

THE CURRENCY LOAN.

A Japanese Undertaking.

Views of Mikado's Press.

The Chinese Government has applied to the Four Powers for a loan of 200,000,000 yen for currency reform, recently, says a Japanese newspaper to hand. It has been reported that the British, French and Russian Governments are not in a position to undertake the loan and if ever the loan is to be closed it will be undertaken solely by Japan. If in case America joins the Syndicate, it may be undertaken by the two nations.

If with the loan made by Japan, China is able to make a reform in her complicated and unsystematic currency system to one of gold exchange or gold standards, it will be helping China to pull herself up into a better economic state. The results will not only be beneficial to Japan but to the other nations as well.

That China being a silver standard country and coupled with her un-uniform system, her inconvenience and loss are exceedingly significant. A certain business man who has just returned from China quotes the following incident. At a hotel he had paid 7 coolies in yen silvers as payment for their services. In sharing the payment, even after the elapse of hours, no decision was met with so that the proprietor of the hotel, the guests and neighbouring peoples entered into the discussion, changing the scene into a small parliamentary body. Just for the division of a single payment such time is consumed. One can imagine the loss incurred in settling the daily transactions in business and trade. The one incident describes the state of affairs. As a result it may be inferred as showing why one meets difficulty in obtaining credit, one of the most efficacious means in modern business transactions. With foreign trade the changing price of gold and silver causes a large margin of fluctuations in the exchange value of China. For this reason, export trade is put at a disadvantage and import trade oppressed, extending to the confusion of the Chinese financial circles causing much loss. Thus China has been meeting a large obstacle in her economic progress due to the defect in her currency system. Hence, if a reform can be realized in her currency system, adopting the gold exchange or gold basis, the disadvantages of China will be swept away, for her money system will be placed on a stable basis similar to the other first-rate Powers.

As in the present case the high price of silver has lowered the Chinese exchange value, what was 70-80 taels before the War has now dropped to 30-40 taels. This sharp change has caused an unhealthy form of speculation in the financial conditions of China, bringing in a gloomy aspect. With the present state of affairs, it is only plain that with the drop in the price of silver and the bolster of the exchange the Chinese financial world will again be harassed by confusion but Japan also will be hurt on account of her large trade connexions with China. This adds to the urgency of the currency reform in China. It is for this reason that many an economist of the nation are desirous of seeing Japan lend China the amount so that China may realize her long contemplated plan.

This change was being considered during the Ching Dynasty, not only desired by China but by the Powers. Nearly every point has been considered and it remains only to apply the policy. It is desired, therefore, for Japan to loan the amount and aid China in the adoption of the system but not without some conditions.

The first of them is that the unit of Chinese money should be made equal to Japanese currency. The denomination may be named Yuan or Tael as long as 2 "bu" gold, about 12.9 grains, is a Yen. This will do away with many an inconvenience in the exchange value of Chinese and Japanese drafts.

The second is that China should be persuaded to deposit her specie reserve in the Bank of Japan, just as Japan deposits a portion of her specie in the Bank of England in London. This will put Japan in position to handle the foreign settlements of China but at the same time the greater part of the 200,000,000 loan will be kept in Japan so that no change will be caused in the holding of the money. If this is possible, Japan will enter on the world market as the centre of the money market in the Far East.

If the above two points are to be realized then it will be one step forward in the so-called Sino-Japanese joint enterprise which will go to foster the amity between the two nations.