MONTREAL MAN AND JAMAICA DRY DOCK

He Says the Government Will Give Many Concessions, but Government Has Not Much to Say About It

The dock enterprise of one Mr. W. B. Chapman, of Montreal, has attracted some attention in Jamaica, Montreal and elsewhere. According to literature of Mr. Chapman, he proposes to establish at Kingston, Jamaica, a large floating drydock to repair vessels, and also a coaling station, fuel oil tanks, a foundry, machine shops, water hydrants and marine supplies generally. His company is called the Port Royal Floating, Dry and Coaling Docks, Limited. The following are some of Mr. Chapman's optimistic statements:—

"Kingston is bound to be a great port when the Panama Canal open in 1913. There are several big lines, which now converge there, such as the Royal Mail S.P. Company, Hamburg American, Elder Dempster and United Fruit Company, of America. These alone run over 200 large steamers. The business of the canal will probably exceed that of the Suez and Soo Canals in tonnage. Both sides of the Isthmus the coasts are shallow and dangerous, making the percentage of accidents large, especially at first, the surveys and charts at present being very incomplete, inaccurate and unreliable.

"The opening of the canal will divert tonnage from every quarter of the globe to that route, and as a rule the officers will be unfamiliar with those seas, and the coral reefs abounding there, where few pilots are available, and those, poor ones. A vessel coming from Liverpool, Europe, or New York, and going to the Far East or Pacific ports, makes her first port of call for coal at Kingston, and returning, it is her last one. It is 5,000 miles to Liverpool, 4,000 to Gibraltar, 1,600 to New York, and from Kingston to Colon (the canal) 580 miles. Accidents will be many, and no facilities exist for prompt assistance to vessels in distress. That steamers require coal after these long voyages, goes without saying.

"The harbor of Kingston, (Port Royal), is one of the finest in the world, being over 7 miles long by 2 to 3 wide with 10 to 25 fathoms water, a sheltered anchorage, with only 18 inches tide. It will accommodate the British Fleet, and is strongly fortified.

Says the Government Will Give.

"The intention of this company is, to build a first-class floating dock in England and tow it over, meantime building the coaling station and workshops on land given free by the government for that purpose. The government will give:—1st. A 30-year exclusive franchise. 2nd. A valuable harbor site free. 3rd. Admit dock and all the materials, duty free. 4th. Take a block of deferred shares in the company of about $500,000.

"The cost of all, is estimated under $2,000,000, and a year is required to build and deliver the dock and works. The revenue is estimated to pay 7 per cent. or 8 per cent. on that capital. It is proposed to raise this on bonds and common stock. The legislature meets there in November, when the agreement with the government must be ratified, and the concession awarded, so that prompt action is necessary to secure it.

"I can give further information if desired, and have had preliminary plans and estimates prepared, which I will be pleased to show. They are from information furnished by the Jamaica Government and other reliable sources. I shall be glad to have you interested in this enterprise, which will undoubtedly be exceedingly profitable."

Questions Asked in the Legislature.

The Monetary Times is informed that the government at Kingston is under no obligation to grant the facilities mentioned above. On December 19th, 1912, a Mr. Ronaldson, in the legislative council at Kingston, Jamaica, asked the acting colonial secretary (1) whether the attention of the government has been drawn to a prospectus issued by a company in Montreal, stating that the government of Jamaica will submit to the legislative council a vote of $500,000 for a subsidy for the construction by the company of a dock in Kingston harbor?

(2) Has the government entered into negotiations with any company with the object of constructing a dock? If so, with whom?

(3) Has the government received an offer to construct a dock and open a passage through the Palisados near Harbor Head without subsidy?

What the Government Said.

The colonial secretary replied as follows:——

1. The attention of the government has been drawn to a document issued by Mr. W. B. Chapman, of Montreal, in which it is stated that this government will take a block of about $500,000 deferred shares in a company projected for the establishment of a floating dock and other works at Kingston Harbor.

2. Proposals have been made by Mr. Chapman to the government for the establishment of a floating dock at Kingston Harbor, and correspondence has passed on the subject.

3. Application was made to the government in the year 1910 for permission to cut a canal through the Palisadoes, and for facilities for making a dock, without subsidy, but with exclusive wharfage rights within a distance of one mile on each side of the canal.

The answers of the acting colonial secretary indicate that the government was very guarded in their reply .

Views From Jamaica.

A correspondent of The Monetary Times at Kingston, Jamaica, thinks that if a proposal were submitted to that government on sound lines and by persons who could give a guarantee of their financial ability to complete their undertakings, the government of Jamaica would be willing to assist by concessions, such as free site, etc., although he does not think they would be inclined to take stock in such an enterprise. In his opinion, the primary requisite for success would be the making of Kingston harbor a free port.

The United States Government are making full provisions on the Isthmus of Panama to take care of any business that may offer in the way of marine repairs, docking and supplies, including coal. It is not therefore, reasonable to suppose that ship-masters or ship-owners will sail their vessels fifty or sixty miles out of their course to get what they can obtain on their direct route with equal facility and equal price.

The proposal of Mr. Chapman, of Montreal, does not appear to be taken very seriously in Jamaica. A letter addressed by The Monetary Times to him on January 3rd, asking for some information regarding his enterprise, remains unanswered.

BANK CREDIT IN RUSSIA

A consul at Kharkov, Russia, writing on the system of bank credit prevailing in that country, states that "the usual form of procedure is for the firm requiring credit to apply to the bank, naming the sum they wish to borrow, and giving such information as the bank may require to enable it to judge of the financial standing of the firm. Printed forms for filling in can be had at the bank for this purpose. In most cases credit is taken from several banks, thus distributing the risk. The promissory notes to be deposited with the bank are endorsed by the person obtaining the credit under the clause "value received from————Bank." About 90 per cent. of the value of the promissory note is generally advanced by the bank. These promissory notes are not circulated, but remain in deposit at the bank, and when they become due are withdrawn and replaced by others payable at a later date. The bank will also take upon itself, if desired, the collection of the money, charging a commission. Generally ½ per cent. above the official bank rate is charged for such credit.

"The system of 'promissory notes renewable at six-monthly intervals up to the termination of the sales' credit' is, of course, an arrangement between the foreign manufacturer and his Russian agent. The former can only use six months' promissory notes for depositing in the bank, while he sells to his agents on eighteen to thirty months' credit (this is a term of credit by no means unusual in the trade with flour milling machinery, gas engines, etc.). An agreement on the following lines is drawn up between the manufacture and his agent or customer—(1) that the sale is made payable on such and such terms—say, one-third every six months; (2) that the agent has to give the manufacturer six months' promissory notes for the full amount (3) that after six months the manufacturer accepts one-third in cash and two-thirds in new promissory notes and returns the original promissory notes; and (4) that these promissory notes will not be circulated, and are solely to be used for the purpose of deposit with a bank.

"This method, of course, requires a certain amount of mutual confidence, but it is frequently practised. The purchaser or agent puts himself at the mercy of the manufacturer, and the manufacturer might be put to very severe straits if the bank refused the exchange of the promissory notes when they become due. It must be borne in mind, however, that all these are working for their mutual interests. It is not in the bank's interest to cripple or bankrupt the manufacturer, and it would ruin the manufacturer's trade if he treated his customer unfairly. It may be argued that the critical time will come, a pause and general ruin, in case of national calamity, such as war, or famine. Russia has passed through all these stages between 1903 and 1907, and hardly any money was lost through this banking operation; on the contrary, it is extraordinary how little money was lost during these years. Where firms failed they were the financially weak ones who could not get the bank credit, which is limited to businesses of sound financial standing, and these can safely reckon on support from the banks in time of trouble."