

Mr. Matsugata

Dear Sir

In the conversation had with you a few days since I confined myself to answering the questions propounded by you and stated my opinion as to the manner of protecting the Japanese Gold coinage.

Briefly, the opinion was as follows:

The entire trade of Japan is conducted upon either the Mex. dollar, or the paper currency standard, and consequently gold, whether in the shape of coin or bullion, is merely a commodity to be dealt in in the same way as rice, or tea, or silk. Therefore whenever gold in Japan can be purchased cheaply, the bankers ^{but} whenever tea or silk can be purchased cheaply the merchants buy — But there is a demand for tea & silk for consumption in Japan itself and this home demand to a certain extent regulates the price, for it is a principle of political economy that the price of an article is regulated by the demand for it. For gold,

however, there is no demand ~~for~~
in Japan as there is very little
use for it here. The foreign merchants
use American dollars, the Japanese
merchants use paper money.

Japanese gold is therefore shipped
to countries where gold is freely
used, where there is a demand
for it. This demand exists in
Europe, and therefore wherever
the banks can buy gold cheaply
enough they do so, and this in
addition to the balance of trade
against Japan is the reason why
gold is being exported from
Japan in such large quantities.

The question is how can this ex-
portation be ~~stopped~~ ^{lessened}. The answer
is: by creating a demand for
gold ⁱⁿ Japan. The next question
is: Can this demand be cre-
ated: my answer is: a small
demand might be created by permitting
the customs duties to be paid ~~by~~ ^{and other} in
Japanese gold ^{instead} in place of
American dollars. In addition to this,
however, the Government should pro-
tect its gold by lowering the relative
value of the Am. dollars and

Japanese Yen in London, and purchase gold in the Yokohama market whenever the discount upon the same is too low when compared with London quotations.

The foregoing remedy does not however, really reach the ~~dis~~^{all}. In my opinion Japan cannot maintain a gold standard so long as silver is the standard of China, India and other countries of the East, and so long as specie payments are suspended in Japan. The reasons are obvious and need no great amount of financial knowledge to make them clear.

The commerce of India and China is many times greater than the commerce of all the other countries of the East put together. It therefore follows that the rates of exchange &c. &c. are controlled and regulated by India & China. For example: The rate of exchange at Yokohama for sight drafts on London is $4/1\frac{1}{2}$. This rate is very high taking the value of the American dollar in London,

the cost of shipments &c. into con- sideration, but it not a rate made by the trade of Japan. It is a rate made by the trade of China to protect silver, and Japan has to conform to it. This is why you can buy exchange cheaper for Mex. dollars than you can for Japanese Gold Yens. Suppose you buy of the Bank a draft for £1,000 and pay in Japanese gold, the bank would have to ship the gold to London to pay for the draft it had given you and this would cost the bank $\frac{1}{2}$ per cent. The gold is no use nearer London. If, however, you had paid the bank in Mexican dollars, the bank would have worked the exchange through China, and paid for it by remitting the Mex. dollars to China at a very slight expense. They ~~could~~ ^{can not} ship the gold to China for China has no use for it.

If you ship a thousand yens & a thousand Mexican dollars to London you will

receive more for the yens than you will for the Mexicans, and yet at Yokohama the yens are not worth as much as the Mexicans by 3%. Why is this? Simply because gold not being used in the East as currency is of no use in the East, and therefore if a merchant or a banker receives it he must send it somewhere where it can be used. The nearest place is London, consequently gold is more valuable in London than it is in Japan. Silver on the other hand is the universal currency of the East and is not a standard in London. Therefore silver is more valuable in China than it is in London and that is the reason why the China merchants keep the price of exchange at such a favorable rate for Mex. dollars.

Japan cannot while her trade is so small escape from the influence of the great commercial interests of China and the balance of the East, and it is therefore wiser for Japan to conform to

a currency standard & similar
to those countries than to longer
continue the gold standard such
it is evident is a failure.

It must not be forgotten that
gold coinage can only be carried
on by purchasing gold bullion
in London. When you buy in
California you pay by drafts on
London (which is the same as
buying in London), and that
the gold is worth more ~~than~~ in
London than what it is after
it arrives in ~~London~~ ^{Japan}. This is
like paying \$100 for a box
of hats and selling them at
Yokohama for \$90. With
silver however the case is dif-
ferent.

a summary of the work of the
to these countries in the past
continues to be the same
it is not a failure
It must not be forgotten that
the work of the committee
in the past. When you say in
California you pay for water in
Mexico (but in the same way
paying in Mexico) and the
the work is not done in
Mexico then that is a
to mention in Mexico. This is
the paying 2.00 for a lot
of the work done in
Mexico for 2.00. The
that makes the work of

数日前面略ノ際日本金貨保護ノ方法ニ付閣下ノ
 下問ヲ忝クシ略テカ説ヲ述ベタリシカ今復其
 論題ニ付卑見ヲ尤ニ約言シテ閣下ニ奏呈ス
 二見ヨ日本ノ通商ヲ引導スルモノ果シテ何物
 ナルカ悉ク墨銀ト紙幣トニ非ルハナシ故ニ金
 貨(地金ニセヨ)ハ唯一個ノ物品ニシテ取引上米
 茶絹ト類ヲ殊ニセス此以テ銀行者ノ低價ヲ見
 テ之ヲ買入ル、ヤ恰モ高價ノ茶絹ノ下落ヲ見
 テ之ヲ購買スルニ等シ然レハ茶絹ノ類ハ日本

大 裁 省

人民日用相待ノモノナレバ内國大ケニモ相應
 ノ需要アリ之レガ為メ其價格ヲ定ムルハ是
 レ經濟上ニ謂エル物品ノ價格ハ其需要ニヨリ
 テ定マルノ云ヒナリ獨金貨ニ需要ナキハ何ソ
 ヤ他ナシ外國賣人ハ墨銀ヲ用ヒ日本商客ハ紙
 幣ヲ用ヒ通商上更ニ金貨ニ待ツナケレハナリ
 如此ナレバ則チ日本金貨ハ止ヲ得ス其使用需
 要アルノ國ニ出デザルベカラズ而シテ其需要
 ノ地ハ乃チ歐羅巴ナルガニ該地ノ銀行ニシ
 テ金貨ノ下落ヲ見テ購買セサルモノナリ加之



ニ通商上ノ平均ヲトル為メ外出スルモ是等ニ由
テ参考スル片尙故金貨ハ濫出スルカハ并ヲ待タ
スシテ明カナルヘシ

今一問題ヲ設ケ如何セハ斯ル輸出ハ減少スベキ
ヤト云ハ、余ハ日本ニ於テ金貨ノ需要ヲ造為ス
ベシト答ヘシ復次ニ其需要ハ果シテ造為シ能フ
ト問ハシ答テ曰ク之ヲ造為セント欲セハ厘ク税
関其他ノ税ヲハ金貨ヲ以テ納メシメ墨銀ヲ収メ
シムベカラス尤スレハ僅少需要ヲ造為シ能フヘ
シ且又日本政府ハ倫敦ノ墨銀ト金貨トノ關係

大藏省

價格ニ注意シテ金貨ヲ保庇シ又横濱金貨ノ歩
引高倫敦ノ相場ニ比較シテ低下ナルキハ厘ク
之ヲ買入ル等ノヲヲナスヘシ

然レモ前ニ示セル論說ニテハ未タ此弊ヲ匡ス
ルニ足ラス蓋シ予ヲ以テ之ヲ觀レバ日本ハ支
那印度其他東方諸國ニ於テ銀貨ヲ本位貨幣ト
セル間ハ永ク金貨ヲ定位トシテ維持スル能ハ
ス況マ内國ニ於テ正金ノ取引稀ナルニ於テヲ
ヤ是レ明瞭易見ノ道理ニシテ決シテ理財上ノ
見聞ヲ待テ之ヲ知ルニ非サルナリ

墨銀ノ為換ヲ組ムト

抑モ印度支那通商ノ盛大ナル東方諸國ヲ併スル
 モモトヨリ之ニ及サル数等ナリ故ニ為換相場ホ
 余多ク二國ノ為メニ統制サレサルベカラズ
 今試ニ一例ヲ挙ケン倫敦ヘハ為換ニ付キ横濱
 ノ相場壹兩ニ付キ四シリング壹兩ニシテ八分
 ノ三トス^{而シテ}倫敦墨銀ノ價及ヒ回漕入費ホヲ
 算用セハ^高高相場ト云ベシ是レ日本通商上
 ヨリ生スルニアラズ銀貨保護ノ支那通商ノ為
 メニ奈スルノ相場ニシテ日本ノ從ハサルベカラ
 サルノモノナリサレバ日本金貨ノ為換ヲ組ムト。

大藏省

六墨銀ノ為換ヲ組ムノ一層下廉ナルハ此ニ基
 ケリ其實証ヲ示サン今一銀行ニ於テ英貨千封
 度ノ為換ヲ組ミ拂フニ金貨ヲ以テセハ銀行ハ
 其為換高ヲ拂フガ為壹分半ノ入用ヲ賈シテ之
 ヲ倫敦ニ輸送セサルベカラズ是他ナシ倫敦ヨ
 リ近國ニ於テハ金貨ニ待ツナケレバナリ然
 レモ墨銀ヲ以テ之ヲ拂フ代ハ銀行ハ支那地方
 ニ向テ^{為換}為換ヲ組ミ之ヲ支那ニ輸送シテ其為換
 高ヲ拂フベシ斯ク墨銀ヲ輸送ストムヘトモ金
 貨ヲ輸送セサルハ支那ニ於テ金貨ヲ要セサル

カ故ナリ

今夫レ千円ノ金貨ト千弗ノ墨銀トヲ倫敦ニ輸送セハ恐ク金貨ノ為メ得ル処ノモノ却テ墨銀ニ付得ル処ノモノヨリ多カルベシ然レハ横濱ニアリテハ此金貨墨銀ヨリ三分引ノ價ヲタモ有セス是レ何故ナルカ夫レ東方諸國ニ於テハ金貨ヲ通貨トシテ用ヒサル故ニ商客銀行者ニシテ適之ヲ得ルモノアレハ皆之ヲ其使用アルノ國ニ輸送セサルベカラズ而シテ其近國ニシテ使用アルノ場ハ倫敦ニ過キスサレバ倫敦ニテ

大藏省

金貨ノ價日本ヨリ貴キ所以ナリ及之ヲ銀貨ハ東方一般ノ通貨ナレバ倫敦ニ於テハ之ヲ定位貨幣トスルヲナシ故ニ銀貨ノ價倫敦ヨリハ支那ニ於テ却テ貴シ然ラハ則支那商客ノ斯ル割合ニ墨銀ノ相場ヲ維持スル亦宜ナラズヤ且ツ日本通商ノ僅少ナル固ヨリ支那通商ノ勢成ト東方諸國一般ノ平均トノ為メニ感觸セラレテ免ルベカラズ然ル上ハ金貨ヲ定位貨幣トシテ永ク之ヲ維持シ遂ニ損失ヲ招クモノトナラニヨリハ寧ロ支那其他ノ定位トスル処ノモ

ノヲ定位貨幣トスルノ勝レルニ如ズ
 如此ナレバ則チ金貨ハ唯倫敦ニ於テ金地金ヲ
 買ヒ鑄造ナリタリト記憶シ置カサルベカラ
 ス例ヘハ倫敦一ノ為換ヲカルホルニア(米湖縣一)
 於テ買フ(倫敦ニテ之ヲ買フ同價ニテ)ニ金貨ノ價倫敦ヨリハ日本
 ニ於テ頗ル下等ナリキサレバ倫敦ニテ帽子臺
 函ヲ百弔ニ買ヒ之ヲ横濱ニ九拾弔ニ賣ルト亦何
 ヲ異ナラン然レニ銀貨ハ之ヲ以テ論スベカラス
ジョーゼ、ヒ、ウ、井、ル、リ、ア、ム、ス

松方正五位閣下

大藏省