

give the matter thoughtful consideration will not admit that the Government were right in 1903, when they decided that if the Grand Trunk Company's project of a second trans-continental railway was to be entertained, it must be for an all British line, from ocean to ocean.

The value of an all British line ought to have been clear enough from the beginning. It has been clear enough to all who have had a knowledge of requirements during the past three years. One of these days somebody will furnish an interesting account of the invaluable service rendered to the Empire since August, 1914, by the Canadian railways, including the transcontinental system created by the Government and the Grand Trunk Railway Company under the Act of 1914. In the meantime, neither Mr. Smithers nor his associates need have any fear that the Canadian people, in any railway policy that may be proposed, will be unmindful of the great service which the Grand Trunk Railway Company has rendered to Canada.

Loan Conversions

AN announcement that is virtually official comes from Ottawa, that it is probable holders of the last two issues of Dominion war securities, namely, the maturing in 1918 and 1917, will be allowed to convert their holdings at the original issue price and accrued interest into any issue which may be made with a maturity of five years or more. It is the known desire of the Minister of Finance," the announcement continues, "that those who have been unable to subscribe to these issues should have no right of conversion shall be a good thing. It is a concession as other war issues may subscribe to war issues in the future."

It is evident that the Minister of Finance has in mind the necessity that must soon arise for the issue of a new loan, and that therefore he is anxious to keep the market prices of the existing loans at satisfactory figures. In this, if in anything, is to be found the reason for the announcement we have quoted. Neither the policy adopted nor the method of announcing it, however, is above criticism. The immediate effect of the statement was to enhance the price of the loans referred to. Whether the Finance Department should thus lend itself to the operations of the stock market is questionable.

The terms on which a Government loan is issued form a contract that should be unalterable between the Government and the investor. If the Minister proposed to alter such a contract by taking away from the investor any privilege which had been bought and paid for he would instantly be assailed for breach of faith. It is not clear that he has any more right to alter the contract to the advantage of the investor. The right of converting one issue of bonds into another of later date is a thing of some advantage and value. The Government get that value in the price they fix for the issue, and the investor pays for it when he pays the price so fixed. When a loan is issued without a conversion privilege, of course no such value is given by the Government or received by the buyer. To announce months afterward that such a privilege is to be given to the buyer—or rather to the present holder, who may not be the original buyer—is to give him something that he is not entitled to, since he has not paid for it, and to put him gratuitously on even terms with others who have had to buy and pay for the same privilege. It is the alteration of a contract which should be as unalterable on one side as on the other.

The Minister's desire to have the outstanding loans rank well in the market, so that he may hope to obtain a good price for his next issue, can be understood. But there is much room to doubt the wisdom of such an attempt to influence the market. If a tight money market makes it necessary for the Minister to issue his next loan on terms less favorable to the Government than the earlier loans, that is a disadvantage that the public must be content to bear. Will it not, in the end, be better to face this if necessary, than to alter, as he is doing, the terms of the contract on which the outstanding loans were issued? A bargain is a bargain, and in matters of such importance the bargain should be regarded on both sides as sacred.

The Mark

A MAN'S financial standing is usually judged, not by his own claims, or even by the representations of his immediate family, but by what is thought of him in the business world in which he moves. So it is with a nation. Germany from time to time sends out rosy statements of successful operations for the financing of the war. But if we wish to know how Germany really stands in a financial way we should enquire of her neighbors. Formerly 100 German marks were equal in Geneva to 125 Swiss francs, and in Amsterdam to 69 Dutch florins. To-day, for the settlement of any bill in Switzerland, 100 German marks are worth only a shade above 64 francs, and in Amsterdam the 100 German coins are worth only 34 florins. The neighboring neutral states as these figures show has a significance that sober Germans will not fail to see.

Ireland

HOW often it has happened that just when British statesmen and the British public were giving evidence of an earnest desire to do the fullest justice to Ireland their good purposes have been blocked or impeded by the folly of some Irishmen! The result of the election in East Clare, a few days ago, is probably the most severe blow that has been given to the constitutional movement for Home Rule, and the most disheartening answer to the assurances that have come from all quarters of a sincere desire to make the coming Irish convention the occasion of a happy settlement of the old Irish problem. East Clare has for many years been regarded as one of the safest Nationalist seats. It was represented in Parliament by the brother of the Nationalist leader—by Major William Redmond, who a few days ago gave his life for the Empire. In East Clare, if anywhere in Ireland, there was reason to expect a generous recognition of the current movements to settle the Irish question. Yet Prof. de Valera, one of the mad enthusiasts who are called the Sinn Fein, was elected by a vote of considerably more than two to one for the Nationalist candidate. Prof. de Valera, who was but recently released from prison, is the third Sinn Fein member elected in Ireland within a short time, the others being "Count" Plunkett and Mr. Maguire. None of

these men will attempt to take a seat in the House of Commons. They intend their election to be a protest against any Irish policy short of the recognition of Ireland as an independent nation. There have always been some Irishmen holding these extreme views, but it had been thought of late that their number was not large, and that if the British Government could meet the desires of Mr. John Redmond and his Nationalist friends, a happy settlement would follow. These Sinn Fein victories, and particularly the latest one in East Clare, seem to indicate that in their desire to meet half-way the British efforts to do justice to Ireland, the Nationalist party have lost the control of the situation which they once had. The prospect of a revival of the old demand for a kind of Home Rule which would take Ireland out of the Empire is particularly disheartening now. The proposed convention, we may assume, will still be held, but the outlook for its success is made much more discouraging by the remarkable result of the East Clare contest.

London's Financial System

THAT there are things in which the rest of the world may learn useful lessons from Germany may readily be admitted. In some lines of industrial education, German methods have proved effective, and doubtless there are some other directions in which the German genius for efficient organization may be admired. It has been claimed that in facilities for the encouragement of foreign commerce Germany has been ahead of Great Britain, and the British people are sometimes called on to follow German examples. There is now a movement on foot to establish a new concern to be called the British Trade Corporation, to supply the alleged want. Traders, we are told, have repeatedly gone to the British Board of Trade asking that some organization be established to serve business interests as the Deutsche Bank has served the trade interests of Germany. Statements of this kind have moved a writer in the London Economist to protest against the idea that what the Deutsche Bank has been doing to facilitate trade is unusual and without an equivalent in the British system. The most that can be said for the German bank's method is that it comprises within one corporation several lines of financial operations which London, from its experience, finds can be best carried on separately. "The Deutsche Banks," says this writer, "does not indulge in conjuring tricks, nor has it evolved any method of finance that is not already practised in London. It appeals, however, to the imagination on account of its imposing size and manifold activities, for it is a clearing bank, an accepting house, an issuing house, a discount company and promoting syndicate rolled into one." In London each of these functions is performed by a separate institution, each one specializing in its particular line, and the Londoner thinks, doing the work better than all can be done by any one concern. The only point in which it is admitted the German system excels is the promoting business, which Germany has been able to do better than London, because of the German superiority in technical education. This, it is confessed, has given the German banks the benefit of the services of highly trained technical advisers. In this respect we may be sure that, in the arrangement of after-the-war trade plans, John Bull will make a vigorous effort to overtake his rival, and that there will be no ground of complaint as to London's ability to hold its own in competition with Berlin.