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Oriental Bank Corporation.

All Letters to be addressed and
Remittances made payable to
"THE ORIENTAL BANK CORPORATION"

Yokohama 17 Oct. 1873

Dear Mr. Kuma

The two extracts
enclosed are from the
"London Times" the leading
newspaper in England.

It will be interesting
& satisfactory for you to
see so high an authority
writing so favorably of
your Budget & Country
Generally - Our Chief-Manager
Mr. Stuart, has taken great
trouble to get you properly
represented in England

Yours truly

John Robertson

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June 28 Aug 1873

The development of Japan during the last four years is one of the most remarkable phenomena not merely of recent times, but in the history of the human mind. For a long course of generations the country had been absolutely closed to foreign influences, and its civilization seemed marked by the most resolute immobility. The exclusiveness of the Japanese even surpassed that of their Chinese neighbours. The resistance offered by China to innovation was negative and passive in comparison; that of Japan was self-asserting and belligerent. The people appeared determined to maintain intact their highly artificial civilization, and were perfectly content to live apart from all the rest of the world. They were the very type of immobility. It was natural to suppose that this prolonged isolation would have paralyzed the intellectual capacity of the people, just as a limb becomes powerless if it is never used. But the actual result has been the reverse. The energies of the Japanese mind seem to have been repressed only to burst out in greater luxuriance when the restraint was removed. It would be difficult to parallel the revolution by which, four years ago, the feudal organization of the country was swept away at one stroke, the great nobles laying down their whole power at the feet of the Mikado. Since then it has seemed impossible for the Japanese to go fast enough in imitating European practices. Their whole Administration is reorganized on an European model. The Daimiates are transformed into Prefectures, the army is formed on a French model, and every invention of European civilization is eagerly introduced. Innovation has become a passion, and, as our Shanghai Correspondent mentioned the other day, is being carried to even absurd extremes. The use of mats in the houses, for instance, has been abolished by decree, and the European mode of wearing the hair enforced under penalty. An outbreak was recently reported, ostensibly occasioned by distress among the agricultural population, but more probably arising from irritation at these petty interferences. It is only astonishing that such wholesale innovation has not provoked a rebellion on a large scale, and it must be concluded that the people as a whole share the craving of their rulers for novelty. The passion has received an amusing illustration in the development of a rage for pigs, fowls, and rabbits, but especially the latter animal, of European breeds. These follies seem, however, only the exuberance of a real appreciation of civilized life, and the Japanese are daily making permanent advances in the new course on which they have entered.

The latest illustration of this capacity is the publication, "for the information of all the Departments of the Administration and of the local authorities throughout the country," of a Budget drawn up in true European form. It seems that an ex-Vice-Minister of the Treasury and an Attaché of the Treasury of the third rank had, like Opposition critics in this country, drawn up an estimate of revenue and expenditure which reflected upon the administration of the national finances. The Prime Minister thought it necessary to re-assure the public mind, and accordingly appointed a Councillor of State, as Chief Commissioner of the affairs of the Treasury, to make a careful examination of the financial condition of the country. This officer opens his Report by asserting a truth which even European Governments have been slow to learn, but which no Asiatic Government has hitherto dreamt of:—"Upon the administration of the Finances are dependent the safety and peril of the Empire, and if they be mismanaged, incalculable calamities may arise in the snapping of a finger." He confesses to the irregularity with which the revenue has been hitherto collected. There have constantly been deficiencies, accounted for only by such pleas as "not yet paid in," or "payment deferred." But now, we are assured, these irregularities will be reformed, and the national affairs brought into such order that "while the amount of the actual income may increase there is not the slightest reason why it should diminish." Detailed Estimates are presented based upon the actual revenue and the actual expenditure for the past year. The total Revenue is placed at nearly 40 million *yens*—a new coin which we believe to be equivalent to the Mexican dollar. The total expenditure is estimated at 40 million and a half *yens*, showing a surplus of more than two million *yens*. The great source of income in Japan, as in India, is the Land Tax, which provides more than forty out of the total forty-eight millions. The Government have hitherto had rights over the land under cultivation "which resembled those of absolute property," but title deeds have now been granted, "and the people have received proofs of their own property in it." Stamps yield a million *yens*, alcoholic liquors only three-quarters of a million, sugar a quarter of a million, and Maritime Customs and other taxes nearly two millions. The Post Office, Railways, and Telegraphs are classed together as one Revenue Department, and already return 400,000 *yens*. The great items of expenditure are "Pensions," twelve million *yens*; the War Department, eight millions; the Navy, nearly two millions; and Public Works and Buildings, seven millions. A sum, moreover, of no less than 1,300,000 *yens* is expended on Education. The total debt of the Empire is 31,224,701 *yens*, or less than one year's income, and provision is said to be made for steadily extinguishing it.

A country which in the fourth year of its revolution can present such a Budget has evidently vast opportunities before it. The revenue from Customs has only just begun to develop, and the Japanese will readily discover the advantages of commerce in a constantly augmenting revenue. The surplus, the Commissioner explains, has been obtained at a time when the changes recently introduced necessitated a lavish expenditure in some directions. The cost of "numerous works which have to be undertaken in inaugurating a new era, such as the construction of railways, the erection of lighthouses, the construction of telegraphs, the formation of various factories, the building of public offices and barracks, has been included;" but after this year it will be possible to adjust the progress of these works to the convenience of the revenue, and a promise is held out that the fixed expenditure shall be reduced by economy, and that when the national affairs are brought into order it will be materially diminished. The taxes, again, have hitherto been for the most part paid in rice, and their return has fluctuated with its price. This system has now been abolished, and fixed taxes to be paid in money have been substituted. The Japanese have thus fairly entered on a course of European financial experience, and the only danger in their way seems to be that of attempting to complete their reforms too rapidly. The too "vehement argument" of the officials, to whom the Commissioner replies, appears to indicate that this danger is perceived among the people themselves, and has occasioned some alarm. This is the best security for a cautious advance, and if the Japanese can admit our European institution of an "Opposition" they will have given perhaps the most remarkable of all proofs of their capacity for modern civilization.

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Times Aug 26. 1873

It was mentioned a few days back that, owing to allegations which had been spread by two ex-officials of the Japanese Government, the Japanese Finance Minister, who seems to be regarded as a man of weight and experience, had deemed it advisable to publish without loss of time a general statement of the condition of the Japanese Treasury. This document, although hastily prepared and, in consequence, avowedly open to future correction, constitutes the first Budget of the Empire ever formally put forth. It has been favourably received, and shows an income of 9,750,000*l.* against an expenditure of 9,320,000*l.*, leaving an estimated surplus of 430,000*l.* The last advices give the details as follows:—

INCOME.	
Land tax	£8,053,000
Ground rent, licences to trade, and other taxes in the three cities of Yedo, Kioto, and Ozaka	62,000
Various licence tickets	67,000
Ship tax	7,000
Servants', carriage, and horse tax	13,000
Stamps	260,000
Alcoholic liquors	155,000
Oil pressing	11,000
Sugar	57,000
Miscellaneous	204,000
Maritime and Customs' duties	364,000
Post Office	40,000
Railways and Telegraphs	40,000
Revenue of the Hokaido	71,000
Incidental Receipts	346,000
	£9,750,000

EXPENDITURE.	
Redemption of public debt. Public debt bearing no interest, of which the principal is to be paid back. Instalments for the past and current year	£102,000
Public debt bearing interest and repayable along with interest. Instalments for the past and current year	221,000
Internal debt to be repaid at once ...	50,000
Foreign debt, principal... ..	90,000
Do., interest	74,000
Pensions	2,523,000
Buildings	800,000
Foreign relations	20,000
Council of State	66,000
Government Departments, including War (1,600,000 <i>l.</i>) and Navy (360,000 <i>l.</i>)	4,271,000
Police	170,000
Foreign Legations and Consulates ...	22,000
Incidental (including Vienna Exhibition, 50,000 <i>l.</i>)	911,000
	9,320,000

£430,000

At the same time, the public debt is stated to consist of 5,143,000*l.* Internal (about half of which bears no interest) and 1,102,000*l.* Foreign (comprising the 9 per cent. Loan of 1,000,000*l.* issued in 1870), to which must now be added the 7 per cent. Loan of 2,400,000*l.* contracted in London in January last at the price of 92½.



大隈参議

~~R. G.~~ Okuma Kango

Finance Department

Yedo

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大蔵省