

fourthly, whether it is generally in the interests of the country as a whole that the line be constructed. They also, through their own officers, check and confirm the figures of probable traffic, population to be served, and cost, as given in the preliminary report.

When the Government has weighed all considerations and decided favourably they then so notify the National Society, and express their willingness to take up a share—generally half the capital—assuming the same to be somewhat as indicated by the results of the preliminary investigation.

The Government sanction and financial assistance being obtained, the society proceeds to raise the balance of the capital. The local authorities must find at least 50 per cent. The provinces usually find 33 per cent. or 25 per cent., leaving 17 per cent. or 25 per cent. to be found by the communes or private individuals. The last part is usually divided amongst the benefiting communes in proportion to the length of line within each commune and the population of each which will obtain direct benefit. Should any commune consider that it is assessed too high it may reduce its contribution or refuse to contribute at all. In this case the whole scheme would fall through unless the surrounding communes or private parties came forward and agreed to find the balance necessary.

The allocation of the capital having been finally agreed upon, the authorities lodge no cash, but annuities, guaranteeing to pay for ninety years an annual sum equal to $3\frac{1}{2}$ per cent. on their respective shares. The annuities having been duly arranged, the actual cash is raised by the sale of 3-per-cent. debentures guaranteed by the State, repayable in part annually (the part to be chosen by ballot) at such a rate that all are repaid in ninety years.

The capital being satisfactorily arranged, the society proceeds to make a complete survey, with plans in detail, as required by the Act, and close estimates. Assuming the latter not to differ materially from the preliminary estimates, they make formal application for a concession.

The State then examines the route and requests modifications if thought desirable, or, if all is correct, advertises the route (this is equivalent to our centre-line Proclamations, but more thorough), the plans being placed on exhibition in public places in each commune. Objections are then heard, and if well grounded the society may be requested to make such alterations as will obviate hardship (for instance, refrain from putting the line between a man's house and his well, or similar cases). All objections being overcome, or disregarded if considered trivial, and the land being obtained (either by direct purchase or, in the event of non-agreement, by proceedings under the Belgian equivalent of the Public Works Act), the line is then constructed and an adequate supply of rolling-stock provided.

We now come to the most original part of the scheme. The working of the lines is *not controlled directly* by the central organization of the National Society, but each line or group of lines is *leased* by public tender, the line or group being granted for a period of years, usually thirty, with right of resumption in fifteen, to the tenderer offering to pass over to the society the largest sum per annum, or agreeing to carry on the working for the least amount of pay—the first in the case of a line with good prospects, the second in the case of a line of doubtful profit. Thus, in the case of good steam-operated lines tenderers will offer to pay to the central organization from 30 per cent. to 40 per cent. of the gross receipts; or, in the case of electric lines, from 20 per cent. to 30 per cent. of the gross receipts. Of course, tenderers may offer anything they please, and their tenders do vary very widely, but the figures given represent usual results.

When tenderers are unlikely to make offers on the first basis the tenders are called in a different form, thus: The payment is expressed as a formula, in which the terms are as follows: Let R = total annual earnings in francs per kilometre; let x = fixed annual payment required by tenderer: then tenders will be expressed as follows: $\text{Tender} = x + \frac{R-x}{2}$. That is to say, the tender requires an annual payment of x francs per kilometre for working the line plus 50 per cent. of any balance there may be from the gross receipts after payment of the sum x .

Taking a concrete example: First system: Supposing the tenderer considers the line will produce 2,100 fr. per kilometre year, he tenders $33\frac{1}{2}$ per cent.: this means that he takes 1,400 fr. per annum and pays the society 700 fr. Worked out on the second system, and taking the same figures, he would tender $700 + \frac{R-700}{2}$. This again equals 1,400 fr. to the tenderer and 700 fr. to the society.

In order that there might not be too great a multiplication of small bodies, with their inevitable waste, small companies were permitted to undertake the management of a number of lines, and some of them have grown to fairly large dimensions (see table at end of report). Frequently these companies consist of an association of the local bodies interested. At present (1913), out of forty-two subsidiary companies seven are local bodies' associations. The extent of line controlled by different concessionaries varies very much—from 300 km. down to 25 km., and from one small line to a group of sixteen sections.

Occasionally the central organization takes control temporarily for various reasons, but this is not done when avoidable, owing to the difficulty of controlling small scattered enterprises from a central administration situated at a distance.

In order to safeguard the society's interests in its property while the same is under the immediate control of the lessee, guarantees are required from the lessee in the shape of a deposit with tender in proportion to the length of line leased and the amount of rolling-stock and structures. The rolling-stock and buildings must also be insured by the lessee in favour of the society. *The guarantee deposit is the only capital required by the lessee.* The contract also stipulates the minimum number of trains and the tariff to be charged. The latter may be varied by the society, with the consent of the State. The society may also alter the position of stations and stopping-places, and may instal or remove private sidings.

As stated above, before a concession is applied for a tariff is drawn up, based upon the special circumstances of the case, and if approved this is embodied in the deed of concession.