

THE TURKISH DEBT

It will be some time yet before it can be made quite clear by how much the Turkish debt is to be augmented because of the Balkan war. According to some opinions the foreign obligations prior to the outbreak might be capitalized at £T123,000,000. Since, however there always has been a tendency towards duplicating some of the issues, owing to the altering of hypothecated securities this may have been an outside figure. In any case, a considerable part of the indebtedness was on account of the Baghdad railway and other extra-European projections, for which no doubt securities in Asiatic Turkey may be forthcoming in case the territorial losses of the last two wars may have reduced the value of other hypothecations.

On the 22nd ultimo, Italy paid over to Turkey the capitalization of the \$400,000 annually received as revenue from the Tripolian Provinces ceded her by Turkey. On a four per cent basis this amounted to \$10,000,000—a neat little plum for the depleted Ottoman treasury. Of this, \$8,500,000 goes to the Council of Administration of the Ottoman Public Debt, which proportion of the revenue was so allocated to meet the requirements of certain loans falling under the management of the council. The balance of \$1,500,000 was free to the Ottoman Government, but it is understood was previously borrowed owing to the needs of the Balkan war, and the sum now received will simply go to reduce the floating debt.

As regards the amount handed over to the Administration of the Ottoman Public Debt the question naturally arises, what will be done with it? A strong feeling is expressed in France and England that this sum should be used for buying up proportionate amounts of the loans to which the Tripolitan revenues were hypothecated, and in this way reduce the debt to the benefit of the credit of Turkey. This sounds businesslike, but at the same time, there is a certain amount of difficulty in treating this matter in the simple way suggested, because the Baghdad Railway has certain reversionary claims upon these revenues, while the Turkish Government has also to be considered in regard to the final settlement of this debt. Moreover, German interests are credited with a distinct objection to a rapid reduction in the Turkish Debt.

The curse of modern Turkey has been the complication arising out of her debts and the jealousies occasioned by the manipulations of those who appointed themselves its managers. Germany has made herself thoroughly disliked by other creditor nations, owing to the persistent policy she has adopted of making her loans earn direct political, as well as financial, interest for her. Under the scheme of management of the Ottoman Public Debt, the whole of the debts dealt with under that administration would be redeemed by the year 1945, and this is considered to be detrimental to German interests, as the Baghdad Railway, which is also administered by the same organization, would then be left unprotected, and German opinion is, therefore, credited with the desire to main-

tain the existence of the Turkish Debt as long as possible. With this view it has been suggested that instead of buying up portions of the various loans affected the sum of \$8,500,000 should be invested in other securities and the income used to redeem debt.

Some scheme of conversion may be suggested, however entailing the taking over of the expensive, but perhaps not unpromising, Baghdad Railway out of the Sultan's hands entirely. German influence would oppose this idea, since the Fatherland is in no condition just now to finance so big a deal, owing as much to internal difficulties as to the actual stringency in Berlin. Nevertheless the chance of doing so may be offered to Germany since, as French and British financiers have been shown, Canada and South America could easily absorb \$500,000,000, at rates better than the 4 per cent, by which Turkey has been attracting funds.

The meeting of the Finance Commission upon the Turkish Debt, which is to meet in Paris, will have a difficult task before it, in arranging the new conditions made necessary by the alterations in Turkey-in-Europe. Almost certainly encouragement of a financial sort will be offered to the present holders of Turkish bonds. That will be a necessity, in order to get off the new obligations. And it is not drawing too fine a conclusion to claim that the effect of this will be a further, and not universally welcome, strengthening of the world's money markets.

CUT IN EXPRESS RATES

Express companies doing business in Canada have just been notified by the Railway Commission that rates west of the Great Lakes will be reduced 20 per cent on July 15th. For some years a determined fight was made by Western business men, Western newspapers and other interests, to have the express rates reduced. The Board of Railway Commissioners carefully investigated the whole question, and have ordered a reduction of 20 per cent. There is a request for a similar reduction for Eastern Canada, but the Board have withheld their decision in this matter, pending the securing of additional information.

The advocates of a reduction in express rates claim that the express companies operating in Canada, are making an exorbitant rate of interest on their capital liability. The annual report tabled in the House of Commons last February, showed that the net revenue of the Canadian Express Company was 16.6 per cent of its capital liability. The Dominion Express Company showed 31.6 per cent, and the Canadian Northern 18.2 per cent. Of the gross receipts of the three companies, amounting to \$10,994,000, express privileges took \$4,892,000, or nearly 50 per cent. However, as the express companies are owned by the railway companies, it is impossible to get any real clue to the returns made by the express companies without a careful investigation into their charges for the privileges. The railway companies can easily "pad" those privileges, and thereby show that the express compan-