

GERMANY TO AID HER SHIP FIRMS.

The Bill for the Restoration of the German Mercantile Marine provides for the expenditure of at least \$250,000,000. The bill underwent very few important changes after its introduction, but the report of the Reichstag Committee on its secret debates and the second reading debate in the Reichstag itself, shed fresh light on the German plan.

"It will be remembered," says the London "Times," "that the essential feature of the bill is the making of direct money grants to the shipowners, the amounts being graduated from 80 per cent to 20 per cent of the peace value of the particular ship, according to the speed with which the particular ship is put into commission. The Government and the shipping interests have defeated all objections and the German Empire will shortly be pledged to expenditure of an unknown amount—the smallest estimate is £50,000,000—for the reconstruction of German shipping.

"The committee report to the Reichstag says that the Government insisted upon the urgency of the legislation, on the ground that the shipbuilders must be enabled to make all their plans and to conclude contracts with the building yards. The Government said that it was aware of the seriousness of the new financial burden, but that direct grants, without any provision for repayment, would alone be satisfactory. It was suggested that the immediate consequence of the passing of this bill would be a flood of similar demands from other industries.

NECESSITY OF RESTORATION.

"To this the Government replied that the position of shipping was quite peculiar, that its restoration was an absolute necessity, and that without a mercantile marine the whole German people would be unable to recover from the consequences of the war. German shipping had been peculiarly unprotected, because there was no immunity for private property at sea, and the losses of German shipping had been largely due to the measures of the German Government. In reply to the accusation that it is making a free gift to the very strongest German capitalists, the Government claimed that the bill is keenly desired by organized German seamen.

"In view of the enormous expenditure involved it was suggested that the Government should take the whole matter into its own hands. The Government replied that nothing was less suited than shipping to form a Government monopoly, and that the effect of a Government monopoly would be to threaten German trade with the loss of the international possibilities of expansion upon which its greatness has been based. It appears from this and other statements that Germany seriously expects enemy countries to adopt a different attitude toward this tremendous scheme of Government subsidies from the attitude which it would adopt toward an avowed Government monopoly of shipping.

"The Government successfully resisted all proposals that it should secure the right of purchase of subsidized ships, or that it should secure a share of the ultimate profits on subsidized ships. The Government, whose arguments throughout seem to have been those of the Hamburg-American Line, said that the old mail steamer subsidies had not been a success, and that schemes for the division of profits between the Government and owners were not really practical.

"There was a great deal of discussion as to the probable expenditure under the bill. As already explained, the lowest estimate is £50,000,000, and this figure was accepted by the Imperial Treasury. But admittedly the cost is increasing every day, owing both to the increased losses of shipping and to the increased cost of construction.

STATE UPHOLDS SHIPPING.

"In the second reading debate the Government upheld all the arguments of the shipping interests; a National Liberal said that the great object must be to make Germany independent of British shipping after the war; and the argument was freely used that the more ships Germany can build the more she will save through the fact that the vast quantities of raw materials that Germany will need will be imported in German ships.

"The only real opposition came from the Independent Socialists. Their spokesman was a Bremen Deputy, named Henke. He expressed the utmost skepticism about the Government estimates of probable expenditure, and said that the whole bill was the work of the shipping interests. The Government was making them an absolute gift, although it cared nothing about the workers in the textile and tobacco industries.

"Herr Henke said that the German shipowners are not only the most absolute capitalists but the most international capitalists. It might be true that two-

JAPAN RAILWAY LOAN TERMS CRITICISED.

Chinese papers just to hand seem not over-pleased with the terms of the revised Kirin-Changchun Railway loan recently concluded between Japan and China, says a statement just issued by the Far Eastern Bureau, which quotes the Peking "Gazette" as follows:

"The revised agreement of the Kirin-Changchun Railway loan was signed by the Chinese and Japanese representatives at the Ministry of Communications October 3. The conclusions of the revised agreement furnishes another instance of the value to Japan of suitable friends and proteges among cabinet ministers. In the new agreement China is alleged to borrow a certain sum from the Japanese with interest and commission in the usual manner. The Japanese, in addition to getting the interest and commission for the money lent, will practically own the railroad built with the money for a period of not less than 30 years. With the exception of a figurehead director the entire employed staff of the railway will be appointed by Japanese controllers. And for the privilege of controlling the railway the Japanese are to get 20 per cent of the net profits of the railway as bonus. Finally, all the money is to be deposited to Japanese instead of Chinese banks.

"An important point is that when the so-called revised agreement was submitted to Parliament for examination the Government was told that the nature of the agreement was such that unless wholesale alterations were made it would be impossible for Parliament to approve the same. Now taking advantage of the absence of Parliament, the Cabinet is openly violating the advice of the old Parliament by making wholesale concessions to the Japanese. With the exception of the shortening of the period from forty to thirty years the original terms are entirely conceded to the Japanese. Perhaps this is one of the reasons why the return of the old Parliament is so firmly opposed. A perusal of the following particulars will show the nature of the loan agreement:

"Amount: Yen 5,500,000 (this means a loss of at least 25 per cent to China on account of the existing rate of exchange.) Interest at 5 per cent per annum. Net proceeds 91.5 per cent. (\$2,150,000 of the total amount has already been paid.)

"Term: Thirty years.

"Security: The properties and receipts of the railway. If the railway should be unable to meet the obligations and the Chinese Government should fail to make good, the lenders (Japanese) will take possession of the railway.

"Management: The Chinese Government shall appoint a director to 'supervise' the affairs of the business. During the period of the loan the direction and management of the railway shall be entrusted to the loan company until the loan is completely repaid.

"Japanese Control: Three Japanese will be selected to take charge of engineering, traffic and accounting work. One of these three will be appointed to represent and exercise the power and duty of the loan company.

"Employees: With the exception of the chiefs all other employees shall be jointly appointed by the director and the representative of the loan company.

"Profits: Twenty per cent of the net profit of the railway shall be given to the loan company.

thirds of German tonnage had been lost, but the value of the remaining three-fifths had been trebled. Moreover, many new ships had been ordered and would be completed. It was untrue that the position of the German mercantile marine was extremely bad, and, although it would not be so large after the war as it was before, there would be plenty of tonnage available.

"The present gift to the shipping interests, he said, amounted to at least as much as the whole of the capital originally invested in German shipping, and this gift, which was to be taken from the German taxpayers, workmen and soldiers, would amount to more than the levy on capital in the year before the war. The present concessions to the shipowners would only encourage them to make fresh demands, in order to meet the competition with the mercantile marine of other countries.

"Herr Henke declared that the policy of subsidies could only be ended, like the expansion of armaments, by international agreement."

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"LOST" CARS.

"Lost" Canadian cars would make a train of 150 miles of rolling stock is the statement of the Canadian Railway War Board, which is now engaged in searching for the cars which have strayed away, and which, for the most part, are on American lines. There has been an exchange of cars between the States and Canada, of course, but we have allowed some 20,000 cars to be taken out of the country in excess of the number of American cars which are presently in our territory. This constitutes 10 per cent of the total car numbers and is deemed to be too high. The board is discussing this and cognate matters in their new offices in the Eastern Townships Building, where the work is being entered upon with enthusiasm — all feeling that good results can be obtained from what is virtually a pooling arrangement, placing all the cars under a single authority, which will account to the several systems when there is a general reckoning, and apportionment of earnings and results in general. The work of the board will also include educational features. It will, through special committees, conduct a campaign in behalf of the fully loaded cars.

"Banking: Traffic and other receipts shall be deposited in Chinese currency in Japanese banks.

"Purchase of Materials: Chinese products are to be given preference when materials are to be purchased for the railway (sic.)

"Chinese Rights: Police, judicial and taxation rights shall remain in the hands of the Chinese Government.

"Extension: If the Chinese Government should decide in future to extend or build branch lines to this railway and money is needed for the same, the loan company shall first be consulted for a loan."

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