is the avenue connecting the East and the West. In the East, China and Japan form, as it were, an economic unit. China cannot go on well without Japan; Japan needs a strong and prosperous China. Japan's energy and forwardness might well be joined with China's resources and, with the coöperation of the United States, this would provide the means for the uplifting of the new Asia, and for a desirable and essential economic development of other parts of the world. Western civilization must spread its influence, ideals and institutions across the Pacific, and this new Asia, enlightened and strengthened, will greatly reduce the danger from the militarism and selfishness of any power tending to encroach upon less advanced, less prepared and, perhaps, less organized nations.

For future world economics, we aspire only to secure and maintain relations based on sound, equitable, liberal principles, those founded on a high sense of international righteousness and justice and not upon the selfish purposes of special interests of one country—particularly of a military nation.”

Dr. Hishida

“ Messrs. Hosts, Mr. Toastmaster and Gentlemen :

It is a great honor and a unique opportunity that I have to speak on such an occasion, before this distinguished gathering of gentlemen in this Hub City, the intellectual center of America.

The object of our Mission has been to investigate your far-reaching economic and financial problems raised by the war, particularly those affecting Japan. These have been, on several occasions, explained by our Chief Commissioner, Baron Megata,

whose relations with this city, I think, are quite intellectual and romantic, and I need not repeat them here.

Missions from other lands which come to this great republic are naturally anxious to know, in addition to their own special objects, your racial peculiarities, your national characteristics, your individual initiative, and the things in which you take greatest pride. Since our landing at the Golden Gate of this republic, we have received most cordial receptions in your leading cities, but we are unexpectedly informed by American toastmasters and American speakers of our own racial peculiarities, our national spirit, our Bushido, and our other national virtues.

Your Puritanism and your Quakerism teach us, as our Bushido does, a strong purity and simplicity of life and a high reverence of God and Law.

One of your distinguished citizens, a guest here this evening, who is serving his country by offering his whole energy and time to his government, Mr. Charles S. Hamlin, a member of the Federal Reserve Board, in his recent speech at a dinner given by the American Manufacturers Export Association, in honor of our Commission, made the following suggestion to his fellow diners: "Go to Greece if you want to study arts; go to Rome if you want to study law; go to Japan if you want to study patriotism." But I think you need not go to Japan and spend at least two months of your valuable time there. For you have as strong a patriotism, right here on American soil, as we have in Japan, and on a greater scale.

Your own Mr. Vanderlip, at the sacrifice of an income of \$100,000 a year, is devoting himself unselfishly to the interests of his country, at an emolument of one dollar a year. There are hundreds of your business men of large interests following Mr. Vanderlip's example of unbounded devotion to your country's needs. You are a people brave in accumulating fortunes. You are also a people brave in spending your fortunes for the public benefit. This I may call American business Bushido. While patriotism in Japan is derived from one single race, patriotism in American has developed from several nationalities, and is today merging, practically, parts of all the different races of the world—white, brown, red and black. Your public schools, Sunday

schools, and even churches, propagate patriotism and reverence for the national flag more than similar institutions in Japan. You are proud of the fact that Uncle Sam converts the children of foreign immigrants, with possibly the exception of a few of German birth, into thorough Americans.

Again, Mr. Gerald Dahl, Vice-President of the First National Bank of New York, at dinners given to our Mission by New York bankers, at the Metropolitan Club, and by the Japan Society, repeatedly praised our national unity, or the coöperation between our people and their Government. Beyond doubt, we have a strong national unity in the political sense. But I think your political unity is as strong, in spite of your complex political system of federation, and in spite of divergencies of racial units. On the other hand, we have to learn from you the great business unity or industrial coöperation which is playing so important a part in modern business life,

The political economy of the nineteenth century emphasized free competition too much, by bitterly denouncing the large corporations under the name of "trusts" or "mergers." The large corporations, functioning in absolute freedom, undoubtedly did harm. Some statesmen and business men in the twentieth century, however, have discovered that free competition means ultimately cut-throat competition, and that combinations of capital and the coöperation of capital and labor under governmental supervision are more desirable and productive. In these days of concentration of capital and energy for the promotion of mutual interest, coöperation is not only important in dealing with the national questions of a particular nation, but is far more important in solving international questions.

Our Chief Commissioner, Baron Megata, has often suggested the joint coöperation of America and Japan in the business of the Far East, particularly in China, and has clearly pointed out that such coöperation, instead of disregarding or discouraging their respective interests, would not only promote them, but would also uplift the moral and material well-being of 400,000,000 Chinese.

You have already demonstrated your coöperative talents by incorporating British capital in the opening up of your own country, as also in the development of extensive coöperative

interests in Mexico. Such coöperation does not affect in any way national independence or territorial integrity, as is sometimes feared in China. On the contrary, such coöperation has promoted the material well-being of your own country, as well as that of Mexico.

Thirdly, in our past diplomatic experience Japan has coöperated sincerely with the various Powers, particularly in the Far East. When one of your celebrated Secretaries of State, Mr. John Hay, on September 8th, 1899, first sent to the Powers the circular note advocating what is known as the "open door policy," for the purpose of securing a declaration in favor of equal commercial opportunity for all Treaty Powers in China, Japan lost no time in endorsing that proposal.

In 1900, when China, under the overwhelming force of the Boxer insurgents, committed an international crime by cutting the outer communications of the foreign legations and by threatening the lives of the foreign representatives, the Japanese army coöperated with the army of the Christian countries, shoulder to shoulder, in the international relief expedition.

Since a world aggressor appeared in Europe, in 1914, Japan, true to her Allies and sincere in guarding the mutual trade interests of civilized nations in the Pacific, has done and is doing what she can in both a military and a financial way.

Fourthly, with regard to the backward nations, Japan has spent during the last twenty years more than a billion yen of her own money on her colonial and oversea administration. Peace and order in Formosa, the Sakhalin Island, Korea, and in the leased territory in Manchuria, have been steadily maintained; and filthy towns in Formosa and Korea have been converted into clean towns, where any civilized people can live and trade. With regard to our colonial administration, I should like particularly on this occasion to call your attention to the fact that the reformation of the first financial administration in Korea, by the introduction of the modern budget system, with a sound currency and banking system, to fit the actual conditions in the Peninsula, is due to the untiring efforts of our Chief Commissioner, Baron Megata, and to his most loyal service to his Sovereign.

Finally, I venture to think the prosperity of each individual

nation, the peace of the world, the progress of humanity, the reconciliation of the East and West, all the elements that go to make up the great concept of the world's civilization, would be advanced by the coöperation of all nations which are capable of such a mission, but not by a single universal Empire such as was the dream of Alexander the Great, Cæsar, Ghingis Khan, Napoleon or a modern Teutonic ruler. In this all-embracing world movement, Japan will continue to play a significant part, in harmony with her own interest and with those of others, and in the same chivalrous spirit in which she is now leading her sister nations of Asia to a higher plane of political, social and moral responsibility.

I thank you."

Colonel House of the United States Army said in his address that one good result of the present war was the closer relations among civilized countries against the world aggressor and concluded "If a country is good enough to live in, it must be also good enough to die for."

Commissioner Yamashita said Japan desired American coöperation to develop China, but not to expolit China against Chinese interests. The Honorable Charles S. Hamlin of the Federal Reserve Board brought with him sincere greetings from Secretary McAdoo and in a fascinating and lengthy address said the conservation of gold and credit by the United States Government is not for America alone, but for all the Allies, and emphasized national unity disregarding political lines by saying all Americans are now for America regardless of party affiliations. This speaker again praised Japanese patriotism and national unity.

Luncheon by Mr. Aiken

On December 15, the Commissioners, after their visit to the Boston Public Library and Boston Museum were guests of honour at a luncheon given by Mr. Alfred L. Aiken, Governor of the Federal Reserve Bank of Boston, at the Union Club. Hon. Charles S. Hamlin and several presidents of banks and trust companies were also guests. The host commended Japan's sending the Finance Commission and wished the United States would send a similar commission in return. Mr. Hamlin endorsed the

suggestion and congratulated Boston on having taken a leading part in patriotism in connection with the Liberty Loan and other war activities and also upon having Baron Megata as its adopted son. Baron Megata being called upon spoke as follows :—

“ Mr. Host, and Gentlemen :

Men of all nations interested in banking or in international finance know of the Federal Reserve Bank of the United States. We of Japan, because of our constant study of America and of our close and important business and financial relations with her, feel we know it quite well. With this knowledge, we have a very real appreciation of the honor of being the guests of the man selected for the very responsible post of Governor of the Reserve Bank of this district.

While we of this day are chiefly occupied with the present and future, and it is not my intention to dwell on the past, I want to mention one name of an earlier day, that of your wise President Fillmore. He knocked at the long-closed doors of Japan and asked us to trade with you, suggesting the possibilities in a trade triangle, as it were, made up of America, China and Japan. These three nations have built up a considerable trade with each other, but a better understanding of each other's conditions and needs and a fuller coöperation would bring about a vast increase in this international trade and serve also as another tie binding them together in friendship.

As a method of practical coöperation to-day, and in the future, I want to suggest combinations not of capital alone, but of skill and experience as well. Coördination of the efforts and activities of our two nations would produce better results economically than could be attained by either one of us alone. You in America have great resources and are able to supply an abundance of raw material. We in Japan have ample skilled labor. Our population is increasing by over 600,000 annually, our resources are limited, as are our national boundaries,—all of which, it seems to me, means that Japan must be a manufacturing nation if she is to prosper and advance. American materials should be fabricated in Japan by companies established by the capital of our two countries and operated by joint management. Your organizing skill would be a factor for success ; our know-

ledge of the markets of the Far East might be quite as valuable. The efficiency resulting from such combination and coördination as I have in mind would assure prosperity.

There are already a number of American-Japanese joint enterprises in the Orient. I wish there might be more, for the good of both countries.

In the serious time in which we are now living, we who are interested in finance must watch and study conditions with the greatest care. When we had war with Russia, fourteen years ago, Americans helped us float our bonds both here and in Europe. Alarming reports were spread about Japan, the gist of them being that the war would leave Japan in a bankrupt state.

Now the world is full of odd things. The ordinary principles of economics do not always seem to apply in the abnormal conditions of war-time. The very nation that was going to be bankrupted because of the Russian war has, since the beginning of the present war, been making loans to Russia and furnishing her with vast quantities of war supplies. Japan has helped Russia to the extent of nearly 500,000,000 *yen*.

Japan is now, I feel, in a position to be of much help to the Allies in an economic way if she is able to get raw material. With this raw material she could manufacture arms, ammunition, etc., and ship them direct to the front, right to the lines of the Allies. This would be of advantage to our Allies. It would also assist Japan in strengthening herself financially and economically, a consideration of the greatest importance if the war is to be one of long duration."

Other Entertainments

In the afternoon Baron Megata visited the Allen School where he received his preparatory education before entering Harvard University. In the evening Baron Megata and his fellow Commissioners Baron Ito, Mr. Yamashita and Dr. Hishida were entertained by Mr. Daniel Wing, the President of the First National Bank of Boston at his residence in West Newton.

On the 16th, the Finance Commissioners were the guests of honour at a luncheon given at the Union Club by Judge Samuel Elder, former President of the Boston Bar Association. Among

the guests, were Governor McCall, Judge Decourcey of the Supreme Court, General Sumner U. S. A., and Doctor Worton Prince. The Commission took the evening train for New York.

Memorial Letter to Harvard University

While in Boston, Baron Megata submitted his memorial letter to Harvard University where he had graduated in the class of 1874 at the Law School. The text of the letter reads as follows :—

“ It is with reminiscently fond memories of my dear Alma Mater that I return to this cherished spot, recalling in a spirit of gratitude the education I owe this great University. The preparation for life I had the good fortune to obtain here, has shed light on my path and must ever so continue, serving me in the completion and rounding out of the task set before me.

Being born in the days of my own country's many vicissitudes, the importance of my early studies left an early impression and the inspiration gathered from such men as Washburn, Peabody, Langdell and Green were like flashes of an undying light. Nor did the inspirations of those, my college, days, rest there—all the traditions of Harvard, the prestige of Harvard, the foundation on which rests this great University, they all inspired me; they all imparted their beneficent influences. I was one of the pioneers to come here from Japan: others followed me and now professors; your own graduates, are sent to Japan to teach in our Universities and Colleges, to keep up and cement the link between us, so that to-day Harvard's fair name and fame are well-known throughout Japan. We also have a Harvard Club, of which I once had the honor to be President. Its members are as full of enthusiasm as are your groups of alumni here, nor do you count among your own numbers more loyal sons. Harvard's “Crimson” is “Crimson” to Japan's sons of Harvard—there is no distinction between them.

I studied your laws, your common laws—the laws of equity, with such special import to one coming from a country where laws are only codified, and I learned to realize especially the surpassing growth and power of the Common Law and I still remain a student of the principles of the Common Law. Being myself a

member of the House of Peers and acting in the spirit I partake of in this relation, I always follow the Common Law principles—which are far better and further developing than is the principle of the Code Law, unless the latter be accompanied, as it is with us in Japan, by a specific kind of spiritual life, an unwritten law of morality, of brotherly love and filial devotion to the State.

Common Law is founded on the common sense of the people and as the common sense of the people is for ever growing and expanding so the Common Law is ever developing.

A code can be the growth of a few months, a few years—but the English Common Law in the growth of centuries and expanding like a tree, unfolds added leaflets from year to year. The spirit of the Common Law is just and liberal and I have a firm belief in its evolution and expansion into a World's Common Law.

At this crucial moment when we are all so absorbed in this great World War and no one can foretell its end, and when we are meeting, day by day, new destinies, new fates of human kind, we must look forward to the epoch or state of universal international righteousness, justice and freedom—The World's Common Law must become wide and liberal and while we, in far Japan, have not embraced its form, we would wish to build across the seas a golden span over which can walk side by side, to join in the spirit of all our allied nations—the twin sisters of Universal justice and Liberty.”



28. LECTURE ON BUSHIDO

On December 17th, Chief Commission, Baron Megata, visited Princeton University by invitation of President Hibben and delivered a lecture before the International Polity Club at McCosh Hall about the influence of Bushido on Japanese civilization. It read as follows.

“Under new world conditions and with the introduction of a new state of affairs in Asia, I think it timely to consider the Asia of an earlier day. China was a nation of sages; Japan was greatly influenced by the philosophy and learning of China, as well as of India and Korea, which countries were in a state of high civilization when Japan was just entering upon her career as an empire. While China was a nation of sages and India a nation of religions, Japan was a country of both sages and religions, but quite different from the respective prototypes, and was, in addition, a land of knights guided by the highest state principles of war and peace.

Her wars were waged for the attainment of peace and therefore were considered sacred and not wanton slaughter. Stringent rules of war were observed, divine aid invoked, the best armor, the best arms, the best garments were worn—the best horses were ridden.

Buddhism, of Hindu origin, found its way into Japan, resulting in its adoption as a state and popular religion. Under Buddhism the manners of the Japanese were greatly softened. We hear much of the life of monks, of the nobles and their chivalrous pursuits, but little of the soldiers of that time. This became an age of poetry, of literature lacking its pristine vigor, of elegance, of peace and ease. Such a state of luxury and softness, however, could not escape political reaction and such a reaction was brought about by Emperor Kwammu, who transferred his seat of government from the capital Nara, the Rome of Japan, to Kyoto, now the Boston of Japan. He instituted reforms which for a time were effective but after his death the course of events

fell very much into the old lines. If anything, conditions became perhaps worse,—with the virility of the ruling classes sapped and the manly stamina of the people undermined. Art did thrive, however, perhaps primarily for love of outward embellishment, but it also necessarily expressed the inner-self of the people. It was this period, notwithstanding its weakness politically and morally, that has given to Japanese civilization many features which still remain objects of admiration. Its architecture, its works of art, the gentle and graceful manners and customs of the people, its landscape gardening, painting and poetry are legacies left by that age. As a reaction against the effete-ness of this period, military power had been slowly forming in some of the provinces and a system of feudalism establishing itself under certain strong leaders.

The empire now entered a military age of feudalism, which lasted for some seven centuries; it is one of the most stirring and romantic epochs of our history, an age of heroism, daring, action and achievement. The traditions of culture did not entirely die away, but, on the contrary, the Samurai, the Knighthood of Japan, patronized and fostered different arts, such as the tea ceremony, flower arrangement, painting, and sculpture, all of which have continued to flourish to this day. This period produced some immortal works of art, but its best product was men,—a type of men who have become household names for vigor and strength, but also for generosity and tenderness. It naturally brought into strong relief the figure of the warrior, the Samurai, a man not only a fierce fighter, but a strong personality, with the most tender emotions; a man who had under control all violent passions, whose tears were kept back by sheer force of will. To touch upon this phase of the life of the Japanese, for, without understanding it, the ideas in regard to life, duty, right and wrong of modern Japan would remain unintelligible.

I will only mention the Edict of 1637 forbidding foreigners to land on the Japanese coast, and natives from leaving it. Japan's exclusiveness ended, however, with the visit of Commodore Perry, in 1853. The period of modern Japan begins with this date, or shortly after, and you are more or less familiar with the events of the past sixty years.

While there were terrific struggles in the days of feudalism, the Japanese are not a warlike people and what conflicts they did have were internal. The old name of Japan meant "a land of peace." It was for her own good and her own eventual strength that these struggles took place as a means of developing strength of character. The feudal wars were always fought under the law of chivalry, under Bushido, which, literally translated, means "military knight ways," or, in other words, "the precepts of knightood," the "noblesse oblige" of the warrior class. Bushido is not a written code; it is a set of maxims and rules handed down from generation to generation, a growth of decades and centuries of military career. It is founded on equity, justice and righteousness, and includes self-sacrifice, generosity, respect for the rights of others,—fair play in the broadest sense. The place filled by Bushido in the history of ethics has been likened to the position of the English Constitution in political history. Similarly with the unwritten English Common Law it is founded on the broadest principles of equity and justice.

In the feudal wars of Japan non-combatants were not molested; religious places were always respected and protected; fugitives sheltered in religious places were not summoned without the consent of the priest. Armies did not ravish and plunder, but paid their own way. It was considered of vital importance for an army to have warriors who understood finance and economics and it was an old tradition that an army not meeting its contract obligations or paying its lawful expenses but, instead, making unlawful demands, was always doomed to defeat.

The sense of honor, the chivalry of the Bushido of the mediaval armies robbed warfare of many of its horrors. In Japan's recent wars, her armies have practiced the same principles of Bushido, as is evidenced in her attitude toward her foe, in her treatment of prisoners and in other ways.

Confucianism gained a strong foothold in Japan but was much modified by the ethics of Japan's Shintoism. Also, in the case of Buddhism, the Buddhism of Japan is markedly different from that taught in books and, in fact, it much closer to progressive Christian thought in many respects than we, or the peoples of the world, are generally aware. The militarism of which I have spoken in

connection with the feudal wars is also different from the meaning ordinarily conveyed by this word in its modern use. Power to make decisions in military matters lay in the Sovereign. Shintoism, a code of ethics which has become quite like a religion, embraces the teaching of broad principles of benevolent humanity. The principles enunciated correspond to your scriptures but, on the other hand, they are non-scripture as they are not written. The basis of the code is "The Way of the King," the expression having similar significance as the Christian expression, "The Way of the Lord." Now the way of the Lord must be just and righteous, generous and fine, uplifting and upholding.

While Japan's civilization was originally much influenced by that of China, in recent years the greatest changes have come from the Occident. While Japan assimilates the ideals of Western civilization and progresses in her understanding of the spirit of this new life and new humanity, she desires to shed the radiance of this new light; she aspires to impart to others all the enlightening and ennobling gifts she may receive. The hope and aim of Japan are always to reconcile the best thoughts of the humanity and civilization of the Western world with the spirit and conditions of the Orient.

In the rapid progress of world events, it is important that we of the Far East should have a spiritual sympathy. Our destinies are dependent largely upon our ability to progress along modern lines and become strong enough to preserve peace in the Far East, working in cooperation.

The United States and Japan are now engaged in a great world-struggle. The war, originating in the West has spread to the East. East and West have no distinction. We are your Ally now and shall try to prove ourselves a worthy ally, showing the traditional qualities of Bushido.

At the beginning of the war in Europe, scarcely two years had elapsed since the Imperial succession in Japan. Our Emperor was confronted with the responsibility of the decision as to Japan's position. Should remote Japan enter this world war? There was no hesitation, however, in taking the momentous step and eight days after Germany had violated Belgium, whose neutrality was guaranteed by solemn treaty, Japan declared war. Since that

time she has been carrying on her part ; she has, practically alone, cleared enemy naval bases from the Pacific and Indian Oceans and has kept, and is keeping, those seas open to the commerce of the Allies ; she has convoyed Australian contingents from Sydney and Melbourne to the Suez Canal ; she has provided accommodation for her Allies, directly or indirectly, to the extent of one billion one hundred million yen ; she has contended against German intrigue ; she has sent her destroyers into the Mediterranean ; she has sold and chartered many ships to her Allies and others are used in carrying supplies for them. Japan has been loyal to her Allies and her honor and her sense of the righteousness of the cause will carry her to the end.

No one can tell how long this detestable war will last ; but, however long it may be, we must stand together and coöperate to the fullest extent of our abilities and, in our waging war, we must bear in mind the teachings of Bushido, the chivalry of the warrior. Our actions must be legal and just and we cannot countenance or endure barbarism and atrocities. No unnecessary destruction must be permitted. The laws of war must be strictly observed. The laws of humanity and chivalry must be scrupulously adhered to.

Where is the nation standing staunchly for world justice and world righteousness ? Where is the nation whose maintenance of the highest ideals of humanity and civilization offers to us a greater and better future ? Such a nation will mold the future of the world.

Your nation, in the beginning, laid its foundation in justice and liberty. A nation thus conceived and so dedicated has in it the elements to inspire and the principles to lead others in the cause of world righteousness. May the United States be such a leader ! Japan is ready to follow her.



29. RETURN ENTERTAINMENTS BY THE CHIEF COMMISSIONER

In cities and towns that the Commissioners came to, they were the guests of honour at luncheons, banquets or receptions and the recipients of true American hospitality. Officials and private individuals with whom they exchanged views or with whom they came in contact, extended conveniences and help to the Commissioners by which they benefitted to the fullest extent in carrying on their work. The Commissioners were also greatly encouraged by the most sympathetic and courteous tone of the American Press throughout their mission. To return the kindness and courtesies extended to the Commissioners during their stay in American, Baron Megata, the Chief Commissioner, gave banquets and receptions in several places wherever opportunities offered.

Banquet at Hotel Plaza

On the evening of December 20th, Baron Megata, gave a banquet at Hotel Plaza, New York City, to return the courtesies paid him and his associates. In spite of pressing engagements on the part of those who received the Baron's invitations owing to Christmas season, about a hundred representatives of the Municipal Government, Banks and Trust Companies, Manufacturing Industries, Universities, the Press, and other institutions, honored the Commission with their presence.

When the orchestras played the American national anthem the host proposed the toast The President of the United States and the Japanese national anthem was followed by the toast of His Majesty the Emperor of Japan, proposed by Mr. Lindsay Russell, president of the Japan Society. Baron Megata in his opening words mentioned the continuous hospitality received since the landing of the Commissioners at San Francisco and expressed high appreciation of America's determination in entering the war and of her far-reaching preparation for active participation in it, also

telling that Japan was doing her part in helping her allies militarily and financially all she could, but that she required raw materials, especially steel from the United States in order to continue ship building to furnish more ships to the Allies. The Baron also pointed out that American and Japanese coöperation in developing China " would be profitable to the two countries, but China would be the greatest beneficiary of all." The full text of the Baron's address was as follows.

Baron Megata

" My friends,—To-night I am to turn the tables on you. For seven weeks past, ever since our arrival at San Francisco, I have, day after day and night after night, been the guest of honor at luncheons, dinners and receptions. To-night, as host, I have the pleasure of having you all as my guests of honor. (Applause.)

While my capacity and endurance have been put to a real test during these seven weeks, I have stood the test and undergone it with pleasure. It is a source of regret that I am leaving, and cannot be further tried. I am used to dinners in war-time ; in the Russo-Japanese war, there were many dinners given to the departments of Government in Tokyo, as an expression of the Emperor's appreciation of the long hours and earnest labors of the officials and their associates. The thought, the hospitality, the cordiality,—everywhere evident in our receptions here,—have more than compensated for the rigors of my recent American test.

Being the guests of you and your countrymen,—the recipients of your generous American hospitality,—has been a real joy and a great satisfaction to my fellow commissioners and myself. I am happy too, that we have found your officials and your leaders in industry and finance so ready to help us in our work. Our studies and investigations have been facilitated, our enquiries have had the fullest response, our reports and explanations of conditions in the Far East have been given a respectful and, I feel, an interested and sympathetic hearing. We have gained from our contact and from our conferences ; we hope we have given something in return. (Applause.)

Japan has for generations been largely an agricultural country ; recent years have brought great changes and now she is in

the midst of an industrial revolution. With her increasing population and limited area of arable land, Japan is forced to join the ranks of industrial nations, to earn her national living by utilizing the labor of her millions of hands to increase the value of raw materials supplied from abroad, and then to pass them on to other countries in the channels of foreign trade. We look to America for raw materials; we suggest to America that she combine her capital and brains with ours in the development of coöperative industrial enterprises in the Orient. The field is an inviting one, already covered in some branches by successful companies financed and operated jointly by Americans and Japanese. A prosperous China will offer perhaps the world's greatest market.

The development of China offers possibilities almost incalculable. America and Japan will aid in that development and I hope many of the undertakings will be carried out by them in coöperation, in partnership. This would be profitable to the countries, but China would be the greatest beneficiary of all.

We realize that your financiers and your captains of industry cannot take any *immediate* action along the lines we have suggested; our suggestion of these ideas now is for consideration only.

We know that your every energy is directed to one purpose,—to the winning of the war. (Continued applause.)

We have been deeply impressed by your determination and by your energy in preparation for active participation. I need not tell you what we have done; our army and, particularly our navy, have made a very substantial contribution to the cause of the Allies, our financial help has been considerable, our aid in other ways with ships, munitions and supplies has been important. Japan has done what she could do. She will continue to do so, to the end.

At the moment, some of her industries are hampered because of need of raw material,—especially steel,—but we hope that soon there will be, not only an abundance for your own requirements, but a surplus for export. With new supplies of raw materials, our factories and shipyards will again speed up the production of those things most necessary for the prosecution of the war.

We shall return home with the happy feeling in our hearts that not in many years have the relations between the United

States and Japan been more friendly, more sincere or more close than they are to-day. (Applause.)

We are grateful that exposure has been made of the wicked plot to poison the minds of the people of our two countries against each other. We are pleased that the trade between the two nations is growing rapidly, and that our connections, financial and commercial, are becoming more extensive and more important.

We are glad that tourist travel across the Pacific is increasing; travellers who see for themselves, and understand, return to their respective countries as missionaries of good-will.

The recent Lansing-Ishii exchange of notes clarifies the situation as to China, gives promise of better understanding between our two nations and greater assurance for future peace, not only in the Far East, but throughout the world. (Applause.)

But perhaps the greatest factor of all in the close and friendly relations between America and Japan is our being allies, fighting together in the same righteous cause of civilization, justice and humanity.

Gentlemen, my friends, Japan's friends, I thank you for coming to break bread with me this evening, and I beg that you will also accept my own and my fellow-commissioners' thanks for your many courtesies and kindnesses to us. (Applause.)

One of your most distinguished citizens,—one whose far-sightedness, sound judgment and constructive ability have been an influence for great good in your financial life; a man whose honors and positions of responsibility are many, a splendid American and a proven friend of Japan,—has been good enough to consent to act as Toastmaster this evening." (Applause.)

The Toastmaster, Mr. Hepburn

"Gentlemen of the Commission and Gentlemen here present, our country has been favored in the past and especially our city, with the visits of many prominent men from Japan. (Applause.)

These visits and these men have been, and have had an important influence in forming a correct opinion on our part, as to the appreciation of the desirability of the relations which should exist between our two great countries. (Applause.)

Many commissions have come here from Japan, two on

different occasions, headed by the venerable Shibusawa. Commissions have come here and travelled through the length and breadth of our land, and have been shown the character of our institutions and have proclaimed the character of the institutions of Japan at home. Baron Shibusawa was the forerunner of an influence which has been augmented by the visit of Baron Megata, and his Commission is bound to reap the full fruition of these various visits. For a time the work of Baron Shibusawa seemed to make no progress, to take no root, apparently, although the earnestness and thoroughness and sincerity with which he emphasized the desirability of cordial relations and mutual understanding between the two countries was very great; and today we have reached the present stage of affairs. We have found at times that the disturbing influence of local politics in the different parts of our country was also a diverse influence, but in this great crisis of world affairs all the clouds have rolled away, and the vision of both nations was cleared up through the influence of the commission and an amicable understanding was arrived at in a diplomatic manner, and under the influence of Baron Megata's commission we will come to a close understanding in great matters, commercially and financially. An understanding of the various commercial and financial interests and relations is most important, and must be arrived at in order that we may still work on in harmony with and in coöperation with each other.

I think that was a beautiful tribute that man Ishii paid to Americans, and I want to assure you Baron Megata and your coadjutors that we entertain golden opinions of you and of your purpose in coming here. I know of no greater obligations to any foreign country than we owe to you for the earnestness and efficiency with which you have presented your idea of the relations which should exist, and which happily do exist between our respective countries. And our hope is that these relations may stand out here and hereafter for ever more, and I am sure that pleasant memories will ever prevail in our minds of the beautiful qualities typified in your personalities, and in your desire and purpose to have the most ideal and desirable relation continue to exist between the United States and Japan. (Applause.)

Gentlemen, the first speaker of the evening is Mr Kuhn of the

banking firm of Kuhn, Loeb and Company. Mr. Kuhn in addition to his excellent qualities as a banker adds these of the scholar, the economist, the linguist and the student of public affairs. We are under great obligations to this gentlemen for his discussion of current problems, in which we are interested, and in these discussions he is always sane, sound and conservative, and it is with very great pleasure that I present to you this evening

Mr Kuhn

“Baron Megata and Gentlemen of your Commission :—

The other day a friend of mine was asked to make an after dinner speech. He went home and told his wife, rather proud of the fact that he had been selected for the occasion. He said to her, What shall I speak about? and she with that uncanny sobriety of the realization of things which most women have, said, “Speak about a minute.” That is what I would like to do. That was very good advice, but your president here has asked me to speak about eight minutes. A friend of mine whom many of you knew, and whom many of you appreciate very highly, and whom I consider to be one of the greatest of men, was the late W. H. Harriman. Mr. Harriman in some way reminded me of Japan. One day he told me a story illustrative of his character. He said that he was anxious to be elected on a certain railroad board, and he meant to be elected on that board. I said to him, Mr. Harriman, what is the use? You will only be one of fifteen men who are sitting on that board. You can’t do anything. And he said, “Kuhn, all I ask is the opportunity. All I ever asked, all I ever want is to be one of fifteen men around the table.” That illustrates Mr. Harriman’s character. That was all the opportunity he needed. That, in a way, is the case with Japan. She came into her own rather late in her career, came forward in a very late generation, to take the place to which she was rightfully entitled in the congress of nations. She takes her place around the table of great Powers, not one of fifteen but of seven, or eight or nine nations, and the remaining five or six or seven,—circumstances prevent being a part of the whole. There was something in the destiny of Japan. There was a Power coming forward that the world did not know, did not appreciate; and when Japan came into her own, it took her just a

few years to make herself and her influence felt among the Powers of the world ; and to-day she sits around that table, one of the very greatest of the nations of the earth. (Applause.)

Her people have not had an easy task ; they had to meet the complexities of the politics of the world ; but when they were thoroughly aroused for the first time and realized the problems they were to face, they were equal to the task. Things have gone easy with our nation. Perhaps a little too easy,—perhaps it might have been better if we had some great crisis to face,—a crisis like the one we are now facing. We are today facing a crisis for the first time in fifty years or over. We are facing the greatest crisis of all times, a great, serious problem ; and under this same crisis, how does Japan conduct herself? She has shown a studied optimism and willingness to meet all sacrifices for the cause of her country. There will be no hanging back on her part. There will be no hanging back amongst Americans. The American nation will be equal to the task in everything,—in daring, in bearing, in sacrifice, in everything necessary to meet the crisis. How has Japan conducted herself under the withering influences of this crisis. She has looked around and found her place in the call of this time. She is worthy of being placed and embodied as one of the greatest among the nations of the world. She has sent her experts abroad ; she has trained them in the best schools ; she has trained them in public affairs ; she has trained them in commercial and economic life. She has taken these experts and placed them in positions at home, and she has studiously followed their advice. (Applause.)

In peace and in war, Japan has made good her title to be among the great ones of the earth. She has held out to us the hand of friendship. Let us grasp it frankly, cordially, warmly. Let us give her an open hand, for her warmth and sincerity. When it comes to opening up that great Empire of China, Japan follows no one. American and Chinese commercial interests and relations were created for the world. This great war has impoverished the world and will impoverish the world more than any other single feature. After this war, we shall have large marine interests with the Orient. Japan will have interests in common. Let us stand with her. Let us be near her. Let us

cherish that friendship with a hearty appreciative Americanism and let us live in harmony together with them. (Applause.)

The Toastmaster

Baron Megata very gravely discussed the opportunities in China and the way in which, in his judgment they should be followed. The gentlemen on my left and on my right represent big business interests in this country. They are each doing business in Japan and in China. The B. F. Goodrich Company have recently entered into business and they have organized a corporation in that country. I understand that our friend across the way there, Mr. Williams has arranged for a large financial institution there, so that the work which has an influence that will eventually cement an everlasting friendship is going on; and the work is being accomplished in a quiet, unobtrusive way. Tangible results are becoming apparent every day. We have with us here tonight, Mr. Oudin, who has resided in China and has charge of the Foreign Department of the General Electric Company. This gentleman is thoroughly familiar with the manners, methods and business affairs of the country generally; and I am sure that he has a message to deliver to us this evening, which will be of great interest as to the business conditions prevailing in the Far East.

Mr. Oudin

There is undoubtedly a great opportunity presented in the Orient. The prevailing opinion that there is a hostility toward us, is wrong. The Japanese are business men; they have for us the kindest feelings. In the art of entertaining, they excel; they have a noted hospitality and it affords them the greatest of pleasure to entertain their guests. Japanese hospitality is almost a proverb. In the Japanese character, they have many traits that are worthy of emulation; their ideals are high; their aims are to become closely associated with the American nation, and I am sure that we shall find them to be worthy co-workers with us. The second speaker, in his remarks, paid a beautiful tribute to us, and I would be ungrateful if I did not respond; both on account of the company with which I am connected, and on my own account in recognition of the unusual courtesies and

most generous hospitalities during my numerous trips in Japan and throughout the Orient. The ancient Japanese teaching was that the seat of the soul is located in the abdominal regions and from this they derived a proverb, which still persists, "Ten Bellies, Ten Minds." This is to be found in our own language expressed in "There are many men and many minds." And there are many men present here, but I think that there is no difference of opinion as to the quality of this dinner and of the delightful atmosphere which pervades it, the delightful hospitality of our host. (Applause.)

There are two objects which are necessary in our relations with Japan at the present time. The first is to bring the war to a successful conclusion; the second is to safeguard their economic and financial interests after the war. The Ishii Commission, has done much to advance the friendly relations existing. While the details have been more or less withheld as to the conferences which have taken place, we are told that these conferences have all worked toward the securing of a better understanding and that more cordial relations have been arrived at; and that economic and martial operations in the war against Germany have been improved.

One of the principal objects of the Commission is to secure for the world a permanent and lasting peace. All would be lost and nothing would be gained if all nations were to struggle toward a peace which would only be transitory. The nations must seek, in this struggle, to preserve their relative importance as powers after the war and to preserve relations which shall secure their economic advancement. After the differences are fought out to a conclusion, coöperation between the business interests all over the world will be the order, and all over the world nations will act in the same relations as partnership relations between individuals and friends; we have read in the last day or two, and we now understand that it is to the interests of American and Japanese business men to entertain similar relations. We have been associated in business in Japan for over twenty years with one of the most representative corporations of that country; for more than one half of this period, we have been employing some of the Japanese, and our friendship and relations have been

very close. Our friendship is daily business. We have been closely associated and have supervised the labor. This association has been highly successful. I can imagine no more satisfactory situation than the one that illustrates the noble family of such an association, allied with the large interests of each other we have been connected for many years. This is true of the nations of Japan and the United States; they have been connected for many years; and for many centuries, the Far East has held charms for us. The beautiful mountains, the picturesque plains of China and the mysterious silent customs of the East have always held us. Today, through international conferences the attitude of the great nations has been changed and the peoples of the Far East entertain a closer alliance and friendship with us than ever before. Therefore, the problem of the United States and Japan is to foster and encourage great business interests and great responsibilities between the two countries, to encourage the cordial friendly relations now happily existing between these two great countries; and I look forward to the time when the friendship between us shall be closer and more cordial than ever. (Applause.)

The Toastmaster

The next speaker is Mr. Umekichi Yoneyama, who in addition to his ability as a speaker, adds the business ability of a banker. Mr. Yoneyama is director of one of the leading banks of Tokyo and has banking connections in the leading capitals of the world, and through his banking influence has been instrumental in establishing constantly pleasant relations with Japan on the part of the United States. It gives me pleasure to introduce to you Mr. Yoneyama.

Mr. Yoneyama

“Gentlemen — allow me to say a few words of thanks though Baron Megata, the Chairman of the Commission has already done so, to express our utmost gratitude and appreciation of the kindness and assistance given us at every turn during our stay of about two months in your country in the busiest hour of the tragic war. A recent speech that Viscount Ishii made at a banquet in Tokio has been reported here. Among other things he said

“I sailed upon a voyage to discover treasure, and found it.” It was he who brought over here a message of goodwill from the people of Japan, and returned with such wonderful achievement obtained as a proof of your sincerity in welcoming his mission. The Megata mission is in search of knowledge on economic and financial problems relating to the war that is of no less importance than were the objects of the Ishii mission. Our visit has been, indeed, more than rewarded, and information and experience gained by coming in contact with you personally has afforded us rich material for the report we shall make on our return home. Such a report will not only profit our people but aid them in understanding your war measures. We are surprised to notice that what seemed at first impracticable for any nation to do has been, and is being accomplished here in this country with a democratic form of government, under which you are united as one nation in a most whole-hearted way. There are many problems in the relations between America and Japan which are of mutual interest in the midst of smoke and ruin and will be at the time when the tumult subsides. In all circumstances the two peoples should march hand in hand, having the Pacific ocean as a friendly tie between them, and there should be no misunderstandings whatever. Viscount Ishii again pronounced, it is reported, “Let there be no doubt among you as to the sincerity of the message. There was no false note in it.” To this, I am sure, you and we are willing to give hearty and happy endorsement.

Gentlemen, whenever we talk of the relations between America and Japan we always mention the name of Commodore Perry. This cannot be helped, for the precious name of the American hero whose action our fathers found quite different from that of others who came to knock at the door locked against foreign intruders, has been one that we have been taught from our childhood to respect. What I am going to relate to you are instances which occurred during Perry's stay at a port of Japan. One day he and his officers landed to have a conference with representatives of the Tokugawa Shogunate, headed by Professor Hayashi (Daigaku-nokami). This professor happened to draw out his large steel framed fan from his belt. You know a Japanese did not carry a fan for the purpose of making a breeze only. As a form of

etiquette he laid it folded before him and bowed over it, but at the same time it served for another purpose. You know that for a Samurai it was a weapon with which to protect himself from attack, as he should not too easily resort to his sword which, once drawn, should never return to the scabbard in vain. American officers, misunderstanding this ceremony, drew their revolvers, making themselves ready for defence. On another occasion it happened to be raining and the officers wore heavy overcoats which they quickly threw off upon entering the chamber. This time the Japanese representatives misunderstanding the movement, prepared themselves at once with their hands on their swords. We are in these days free from misunderstandings of that kind but still there is such a wide gulf of difference in customs and language that we are apt to misunderstand each other, sometimes, if not in fundamental things, at least in small ways but, gentlemen, we rejoice that some misunderstandings or rather suspicions, which were manufactured and spread skilfully by false propaganda are now entirely swept away, leaving no obstacles to future understanding and coöperation, thanks to the agreement arrived at between the Washington and Tokio governments through the efforts of the wise men of both countries.

I said we fully understand your situation in relation to the war. There is a saying in Japanese that one seeing is better than a hundred hearings, and we came here and realized the truth of it. For my part, as a banker and student of the history of American banking, I am glad that I have witnessed the wonderful growth and result of the Federal Reserve System in particular. This institution is not only insurance against times of panic, not only a machine to help the country to play its part in the development of commerce and industry, but it is the means of financing such a great war as the present one, which requires the expenditure of billions and billions of dollars, without upsetting the money market of the country.

The United States has declared and enforced certain embargoes from which Japan is no small sufferer, an important one prohibiting gold shipments to Japan. But while material gold is embargoed, the true gold at the very heart of you American people which has been so abundantly laid at our disposal is of no less value. I thank you, Gentlemen."

The Toastmaster

The next speaker of the evening is a gentleman well-known to all of you. I had the pleasure of meeting him many years ago in that far-famed city of Chicago. He was then a prominent man of affairs and, as the years have gone on, he has become more prominent in public affairs. He is today the head of a great news-gathering association which gives us its aid and keeps us posted on all the current history of the world. He possesses powers which are not surpassed by the power of any man in the country. The Germans have taught us how that power might be used for solving certain problems. Mr. Stone has taught us, by giving us the truth, the whole truth, fully and fairly expressed—(Applause.) how this power may be used for its educating and advancing influences. He has taught us its importance. With tentacles and with ramifications extending throughout the world, he is familiar with all parts of the world and, in gathering news, he reaches to all parts of the world. His task is a delicate one,—one very laborious and one carrying with it great responsibilities. He has been rendering an almost priceless service to his country. (Applause.)

He has done this service so quietly, so unostentatiously, and so free from criticism that the American people do not realize the extent of the obligations which they owe to Melville Stone. I am proud tonight to think that we are from the same college. Mr. Stone has known all parts of the world. He has known Japan. He has known the Far East, and he has always been just to Japan. He has always been kind to her. Gentlemen, I have the pleasure of presenting to you Mr. Stone.

Mr. Stone

“Baron Megata, Gentlemen of Japan and Gentlemen of New York.—I do not believe very much in after-dinner speeches. It is very difficult to get on your feet and entertain. I have been thinking, as I have been sitting here, what I should say; and I dare say that every other speaker has been doing the same thing, and if you will consider for a moment along the lines of the last speaker,—I want to say,—it is late,—but I want to say a few words to you on the value of truth, and the wrong of rumor-mon-

gers. This is a thing that has been impressed upon my mind very greatly since the beginning of this war. How do rumors start? How are they repeated from mouth to mouth? I have thought of the folly and the danger of their repetition. Just as an illustration: perhaps you will remember that early in the war, a rumor spread all over the world, that a great body of Russian troops had come down from Archangel going through England, and how hundreds of men and women saw them; perhaps also you heard the rumor that spread over the world, how hundreds and thousands of Belgian children had had their hands cut off by barbarous German officers and soldiers and had been found and brought to England; that some three hundred children had had their hands cut off and were taken to and were resting in the Red Cross Hospitals. That isn't true. The Russians in the rumor, who are alleged to have come down through England from Archangel, were never there. Anyone who has given the slightest degree of study or who has the slightest knowledge of the study of surgery, knows that no child could survive if it had a hand cut off, unless it had immediate surgical attention, that the child would bleed to death. Moreover, Holland is filled with newspapermen. On my desk, there are probably fifteen illustrated papers. I have every picture taken in the Red Cross Hospital; there is no such picture. Moreover, if there was one case of a child who had had its hand cut off in that way, that child would be written about; every surgeon in England would be shouting about it, and every illustrated paper in the world would be picturing it. I have, I suppose, investigated fifty alleged cases of that sort, and there has never developed a single case where a child's hand was cut off and no immediate surgical attention given it and the child lived. The other day there came to me a circular from some very worthy organization, managed by two or three clergymen who had been engaged, since the war began, in taking the poor orphans of Belgium and bringing them to this country and finding homes for them. Perhaps some of you saw it. I do not know how widely it was circulated. This said that this rumor of children having their hands cut off had been very widespread; but so far as they knew, with their knowledge among all the children they had brought to this country, there was no such case on record, and I think they knew pretty well what they were talking about.

Mark you,—I'm not saying there were no German outrages at all, in Belgium. I am not defending the numerous instances of outrages over there; but I am calling your attention to the statement of that big, kind, trustworthy clergyman. He said that he firmly believed that that story had been started by Germans. This was easily denied, but I am frankly ready to believe that the German psychology would do that sort of thing. Now, what has that got to do with Japan? Yesterday a man said to me, "Do you know what has happened?" I said, "Very little." He said, "Do you know that the leviathan,—the Vaterland—has sneaked out of New York harbor?" The leviathan, I said, could not sneak out of New York harbor under any circumstances. It would take 15,000 tons of coal to give her power, and if she ever got out in the daytime, people would see her; and if she went down at night, she would probably be destroyed or would destroy the statue of Liberty. Now, what has that got to do with Japan? For the last fifteen or twenty years, I have studied the question of rumors concerning Japan; rumors have been spread in this country that are not true. The Germans have been in this country; they have magnified the number of cases of bomb-throwing, the number of fires that have been started, for a distinct purpose, knowing that that would arouse hostility between the American people, and that would serve their purpose to arouse such hostility, hostility between the American population and the Japanese. The claim cannot be escaped that there has been a studied purpose followed up by Germans and by some of our own people, to establish hostility between this country and Japan. It has been said that she is a corrupt nation, a corrupt country; that she did not keep her engagements. One of the finest characters of this country's history was a New York man, after whom, up at the College of the City of New York, there is named a hall, and this gentleman deserves much more praise for the relations between the United States and Japan than does Commodore Perry, I mean Mr. Townsend Harris. In his diary, this gentleman, who lived there for years and worked there and did much to cement the friendship of the Japanese and the Americans, regards the judgment of the Japanese as just and equitable; he regards Japan as an honest nation and if anyone of you were permitted, as I was, to listen to

that eloquent address of Elihu Root when he welcomed the Commission, and when he testified that, as Secretary of State, he had never found a nation that was more scrupulous in its desire to make and meet its obligations than the Japanese nation, you would have been impressed, I am sure, as I was. Turn back to a certain occasion when that eminent gentleman, Ambassador Takahira, said to this country, said to us,—“Gentlemen, it is but natural we should believe in you and we want you to accept our agreement as to the workmen of Japan. As to the workingmen of Japan, we will curtail their emigration to the United States and we will reduce the number.” When that Gentlemen’s Agreement was adopted in Japan, there was a company of men who were advertising all over Europe and who were engaged in emigration. The Japanese accepted this agreement at once, and the engagement was carried out to the letter; and there are fewer Japanese in American fields to-day, fewer Japanese working in American fields to-day than there were at that time.

I plead for our faith in Japan. I plead with you to stop this rumor-mongering against the Japanese. We have talked about the financial side tonight, and you are engaged in a financial and commercial commission,—a financial and commercial journey. Japan rose some years ago, to a much higher level than a financial level. When the assemblage was in session at Portsmouth to settle the war between Russia and Japan, there came a night when the Russian Commission, as I personally know, was ready and anxious to break up that conference and, on a Sunday morning, I was called on by Baron Kaneko to discuss the situation. Every question, save one, had been settled, and that was the question of indemnity. Japan was involved in nearly \$900,000,000. of debt, as the expense of that war. Japan was in a position where she could go on and fight, and on Tuesday morning the secretary of the Japanese Commission, who is now the Ambassador at Washington, rose and said,—and at that time he reached the very highest point of civilization,—he rose and said, “Japan will not fight any longer for more money.” And she settled that war on that basis. (Continued applause.)

There was, in the language of the Japanese secretary, something that moves, something that has controlled them for centuries; they call it Bushido. We call it honor.

The will, or the intent to grasp, the desire to squeeze, is universal. In France, in China, in Russia, everywhere. It is almost unknown in the Government of Japan. (Applause.)

Within the last two months, a man who had spent his whole life in politics, and was thoroughly familiar with the politics of Japan, had held an office in the ministry, was the mayor of Tokyo, died. He died a poor man; he had never made a dollar, and because of his honorable career, his friends paid his debts. (Applause.)

I plead with you to stop this contemptible rumor-mongering respecting the Japanese. It is almost pathetic that this country has been on her knees for the friendship of America.

Of commissions, we have had many. The first commission within my recollection, was the one which came here under Prince Iwakura, and the secretary of that commission, I met in Chicago, and I had the distinguished honor of making his acquaintance; it ripened into a fast friendship, lasting through life. He was one of the greatest, noblest of men that I ever knew. He came to be Prince Ito. Before that commission and since that time, they have been sending commission after commission to this country, and pleading with this country and telling this country, "We love you. You brought us into the family of nations," and we have slapped them in the face. Let us stop it. (Continued applause.)

The Toastmaster

We are approaching the Yuletide season. Let us fill our glasses and with fervent enthusiasm drink to the health, long life, happiness and prosperity of our worthy host. (Continued applause.)

Reception on December Twenty-first

Several hundred invitations were sent out for an afternoon reception, given by Baron Megata on December 21st at Hotel Plaza. Among many prominent gentlemen, former senators Elihu Root and Burton, former Ambassadors James W. Gerard and Morgenthau; Professor Edwin R. S. Seligmen, of Columbia; Chancellor Elmer E. Brown, of New York University; Jacob H. Schiff, of Kuhn Loeb and Company; and Eugene H. Outerbridge,

President of the New York Chamber of Commerce, honored the Commission with their presence.

Dinner at Washington

The Commissioners stopped over one month at New York City as their headquarters. On December 25, Baron Megata and his several associates bid farewell to New York and took the evening train for Washington where they stopped till January 11, 1918. Baron Megata gave a dinner on January 4 at the Shoreham Hotel. Honorable William G. McAdoo, Secretary of the Treasury; His Excellency Ambassador Sato; Hon. Frank L. Polk, Counsellor of the Department of State; Hon. William P. Harding, Governor of the Federal Reserve Board; Vice-Governor Paul M. Warburg; Hon. Charles S. Hamlin and Hon. F. A. Delano of the same board; Assistant Secretaries of Treasury Messrs. Rowe, Moyle and Leffingwell; Mr. Perry Belmont; Mr. Francis Loomis, former Acting Secretary of State, and others were present on the occasion. Although the whole affair was informal without addresses, the function was thoroughly enjoyable and successful.

Soirée at San Francisco

Baron Megata with his suite left Washington for Chicago by the morning train on January 11th, and expected to tender a reception at Hotel Blackstone. But owing to a heavy snow storm, the train was stopped at Ft. Wayne, Ohio, for two days and the arrangements for stopping at Chicago were all upset. Most of the Commissioners arrived at San Francisco by January 20th.

On the evening of the twenty-first, a soirée was given by Baron Megata at the Fairmount. About three hundred guests including Mr. Charles Moore, President of the Panama Pacific Exposition; Japanese Consul-General Hanihara; Mayor Rolph; Mr. William Sesnon, former President of the Chamber of Commerce; General Murray, Commander-in-Chief of the Western Division; Mr. W. H. Crocker, of the Crocker National Bank and other representatives of Japanese residents and American Citizens together with their families were present. The occasion was pleasant and successful with constant orchestra and dance.

30. A WORD OF FAREWELL

After having spent eighty-five days on the American continent, the Commissioners finally left for Japan on January 23rd, embarking again on S. S. Korea Maru, one of the Imperial mail carriers, at 4 p.m. On the eve of the day of departure the Chief Commissioner sent out through the press, a word of farewell to the American public which read as follows.

“Our Special Finance Commission has been in the United States for nearly three months. Since we landed at San Francisco on the 31st of October last, we have been most warmly received by all classes of Americans everywhere we have gone—San Francisco, St. Louis, Chicago, Washington, New York, Boston, Philadelphia, Baltimore, and other places. We have been the recipients of the utmost courtesy and kindness.

We have had full opportunity to meet the Government authorities, leading business men, financiers and captains of commerce and industry to exchange views on various subjects such as trade relations between the United States and Japan, facilitating coöperation in industrial enterprises, etc.

The most sympathetic and courteous tone of the American press has greatly encouraged us in carrying out our mission.

On the eve of our departure from these shores, I wish to express, on behalf of my Commission, our most sincere thanks for, and appreciation of, the cordial reception and hospitality extended to us by the American people, and to say that we shall carry home with us the most pleasant memories of this, our present visit.”

31. WELCOME BACK TO JAPAN

The Commissioners arrived at Yokohama at 3 p.m. on February 9th and were immediately taken in automobiles to the Yokohama Specie Bank, where an informal reception was given to the Commissioners and their families. After their arrival the Commissioners were cordially welcomed as guests of honour at luncheons and dinners tendered respectively by the Tokyo Chamber of Commerce, the Bankers' Club, the Nippon Club, the America-Japan Society, by Premier Count Terauchi, the Minister of Finance, the Governor of the Bank of Japan and others. An address made by the Chief Commissioner Baron Megata before the America-Japan Society on March 26th reads as follows :—

“ Mr. President, Excellencies and Gentlemen :

I am most delighted to be with you once more at a gathering of this Society, and to thank you for your kind reception again extended to us this evening.

It is an added pleasure to report to you how our Special Finance Commissioners were received in the United States. In almost every city or town that we came to, we were the guests of honour at luncheons, dinners or receptions, and the recipients of true American hospitality and cordiality. Officials and private individuals with whom we conferred or with whom we came in contact in carrying on our mission, gave an immediate response to our inquiries and exhibited their ready willingness to facilitate our study and investigations. Also in carrying out our mission we were greatly encouraged by the most sympathetic and courteous tone of the American press.

We explained to Americans something of the actual conditions existing in Japan and other matters relating to the Far East. What we were able to say, we hope, may tend toward a clearer and better understanding of Japan's ability to help her allies and of her limitations on account of geographic conditions at this time of the world's crisis and afterwards.

Notwithstanding wicked attempts to create enmity and hostility between the two nations, Japan has an abiding faith in the friendship of America. During our visit to America we found that there is every evidence that the confidence of Americans in the sincerity of Japan's friendship has not been shaken in the slightest degree, but rather strengthened. For generations the Japanese have had a real affection for America. I pray it may never change.

While Japan has for years past been sending various commissions abroad, our Special Finance Commission sent to the United States was differently constituted, being made up of government officials and private businessmen and bankers. This dual character of our mission was a new departure and was of value in bringing our commissioners into closer touch with American leaders in industry and finance, as well as in official circles, suggesting more opportunities and possibilities for coöperative endeavor between the two nations, specially in the Far East.

Availing myself of this occasion, I wish to acknowledge, thus publicly, the kind assistance rendered to us by those American friends here in Japan who on the eve of our departure for America, furnished us valuable information and suggestions as to coöperative schemes in the Far East, for the consummation of which we were sent to the United States.

In the past there have been several exchanges of visits between groups of citizens in our two countries, generally promoted by Chambers of Commerce. These have tended to broaden the vision of visitors and ultimately have created a wholesome influence on both the trade relations and national sentiments of the two nations. I hope there will be more such exchanges in the not distant future.

In reference to our visit to the United States, I should like to add a few words. The warm friendship and kind hospitality we found in America were not personal and temporary, but will create beneficial appreciation and lasting memories of Japan, which will live on long into the future. The evidences of American good sentiments toward us confirm our own strong convictions. This means very much to us.

As our two nations are Allies to-day, the new bond derived from fighting together in the same righteous cause of justice, civilization and humanity, is added to our traditional friendship. May this new "elbow-touch" strengthen and ensure the peace now existing in the Far East.



APPENDIX

VISIT TO CANADA

After the Commission arrived at San Francisco, Mr. Yasutaro Numano, His Imperial Japanese Majesty's Consul-General at Ottawa, and The Honorable Sir George E. Forster, Minister of Trade and Commerce, often intimated to the Chief Commissioner Baron Megata that while he was in the United States he should avail himself of any opportunity that offered to visit Canada in order to further the existing friendship between Japan and the Canadian Dominion. While in Washington, the Chief Commissioner was again advised by Sir Spring Rice, British Ambassador, to visit Canada. The Chief Commissioner himself also decided to pay a visit to the Dominion of our Ally and made all preparations and arrangements. But pressed by important affairs connected with his mission to the United States, both public and private, as well as by the limitation of time, Baron Megata found himself unable personally to proceed to the Dominion to his great regret and asked his fellow Commissioners Baron Ito and Dr. Hishida, to proceed to Canada with his message. The two Commissioners arrived at Ottawa on the morning of January 11th and that afternoon were taken by the Japanese Consul-General, Mr. Numano to the Governor General's Mansion to pay their respects.

Dinner at Hotel Chateau Laurier

That evening a dinner was given by the Consul-General at Hotel Chateau Laurier. Over thirty guests including Sir. W. Thomas White, seven other Cabinet Ministers, Justice Lyman Duff of the Supreme Court, fourteen Deputy Ministers, and other prominent officials, honored the Commissioners with their presence. The host, Mr. Numano, in his introductory remarks, mentioned Japan's sincere participation in the war and the trade increase between the two countries as cementing their friendship.

Commissioner Ito expressed Baron Megata's extreme regret at not being able to come to Canada, and referring to Japan's desires to introduce modern civilization in China suggested Canada's coöperation in such a mission. Sir W. Thomas White in response welcomed the Commissioners, mentioned his participation in concluding a commercial convention with Japan and praised Japanese Bushido culture, contrasting it with German invasion and atrocity to weak Belgium and Servia, and in conclusion pointing out the value of the Anglo-Japanese Alliance in time of peace and war. The toast "His Imperial Majesty the Emperor of Japan," was proposed by Sir Thomas White, and that to "His Imperial Majesty of the British Empire," by Mr. Numano.

Luncheon at the Rideau Club

On the following morning the Commissioners were taken by Mr. Numano to the Cabinet House and presented to Sir Robert Borden, the Premier of the Dominion Government, who had just returned from his American trip. At noon a luncheon was tendered by the Consul-General at the Rideau Club. Forty guests including several former cabinet members, Hon. Edgar Nelson Rhodes, the Speaker of House of Commons; Sir Henry Drayton, Chief Commissioner of the Railway Commission; Commander Richard Stephens, Chief of Naval Staff; Major-General W. G. Gwatkins Chief of the General Staff; the American Consul-General, seven prominent bankers, several journalists and other leading Ottawa citizens were present. After Mr. Numano's introductory speech, Commissioner Ito remarked that the Japanese characteristic spirit of sacrifice to the State is also strong among the Allies. Former Minister of Interior, Dr. Roche, made a welcome speech. Commissioner Hishida in a short address enumerated Japan's relations with Canada, mentioning the extraordinary energy of the Anglo-Saxon race in developing not only the warmer or tropical zones of the earth, but also the higher latitudes, and praised Canada's wise adoption of conscription law against German conscription and autocracy.

The following addresses were those made by Commissioners Baron Ito and Dr. Hishida :—

Baron Ito

“ Mr. Host and Gentlemen :

It is my misfortune to present to you the regrets of Baron Megata, head of the Commission. It goes without saying that he is exceedingly anxious to be with you and indeed has done all in his power to enjoy just such an opportunity as this of seeing you face to face. But circumstances over which he has no control have finally compelled him to forego the pleasure, and I am the happy recipient of the honor of representing him at this genial function.

Over 7,000,000 people have been slaughtered in the present war. These are the patriots, nameless and unsung, who have paid the price with their own lives. And precisely to the sacrifice of these nameless men is due the noblest tribute. The honor of a country is maintained by the spirit of its sacrifice.

The other day while I was in the city of Boston I had the opportunity of visiting the grave of one of the Japanese who died there some forty-four years ago. Baron Megata, head of our Commission, is a Harvard graduate of the year 1874. They were there together in Boston, the friend in the all-but-forgotten grave, and our chief Commissioner. And it was the silent master of the modest grave who had helped and led the young aspirations of the present chief Commissioner. Forty-four years had come and gone, when Baron Megata came to the United States as the head of the Special Finance Commission. As he stood at the grave of his friend he was quite overcome with emotion. All about us the ground was covered with snow. Above shone a beautiful day, quiet and sunny. The master of that grave was no common Japanese. He had done much for the building of the New Japan in the first years of the Meiji period. Because of his eagerness for knowledge of the outside world, driven by his hunger for international culture, he had left Japan with the sole idea of serving his country the more. He was nearly forty years of age when he became a mere student and crossed the seas to America. If he had not died in the United States it is certain that the history of our country would have remembered him as one of our national benefactors. Unhappily death overtook him in a foreign land. There is nothing but a simple, lonely stone to

mark his resting place. But, gentlemen, the unknown, such as that student under the Boston sod, are the real architects of what we call the New Japan. It is because of the price those men paid without a word and because of the work those men wrought, unknown and unsung, that the dignity and prestige of the Imperial Japan of today are maintained.

As some of you gentlemen may remember, General Nogi was the famous commander who, in the Russo-Japanese War, took Port Arthur, which was considered both important and impregnable. At the time he had two sons, both of whom he sacrificed in the attack on Port Arthur. When the Emperor Meiji joined the high company of the Immortals, the General, declaring that his duty was done, committed *harakiri*. Whatever one may say or think of the method of his departure from life, his spirit of loyalty, his sincerity and whole-hearted devotion to the State are things that the people of Japan can never forget. As long as time lasts, they will stand.

In the present world war, Canada has given many of her sons. Many of the sons of famous men in England have given their lives on the field of honor. I have been told that a number of the seats in the French House of Deputies are decorated with black. There is nothing nobler than to die in the defense of one's homeland; nothing higher than the spirit that sacrifices life itself for the cause of justice. Indeed this spirit of sacrifice is the greatest treasure of humanity; it is the flower of civilization. The other day I was reading the diary of a member of a Japanese commission that went abroad some fifty years ago. It was at the time when New Japan was being born, and the commission was despatched by the Government of Japan to observe and study the culture and institutions of Europe and America. In his diary the Commissioner made this significant entry:

“The foundation of European and American civilization,—yes, of their very material civilization, is no other than their patriotism.”

The flower of European civilization, as expressed through the present war, is its patriotic sacrifice. I have come to recognize that the foundation of European civilization, as expressed through this world's war, is its spirit of patriotic sacrifice. Therefore, on

this occasion, I deem it my great privilege to express my profound respect for the spirit of sacrifice of the Canadian patriots for their homeland.”

Dr. Hishida

“ Mr. Host, Excellencies and Gentlemen :

It is a great honor and unique opportunity to be called upon to speak on such an occasion, before this distinguished assembly of gentlemen in the capitol of the Dominion of Canada.

We live in a country remote, several thousand miles from your Dominion, across the vast Pacific. But I think our relations with you are more than those of a neighbor. The ocean current between your Pacific seaboard and our Island Empire is circulating as regularly and warmly as the blood in the human body. Passengers and mails from your Dominion reach Japan several days earlier than those from the United States. Our trade with you is increasing slowly but steadily year after year. His Royal Highness, Prince Arthur of Connaught, the illustrious son of your former Governor General, was twice a State guest of Japan. When His Excellency, Sir George E. Foster, your Minister of Trade and Commerce, came to Korea several years ago on his Far Eastern tour, I had the honor to show him the work of our colonial administration by the order of our Governor-General, Count Terauchi, who is now Prime Minister of our Empire.

Above all, our political ties with your mother country, existing since January 30, 1902, grow stronger as time goes on. Since I set foot in your Great Dominion, I have more and more appreciated the greatness of the Anglo-Saxon race. You are not only capable of developing the warmer or tropical zones of the earth, but you have shown to what an extent it is possible, by the vigorous exertion of human energy and the wise employment of capital, to develop the higher latitudes, and bring their treasures to the markets of a waiting and grateful world. The variety of your products is extraordinary. Although your population is less than one tenth as great as that of the United States, yet your farmers produce far more than one-tenth as much wheat, oats, barley and potatoes as is grown on the other side of the line.

You were born to democracy. Possibly the Parliament of your Mother Country gives you more liberty than prevails even

in Great Britain. You are enjoying more autonomy and initiative than exist in the dominions of any other empire. When you are confronted with the demands of Imperial unity or cooperation, you not only exhibit your loyal support of your mother country, but hold yourself ready to sacrifice human lives and natural resources with an unflinching determination, which has undoubtedly disappointed the superficial anticipation of our Teutonic enemy. In order to protect your democracy, you have wisely adopted a form of conscription as an instrument to fight against the Teutonic conscription and some of the outward forms of the most unblushing autocracy. We allied nations are indeed confronted by the most highly organized and dominating enemy to be found in all history, but we face the future with confidence. Japan, true to her Allies, and sincere in guarding the mutual trade interests of civilized nations, especially in the Pacific, has done and is doing all that is possible in both a military and financial way to accomplish the common purpose.

I venture to think the prosperity of each individual nation, the peace of the world, the progress of humanity, the reconciliation of the East and the West, and all elements that go to make up the great conception of the world's civilization, would be advanced by the cooperation of all nations which are capable of such a mission, but not by the domination of a single universal empire such as was the dream of Alexander the Great, Caesar, Ghingis Khan, Napoleon, or the modern Teutonic ruler. In this all-embracing, world-movement, Japan will continue to play a significant part, in harmony with her own interests and with those of others, and in the same chivalrous spirit in which she is now leading her sister nations of Asia to a higher plane of political, social and moral responsibility.

I thank you."

The loyal toasts were then drunk.

Although the sojourn of the Commissioners in Canada was very brief, yet they received the utmost hospitality and cordiality and had full opportunity for an exchange of views. The Commissioners took an evening express to join Chief Commissioner Baron Megata at Chicago.

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