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- War and Armament Expenditures of Japan, by Giichi Ono.

# EXPENDITURES OF THE RUSSO-JAPANESE WAR

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## NOTE BY THE DIRECTOR

The plans of the Division of Economics and History of the Carnegie Endowment for International Peace have been transformed by the World War. Problems now calling for study transcend in importance those with which this Division has been dealing and material for research and record so far transcends any that was formerly available that it will demand almost exclusive attention for some years to come.

The process of warfare itself is now so unlike that of former days that many military rules of the past have gone into the scrap basket. The late war ended when its deadliest tools had barely been brought into action. The peoples have fought as they had worked, by machinery; mechanical and chemical engines of destruction have decided the result and will decide in like manner the result of all wars of the future. Machine shops and chemical laboratories will so largely determine what armies shall win that fighting strength will be as much a matter of available capital and of science in applying it as of numbers of troops and strategy in directing them. It is safe to say that the death-dealing arts and instruments will far surpass in destructiveness those which made the late war so deadly, and to a soldier of the future the order to march into a cloud of poisonous gas and a whirlwind of missiles will resemble an order to plunge into the rapids of Niagara. This is one central and obvious fact which the war has taught us and it has many corollaries, some of which have to do with the increased costs of war and the importance of the particular resources that make a nation powerful for offense and defense; but there are less conspicuous economic facts which are more fundamental, since they may determine where and when, if at all, wars shall hereafter occur.

Causes of warfare are always partly economic and those which incited the recent one were mainly so. The business plans of a powerful state reached to the ends of the earth and so crossed and interlaced the claims of other states that some writers, then and afterwards, pronounced the war inevitable. If we assume a settled purpose on the part of such a

state to encroach on the rights of others, we may say that it doubtless was inevitable. The victory of the defending countries has saved them from an immediate and intolerable domination, but it can not be taken as an assured fact that similar attempts will never again be made. The economic inducement continues and the means may at some time be forthcoming.

War has both centralized and somewhat democratized industry within the several states—a change that if continued will entail momentous consequences; but still greater effects have been produced on the relations of states to each other. The world as a whole has changed more than its component parts and the new relation of the parts to one another is the critical element in the situation. The great increase in the economic functions of governments is one cause of this condition. Within the great international community in which the several states are units extensive economic functions have gravitated into the hands of governments and caused them to face each other as business rivals and to deal with each other in a multitude of ways in which the merely self-seeking policy of private business is intolerable. Power to invoke principles of justice and international law as interpreted by a competent court has become an indispensable means of allaying strife and this fact exalts to supreme importance the high court of nations which has just been established. It magnifies also the importance of the economic facts and principles with which the law itself will have to deal. It is not merely individual men or private corporations who now meet each other in the rough and tumble of a world-wide mart but states themselves, each representing its own population and seeking to foster its interests as a zealous and faithful agent. The chances of friction that are inherent in ordinary commerce inhere today in vast international transactions and will increase in the measure in which the intercourse grows. All this means a great increase in incentives to warfare, on the one hand, and in the motives for preventing it, on the other. Private com-

merce unites more than it separates those who participate in it, and it remains to be seen whether international commerce will act in the same way; but, in view of what modern war means, the human race will deserve to perish, and much of it will probably do so, if the forces of strife are allowed to get the upper hand. Whether they will or not—whether the recent economic changes will tend to reduce warfare or to increase it—depends on the ability of nations to create and maintain the instrumentalities that in the new state of the world are necessary.

Certain it is that the feeling which prevails today, the world over, is not one of security. The dread of further war is greater than it was before 1914. In some areas war still prevails, in others peace is held by a precarious tenure and in all it can be firmly established only by conscious and intelligent action by the states themselves. Mere exhaustion holds war dogs temporarily in leash, but it will take more than that to tame them as they must be tamed if peace is to endure.

We here confront a wide difference between the several states in comparative desire for peace and disposition to maintain it. One portentous fact is the grim determination of Russian communists to extend their system by crude force from state to state. Bolshevism is government by the few, and largely the bad, masquerading as government for and by the people. In its mother country, Russia, the economic measure by which it began its career was confiscation of private wealth—in itself an ultra-democratic measure. If this had brought in a true communism, it would have been a ruthless and unjust measure for creating a peace-loving state. Democracy, socialism, communism and bolshevism all appear in the aftermath of the war. The first of them makes for future peace and so does even the conservative element in the second, while all else in the series means certainty of civil strife and danger of international war.

By a compulsion that there was no resisting, the war forced the nations of the Entente into economic cooperation with

each other. Commissions centering finally in the Supreme Economic Council adjusted in a harmonious way questions that would otherwise have led to rivalry and conflicting action in purchasing war materials, securing ships, apportioning food, controlling railroads, financing the war and doing a multitude of other things with the one common purpose of victory. The special compulsion of the struggle is over, but it has left an aftermath of issues grave enough to make peace insecure unless something equivalent to the Supreme Economic Council survives in full efficiency. The agency that did so much to win the war can do as much to prevent another one, but to that end it will have to be guided by economic principles and it is a saving fact that these still survive. The war has not abolished the law of demand and supply, though governments may forget it. In the coming era they must build better than they now know. Economic knowledge must either go in advance of action and prevent disaster or follow action and be learned from disaster.

The Japanese monographs in the present series have reference to wars which were concluded before the World War began. Although they were completed several years ago, their publication has been delayed as a result of war-time conditions. This series is to be followed by a series of studies of the World War itself, made under the direction of the same committee of accomplished Japanese scholars as the present one. Both series will contribute much to the solution of post-war problems in all parts of the world.

JOHN BATES CLARK,  
*Director.*

NEW YORK,  
*February 1, 1923.*



## PREFACE

Since the Imperial Restoration in 1868 Japan has fought no less than three international campaigns, namely, the Sino-Japanese, the Russo-Japanese and the Germano-Japanese Wars. Of these the most sanguinary was the Russo-Japanese conflict.

In this greatest of the Far Eastern engagements, Japan staked everything, because she was pitted against a renowned military power whose troops were then reputed to be the strongest in the world. When its dreaded fighters covered in swarms the fields of Siberia and pressed down to the front, while its devastating warships approached the Japanese waters and threatened the annihilation of our navy, the hearts of fifty million men, women and children quaked for the safety of their country. And yet Japan unsheathed her sword valiantly, because she knew that her fate would be sealed should Russia be allowed to occupy Manchuria and extend her influence to Korea. This desperate struggle fortunately ended in our victory, but the sacrifices Japan made were by no means light.

Japan lost a large number of men in this campaign and millions of *yen* were unproductively spent. It was not an easy task to raise this enormous amount of war expenditures. Extraordinary special taxes were imposed and great public loans were floated, both for the same object. The former were devised as a temporary war measure, but the effects of the Russo-Japanese War on our national finance were so baneful that the extraordinary special taxes could not be abolished with the restoration of peace, and most of them are still being levied. It is not, therefore, too much to say that, even to this day, the people of Japan are groaning under a heavy burden of taxation, as a result of their war with Russia. The flotation of the war loans wrought yet weightier effects on our finance. Because large sums of money were borrowed from abroad, no small amount of interest has been paid year after year since the close of the war, and this in its turn has affected our exchange with foreign countries. This last, again,

has affected our foreign trade. On the other hand, as the total issue amount of war-time bonds increased, the circulation of convertible notes also gradually swelled and prices rapidly soared. Wages, however, did not rise in proportion, living became harder for the masses and the gulf between the rich and the poor visibly wider.

Turning our attention to the agricultural, industrial and commercial activities of the country, it may be observed that, in the early stage of the war, every branch suffered more or less. But the strenuous and persistent efforts of the people soon overcame the difficulties, the former prosperity was steadily recovered as one victory after another on land and sea was reported, and the foundation was laid for great development after the war. All this, therefore, may be called the bright side of the dark picture of carnage. The economic growth of Japan in the last twelve years, in short, has been stimulated by the Russo-Japanese War.

This work comprises the results of studies and investigations on the points referred to above. Its author is Mr. Hisashi Oyama, assistant in the Seminary of Economics in the Law College of the Kyoto Imperial University. He complied with my request to undertake the present task, went through a wide range of literature bearing on the subject, extensively culled statistics and spent a long time in research, before the results thus obtained were finally put down on paper. His first draft was much more comprehensive and extensive, but, in order to bring the volume within reasonable compass, it was necessary to omit some of his illuminating material. The author, therefore, asks the reader's leniency for whatever defects may be found in the arrangement of the material.

On behalf of the author, the assistance rendered him in completing this study by Mr. Yasuma Takata, lecturer at the Law College of the Kyoto Imperial University, is gratefully acknowledged by the editor.

GOTARO OGAWA.

KYOTO, JAPAN,  
*December, 1916.*

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## EXPLANATORY TABLES

### VALUE OF JAPANESE CURRENCIES

Japan adopted the gold standard system in 1871, but the inconvertible paper money became principal currency a few years later. In 1886 the paper money became convertible into silver and after that date the Japanese currency system was the silver standard *de facto*, until on October 1, 1897, the gold standard system was legally adopted. The figures necessary to ascertain the value of Japanese currencies are given below:

- (1) 1 gold *yen* (according to Coinage Law of 1871) contains 1.5 gramme pure gold.
- (2) 1 gold *yen* (according to Coinage Law of 1897) contains 0.75 gramme pure gold.
- (3) 1 silver *yen* contains 24.261 gramme pure silver.
- (4) The value of 1 silver *yen* in the English currency (according to the demand rate of exchange on London in the average of the year) is as follows:

	s. d.		s. d.		s. d.
1874.....	4.02.0	1882.....	3.08.8	1890.....	3.04.5
1875.....	4.00.8	1883.....	3.07.9	1891.....	2.02.6
1876.....	3.11.2	1884.....	3.07.9	1892.....	2.10.5
1877.....	3.11.7	1885.....	3.06.0	1893.....	2.06.7
1878.....	3.09.4	1886.....	3.03.2	1894.....	2.01.2
1879.....	3.08.0	1887.....	3.02.0	1895.....	2.01.3
1880.....	3.08.9	1888.....	3.01.0	1896.....	2.02.0
1881.....	3.08.4	1889.....	3.01.1	1897.....	2.00.4

- (5) The value of 1 *yen* of paper money in the English currency (calculated on the basis of the above mentioned exchange rate and the quotations of the silver price in the Tokyo Exchange in the average of the year) is as follows:

	s. d.		s. d.		s. d.
1877.....	3.10.1	1880.....	2.06.4	1883.....	2.10.7
1878.....	3.05.6	1881.....	2.02.1	1884.....	3.04.3
1879.....	3.00.3	1882.....	2.04.5	1885.....	3.03.7

- (6) 1 *ryō* (unit of value of the old currency system) was declared in the Coinage Law of 1871 to be equal to 1 *yen*.

### CHRONOLOGICAL TABLE

Meiji	1st	1868 A. D.	Meiji	15th	1882 A. D.
"	2d	1869 "	"	16th	1883 "
"	3d	1870 "	"	17th	1884 "
"	4th	1871 "	"	18th	1885 "
"	5th	1872 "	"	19th	1886 "
"	6th	1873 "	"	20th	1887 "
"	7th	1874 "	"	21st	1888 "
"	8th	1875 "	"	22d	1889 "
"	9th	1876 "	"	23d	1890 "
"	10th	1877 "	"	24th	1891 "
"	11th	1878 "	"	25th	1892 "
"	12th	1879 "	"	26th	1893 "
"	13th	1880 "	"	27th	1894 "
"	14th	1881 "	"	28th	1895 "

## CHRONOLOGICAL TABLE—(Continued)

Meiji 29th	1896 A. D.	Meiji 41st	1908 A. D.
" 30th	1897 "	" 42d	1909 "
" 31st	1898 "	" 43d	1910 "
" 32d	1899 "	" 44th	1911 "
" 33d	1900 "	" 45th }	1912 "
" 34th	1901 "	Taisho 1st }	1913 "
" 35th	1902 "	" 2d	1914 "
" 36th	1903 "	" 3d	1915 "
" 37th	1904 "	" 4th	1916 "
" 38th	1905 "	" 5th	1917 "
" 39th	1906 "	" 6th	
" 40th	1907 "		

## WEIGHTS, MEASURES AND MONEY

With English, American, French and German Equivalents

Japan	Great Britain	U. S. of America	France	Germany
<i>Ri</i> = 36 <i>Chō</i> = 2,160 <i>Ken</i> = 12,960 <i>Shaku</i> . . . . .	{ 2.44030 Miles	2.44029 Miles	3.92727 Kiloms.	3.92727 Kiloms.
<i>Ri</i> (Marine) . . . . .	{ 1.15152 Miles	1.15151 Miles	1.85318 Kiloms.	1.85318 Kiloms.
Square <i>Ri</i> . . . . .	{ 5.95505 Sq. Miles	5.95501 Sq. Miles	15.42347 Km. Carrés	15.42347 Quadrat Km.
<i>Cho</i> = 10 <i>Tan</i> = 100 <i>Se</i> = 3,000 <i>Bu</i> . . . . .	{ 2.45064 Acres	2.45062 Acres	99.17355 Ares	99.17355 Ar.
<i>Tsubo</i> = 10 <i>Gō</i> = 100 <i>Shaku</i> . . . . .	{ 3.95369 Sq. Yards	3.95367 Sq. Yards	3.30579 Centiares.	3.30579 Quadratm.
<i>Koku</i> = 10 <i>To</i> = 100 <i>Shō</i> = 1,000 <i>Gō</i> = 10,000 <i>Shaku</i> . . . . .	{ 4.96005 Bushels	{ 47.65389 Gallons (Liq.) 5.11902 Bushels (Dry).	1.80391 Hectolitres	1.80391 Hectolitres
<i>Koku</i> (Capacity of ship) . . . . .	{ 1/10 of one Ton	1/10 of one Ton	1/10 de Tonne	1/10 Tonne
<i>Kwan</i> = 1,000 <i>Momme</i> = 10,000 <i>Fun</i> = 100,000 <i>Rin</i> . . . . .	{ 8.26733 lbs. (Avoir.) 10.04711 lbs. (Troy)	{ 8.26733 lbs. (Avoir.) 10.04711 lbs. (Troy)	3.75000 Kilogs.	3.75000 Kilogs.
<i>Kin</i> = 160 <i>Momme</i> . . . . .	{ 1.32277 lbs. (Avoir.) 1.60754 lbs. (Troy)	{ 1.32277 lbs. (Avoir.) 1.60754 lbs. (Troy)	0.60000 Kilogs.	0.60000 Kilogs.
<i>Yen</i> = 100 <i>Sen</i> = 1,000 <i>Rin</i> = 10,000 <i>Mō</i> . . . . .	{ 2.0.582 s. d.	0.4984 Dollar	2.583 Francs	2.0924 Marks

## CONTENTS

### PART I.—EXPENDITURES OF THE RUSSO-JAPANESE WAR

CHAPTER	PAGE
I Introduction . . . . .	3
Causes of the Russo-Japanese War . . . . .	3
Progress of the Russo-Japanese War . . . . .	16
Results of the Russo-Japanese War . . . . .	30
II Cost of the Russo-Japanese War . . . . .	33
The War Estimates . . . . .	33
The War-time Military Expenses . . . . .	38
The War-time Administrative Expenses . . . . .	42
III Resources for Defraying War Expenses . . . . .	51
War Loans . . . . .	51
Domestic loans . . . . .	54
Foreign loans . . . . .	65
War-time Taxes . . . . .	71
Direct taxes . . . . .	72
Indirect taxes . . . . .	77
Communication taxes and fees . . . . .	84
The Special Account Funds, the Annual Account, Surplus, etc. . . . .	91
IV Means Adopted to Fill Temporary Deficits in the Funds for War Expenditures . . . . .	102
V Conclusion . . . . .	107

### PART II.—ECONOMIC EFFECTS OF THE RUSSO-JAPANESE WAR

I Introduction . . . . .	113
II Effects on Public Finance . . . . .	116
General Remarks . . . . .	116
Expansion of Expenditures . . . . .	117
Military expenditures . . . . .	119
Expenditures for financial affairs . . . . .	123
Expenditures for government industries. . . . .	127
Expenditures for peace preservation and development administration, and for colonial affairs . . . . .	136
Taxes and Other Duties . . . . .	141
Taxes on receipts . . . . .	142
Taxes on consumption . . . . .	146
Taxes on transactions . . . . .	148
Inflation of the National Debt . . . . .	149
Public loans . . . . .	149
Treasury bills and temporary borrowings. . . . .	152

III	Effects on Monetary Circulation . . . . .	160
	General Remarks . . . . .	160
	Supply and Demand of Capital . . . . .	167
	General survey . . . . .	167
	Changes in the rate of interest . . . . .	169
	Bank deposits and loans . . . . .	172
	Inflation of Convertible Notes and Specie Reserve . . . . .	176
IV	Effects on Commerce . . . . .	180
	General Remarks . . . . .	180
	Domestic Commerce . . . . .	180
	General View of the Effects . . . . .	180
	Observations according to classes of business . . . . .	184
	Observations according to localities . . . . .	186
	Foreign Trade . . . . .	188
	General view of the effects . . . . .	188
	Observations according to merchandise . . . . .	192
	Observations according to countries . . . . .	199
V	Effects on Industry . . . . .	204
	General Remarks . . . . .	204
	Conditions of Industrial Capital . . . . .	206
	Conditions of Manufacturing Workers . . . . .	213
	Amount of Manufactured Goods . . . . .	216
VI	Effects on Communications . . . . .	218
	General Remarks . . . . .	218
	Land Transportation . . . . .	218
	Effects on Shipping . . . . .	225
	General observations . . . . .	225
	Effects on home routes . . . . .	227
	Effects on foreign routes . . . . .	230
	Too many vessels after the war . . . . .	232
VII	Effects on Agriculture . . . . .	234
	General Remarks . . . . .	234
	Burdens of the Farming Class . . . . .	235
	General Economy . . . . .	238
	Changes in Various Other Directions . . . . .	241
VIII	Effects on the National Life . . . . .	244
	General Remarks . . . . .	244
	Wages and Prices . . . . .	244
	The Distribution of Wealth . . . . .	249
IX	Conclusion . . . . .	251
INDEX	. . . . .	253



## INDEX

- Administration expenses: 43, 47-8; ordinary (1903-7), 44; economic (1903-7), 45; financial (1903-8), 46-7.
- Agriculture: number of companies and capital invested in (1903-7), 208; effects of war on, 234 *et seq.*; inventions for improvement of, 239.
- Akita, decrease of tradesmen and amount of taxes paid in, 187.
- Alexieff, Admiral: 6; Viceroy at Port Arthur, 12.
- Alcoholic drinks, increased tax on, 77.
- Anglo-Japanese Alliance, 11.
- Antunghsien, opened to trade, 12.
- Arms and war supplies, expenditures for manufacture of, 128-9.
- Arsenals, expenditures for military and naval, 130-1.
- Asia, export trade with, 200.
- Balance of trade, during war years, 188, 192.
- Bank deposits: monthly (1903-7), 172 *et seq.*; of associated banks in six cities (1904-6), 210.
- Bank notes, issuance of convertible, 176, 179.
- Bank of Japan: 178; assistance in bond issues, 55, 61, 161; amounts of convertible notes issued by, 179.
- Beer brewing tax, 77-8.
- Blagovestchensk, 9.
- Boer War, 10.
- Boxer Rebellion, 9, 78.
- Brown, British adviser to Finance Minister in Korea, 6.
- Business tax: prohibitions of surtax on, 72; increase of, 73; increased revenue from, 143; details of, 144-5.
- By-products, 242.
- Cassini Treaty, 6.
- Casualties of Japanese army, 29-30.
- Chemulpo: 5; Japanese attack on, 16.
- Chosen, expenditures for affairs in, 136, 139.
- Clothing business, effect of war on, 184.
- Coal industry, effect of war on, 186.
- Colonial affairs, expenditures for (1900-10), 136, 139-40.
- Commerce, number of companies and capital invested in (1903-7), 208.
- Commissions: on Exchequer bonds, 57, 60; for flotation of Emergency bonds, 64; on Sterling bonds, 66, 68.
- Communication: effect of war on, 218 *et seq.*; expenses for Army and Navy, 40; taxes, 84, 89.
- Conscription, effect on agriculture, 234 *et seq.*
- Credits (bank), increase of, 174.
- Customs tariff, raising of rates, 77.
- Dalny: 6; Russian lease of, 7; obtained by Japan, 191.
- Deficits: means of filling, in war funds, 104; in 1903-7, 153.
- Developmental administration, expenditures for (1900-10), 136 *et seq.*
- Disbursements: military and naval (1903-7), 103; variation and revenue of war funds (1903-7), 104.
- Drugs and chemicals: effect of war on sales of, 184-5.
- Duties, import, 79 *et seq.*, 147.
- Emergency bonds (long term): 54; details, 61 *et seq.*, 68; commission paid for flotation of, 64.
- Equipment expenses: for Army, 39-40; for Navy, 40, 50; total, 41.
- Erhlungshan, capture by Japanese, 24.
- Exchange duties, 84-5, 148.
- Exchequer bonds (short time): 181; details of, issued March, 1904-May, 1905, 54 *et seq.*, 68; to meet deficits, 104-5; revenue from, 107, 163.
- Expenditures: first estimate for war (1903-4), 34; second estimate for war (1904), 35; third estimate for war (1905), 36; summary of war, 37; ordinary, extraordinary and other, 93, 107, 116; expansion, 117-8; of the Army (1900-10), 120; of the Navy (1900-10), 121; military and naval (1900-10), 122; for financial affairs (1900-10), 124; for general and special accounts (1900-10), 127; annual (1900-10), 140; disbursements for war (1903-7), 168. *See also under individual headings.*

- Expenses: rewards and allowances to soldiers, 39; equipment for Army and Navy, 39 *et seq.*, 50; human and material fighting-power of Army and Navy, 40; miscellaneous, Army and Navy, 41; war-time administration, 42 *et seq.*, 107, 116, 119; Navy Department (1903-8), 43 *et seq.*; War Department (1903-8), 43 *et seq.*; Finance Department, 43; administration, 43 *et seq.*; incurred in Korea (1904-8), 46, 48, 117; in Manchuria (1904-8), 46, 48, 117; monopolies, 47; colonization of Hokkaido, 92; redemption of national loans, 125; communication for Army and Navy, 218 *et seq.*
- Exports: increase, 191; used for war purposes (1903-5), 193, 203; value of (1903-7), 198, 200.
- Factories: number of workers (1902-6), 204; opened and closed (1902-4), 205; output of (1902-7), 216-7.
- Fakumen, Japanese capture of, 26.
- Feng-hwang-cheng, Japanese possession of, 20.
- Fertilizers, effect of war on sale of, 185, 240-1.
- Finance Department, expenses, 43.
- Foreign exchange, 178.
- Formosa; salt production, 82; subsidy granted to, 92.
- France: intervention in Liaotung Peninsula, 3, 6; Japanese export trade with, 201.
- Freight: traffic (1901-5), 222-3; rates on shipping, 230.
- Fuel, effect of war on sale of, 186.
- Fukien Province, 7.
- Fukuchiyama, 44.
- Funshuiling, Japanese capture of, 21.
- Germany: intervention in Liaotung Peninsula, 3, 6; occupation of Kiaochow Bay, 7; Japanese loans floated in, 65 *et seq.*; imports from, 201.
- Gold: importation of bullion, 177; movements of (1903-7), 189.
- Grain industry, effect of war on, 186.
- Great Britain: 9-10; concessions obtained in China by, 6; treaty with Japan, 11; Japanese loans floated in, 65; imports from, 201.
- Groceries, effect of war on sale of, 184.
- Habulaye*, tax on, 201.
- Hardware, effect of war on sale of, 185.
- Haicheng, retreat of Russians to, 21.
- Heikautai, Japanese capture of, 25.
- Hiroshima: expenditures for mining operation office in, 132; increase of tradesmen and amount of taxes paid in, 187.
- Hokkaido: land surtaxes, 72; colonization expenses, 92; expenditures for railways in, 134.
- Horses and cattle: effect of war on sales of, 185-6; requisitioned by Army, 236-7; fields tilled by (1903-6), 240.
- Hsiaokushan, Japanese capture of, 23.
- Hsingking, Japanese capture of, 26.
- Hsiungyocheng, 21.
- Human fighting-power expenses; for Army, 40; for Navy, 40.
- Imports: increase (1903-5), 190-1, 194 *et seq.*; value (1903-7), 199-200.
- Income tax: prohibition of surtax, 72; raising of rate, 73-4; increased revenue from, 143; details, 145-6; number paying (1903 and 1906), 250.
- Industries: expenditures for government (1900-10), 129, 132; increase and capitalization (1901-5), 207; number of workers (1903-7), 209; development of new and old companies, 212.
- Instalment plan, of paying for bonds, 56, 61; commission on, 57.
- Interest: national loans, 47; rate on Exchequer bonds, 55; on Emergency bonds, 64; on Sterling bonds, 66; fluctuation of rate, 169 *et seq.*
- Iron foundry, government expenditures for, 131-2.
- Iron and steel industries, increase in expenditures for, 129, 133.
- Kaipingsien, 21.
- Kaiyuan, Japanese capture of, 26.
- Kakimura, Vice Admiral, 17.
- Karafuto, expenditures for affairs in, 136, 139.
- Kawamura, Lieutenant General, 25.
- Kiaochow Bay: leased by Russia, 6; German occupation, 7.
- Kinchowcheng, Japanese attack on, 20, 23.
- Kiuliencheng, Japanese occupation, 20, 181.
- Kobe: grain market, 186; effect of war on commerce, 188.
- Koji Island, 8.
- Komura, Foreign Minister, 14.
- Korea: 3; Japanese policy in, 4; Russian domination of, 5, 8, 13-4; Japanese control of, 30; agreement

- with Japan, 31-2; expenses incurred by Japan in (1904-8), 46, 48, 117; expansion of Japanese power in, 122; circulation of bank notes in, 176; Japanese exports to, 200.
- Kuantiencheng, Japanese possession of, 20.
- Kure, base of operations at, 187.
- Kuroki, Lieutenant General, 19.
- Kuropatkin, General, 12, 25.
- Kwantung Leased Territory, expenditures for affairs of, 136, 139.
- Land: area under cultivation (1903-6), 238; transference of ownership of (1903-4), 234.
- Land tax: increased, 72; details, 142-3; in arrears (1902-5), 237.
- Leather and hide industry, effect of war on, 185.
- Liaoyang, Japanese advance on, 20-1; battle of, 22.
- Loans: national, 34-5, 116, 149-50; interest, 47; issued (1903-6), 51-2; benefits of, 53; for tobacco monopoly, 63; foreign, 65 *et seq.*, 94, 151, 162; summary of foreign and domestic, 69; margin of issue of foreign and domestic, 69; foreign and domestic floated (1902-8), 159; for railway construction, 150; revenue from, 160; receipts from extraordinary-affairs, 164; monthly fluctuations in amounts (1903-7), 175; of associated banks in six cities (1904-6), 210.
- London, sterling loans floated in, 65 *et seq.*
- Maizuru, 44.
- Makaroff, Russian admiral, 18.
- Manchuria: 3; Russian influence over, 6, 9; withdrawal of Russian troops from, 10; restitution treaty concerning, 11; Russian occupation of, 12-3; restored to China, 31; expenses incurred in (1904-8), 46, 48; circulation of war tickets in, 106; expense of administration of, 117; expansion of national power in, 122; circulation of bank notes in, 176.
- Manufacturing, number of companies and capital invested (1903-7), 208.
- Marine products, effect of war on, 185.
- Masampo, Russian coaling station at, 8.
- Material fighting-power expenses: for Army, 40; for Navy, 40.
- Merchant marine, additions to (1904-5), 229.
- Min, Queen, assassination of, 4-5.
- Mining tax, increased, 72, 74.
- Mint, increased expenditures for, 126-7.
- Miscellaneous expenses for Army and Navy, 41.
- Mohatang, Japanese capture of, 20.
- Money market, influence of war finance on, 160 *et seq.*
- Monopolies: 123; government, of tobacco and salt, 46, 77; expenses of, 47; extension and income from, 81 *et seq.*, 107, 147; increased expenditures for government, 126.
- Motienling, Japanese capture of, 21.
- Mukden: 9, Russian occupation of, 12; campaign against, 25-6, 35.
- Nagasaki, increase in number of tradesmen and amount of taxes in, 187.
- Nan-shan, Japanese attack upon, 20.
- Naval forces, losses of Japanese, 29-30.
- Navy Department, expenses of (1903-8), 43 *et seq.*
- Newchwang, 105, 240.
- New York, sterling loans floated in, 65 *et seq.*
- Nogi, Lieutenant General, 23.
- Nozu, Lieutenant General, 21.
- Okinawa: land surtax in, 72; export duty on alcoholic drinks in, 77-8.
- Okinoshima, 27.
- Oku, Lieutenant General, 20.
- "Open door" in China, 9.
- Osaka: effect of war on commerce of, 188; relief work in, 248.
- Oyama, General, 25.
- Panlungshan, 24.
- Patent medicine tax, increased, 72, 75.
- Patents: application for (1901-8), 215; for agricultural implements, 239.
- Pawnbrokers, effect of war on business of, 185.
- Peace preservation, expenditures for (1900-10), 136-7.
- Peking Conference, 10.
- Penchiu, Japanese occupation of, 22.
- Pensions: 116-7, 249; expenditures for (1900-10), 123, 125.
- Personnel expenses, of Army and Navy, 39, 49; total, 41.
- Petrograd, 12-13.
- Petroleum tax, 77, 79, 146.
- Pitszewo, 20.
- Plantien, Japanese capture of, 20.
- Population, increase of, 215.
- Port Arthur: Russian capture of, 6-7; Russian fortification of, 12; as Russian fleet base, 16; Japanese attack on, 16 *et seq.*; leased to Japan, 30.
- Port Hamilton, 8.

- Portsmouth (New Hampshire) Russo-Japanese peace signed at, 28.
- Postal savings, monthly (1903-7), 172 *et seq.*
- Prices: rise of, 189 *et seq.*; fluctuations (1901-7), 245.
- Printing Bureau, expenditures for, 132.
- Public debt: expenditures for (1900-10), 125-6; amount (1902-8), 150; details, 151.
- Railways: expenditures for government (1900-10), 128-9, 133; expenditures for construction and improvement, 134-5; industrial loans for, 150; effect of war on, 218 *et seq.*; number of passengers and amount of fares (1901-5), 221; traffic earnings (1901-4), 224; nationalization of, 224, 252.
- Receipts, taxes on: 142-3; increase in revenue from, (1903-8), 154-5.
- Redemption: of Exchequer bonds, 55; of Emergency bonds, 61; of war tickets, 106; of national bonds, expenses, 125.
- Registration duties, 84 *et seq.*, 90, 148.
- Relief work, for families of soldiers, 247; in Osaka, 248.
- Restaurants and inns, effect of war on business of, 185.
- Revenue: to defray war expenditures, 33 *et seq.*, 107-8, 160; from Exchequer bonds, 59-60; from Emergency bonds, 63; from foreign loans, 68; from direct taxes, 76-7, 141 *et seq.*; from indirect taxes, 83-4, 90-1, 141 *et seq.*; from various funds, 92; for fiscal year (1904-5), 98; (1906-7), 100; increased (1904-7), 101; to meet extraordinary military expenses, 103; variation of, and disbursements of war funds (1903-7), 104; total for war expenditures, 108; increase in, from taxes on receipts (1903-8), 154-5; from consumption taxes, 156-7; from transaction taxes (1903-8), 158; miscellaneous monthly receipts (1904-7), 166.
- Reward and allowances expenses, 39.
- Rice crop (1904 and 1905), 181.
- Roosevelt, President, mediator between Japan and Russia, 28.
- Rosen, Russian Minister to Tokyo, 14.
- Saghalien (Karafuto); 191; expenditures for administration of, 117.
- Sake, tax on, 77-8, 146; effect of war on sales of, 185.
- Salt: government monopoly, 46-7, 71, 77; extension and income of monopoly, 82-3.
- Sasebo, Japanese fleet base, 16, 187.
- Sendai, decrease of tradesmen and amount of taxes in, 187.
- Senju Woolen Mills, 130-1.
- Seoul, 4; Japanese capture of, 16.
- Shahopao, Japanese capture of, 23.
- Shanhaikuan, 7.
- Shantung Province, 7; murder of German missionaries at, 6.
- Shengking Province, 11.
- Shimonoseki Peace Treaty, 3.
- Shimucheng, 21.
- Shinmintun, 7; Japanese capture of, 26.
- Shipping: effect of war on (1903-7), 225 *et seq.*; foreign vessels chartered for (1904-5), 228; increase of (1903-5-6), 232-3.
- Shooting licenses, increased tax on, 72, 75, 146.
- Shops, opened and closed (1902-4), 182.
- Silk stuffs: consumption tax on, 79; effect of war on export of, 186.
- Silver: importation of bullion, 177-8; movements of (1903-7), 189.
- Sinkiang, Russian mining interests at, 9.
- Sinking fund, establishment of, 125.
- Sino-Japanese War, 3, 71, 85.
- Siuyen, 21.
- Sonobe, 44.
- Soy, increased tax on, 77, 79, 146-7.
- Special account fund to defray war expenditures, 33 *et seq.*, 91.
- Specie reserve: maintenance of, 177; fluctuations of amount of (1903-7), 179.
- Spheres of influence, 8.
- Stamp duties, 84, 87, 148.
- Sterling loans: details, 65 *et seq.*; revenue from, 68, 162.
- Stössel, General, 23.
- Subsidies, for construction of Seoul-Fusan Railway, 46; for Formosa, 92.
- Succession tax, 72, 75-6, 86, 148.
- Sugar, increased tax on consumption, 77-8, 146-7; effect of war on industry, 185.
- Surplus fund, to defray war expenditures, 33, 35; revenue from annual account, 91.
- Surtaxes, restrictions on, 71-2.
- Tailien, leased to Japan, 30.
- Taitungkou, opened to trade, 12.
- Taiwan, expenditures for affairs of, 136, 139.

- Takushan, Japanese capture of, 23.  
 Tashinchiao, 21.  
 Taxes: direct (details), 72 *et seq.*; (revenue), 76-7, 108, 160; (estimated and received), 95; indirect (details), 77, 108 *et seq.*; (revenue), 83-4; (estimated and received), 96-7; increase, 34-5, 141 *et seq.*; increased expenditures for, 126; percentage of increase in revenue from, on receipts, 154-5; increased revenue from consumption (1903-8), 156-7; on transactions (1903-8), 158; monthly receipts from increases in, 164-5; paid by tradesmen (1903-7), 183; by manufacturers (1903-7), 206; in various cities, 187; war-time, 71.  
 Telissu, Japanese advance on, 21.  
 Tiehling, 105; Japanese capture of, 26.  
 Timber, effect of war on sales of, 185.  
 Tobacco: government monopoly, 46-7, 71, 77; loan for, monopoly, 63; extension and income of, monopoly, 81-2.  
 Togo, Admiral, Japanese naval commander, 16.  
 Tokyo, 14.  
 Trade relations: (1903-7), 188; effect of war on, 204.  
 Tradesmen, increase and decrease in number in various cities (1903-5), 187.  
 Traffic taxes, 148-9.  
 Transit duties, 84, 88.  
 Transportation: number of companies and capital invested in (1903-7), 208.  
 Treasury bills, 152, 161.  
 Treasury surplus used for war expenditures, 33 *et seq.*  
 Tsushima, battle of, 28.  
 United States: opening of ports of China by, 12; Japanese loans floated in, 65; export trade with Japan, 201.  
 Uryu, Rear Admiral, 16.  
 Vladivostok: as a Russian possession, 8, 12; activities of Russian squadron at, 16 *et seq.*, 26.  
 Wages: of laborers (1902-8), 214; fluctuations of (1901-7), 246.  
 War Department: expenses (1903-8), 43 *et seq.*  
 War tickets: issuance, 102, 105, 149, 152, 161; redemption, 106.  
 War-time administrative expenses, 42 *et seq.*, 107, 116, 119.  
 War-time military expenditures, 119.  
 Wiju, Japanese possession of, 19.  
 Wonsan, 18.  
 Woolen fabrics, consumption tax on, 77, 79, 147.  
 Yanganpo, Russian lease of, 13.  
 Yangtzuling, Japanese possession of, 22.  
 Yingkow, 21.  
 Yingpan, Japanese capture of, 26.  
 Yokohama Specie Bank: 105-6; purchase of bills of exchange, 178.

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**2003-04**