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THE RUSSIAN LOAN.

The announcement that Russia is negotiating with German bankers for a loan of $250,000,000, raises several interesting questions. Why should Russia be now confronted with the necessity of raising so large a sum as $250,000,000 from the outside market when it was only a few months ago that over $150,000,000 was borrowed in France. The answer to this question is found not in the enormous cost to Russia of the war it is now waging, but in the enormous volume of its national debt and the extent to which this debt is held abroad.

The national debt of Russia is more widely diffused than is the debt of any other nation. It is approximately 6,629,000,000 rubles, or, roughly, $3,300,000,000. Most of this debt is in the form of 4 per cent loans. In addition, under the policy of M. de Witte, Russia has guaranteed the bonds of various railroads, and the mortgage bonds of land-credit institutions. The amount of these guarantees is somewhat less than $1,000,000,000. If this is counted in the debt it aggregates $4,300,000,000. This debt, considering the resources of Russia, does not appear unduly large. It is about the size of the national debt of Great Britain and considerably smaller than that of France.

The national debts of Great Britain and France, however, are held largely by home investors. The national debt of Russia, on the other hand, is widely diffused. It is perfectly safe to say that of the $3,300,000,000 national debt of Russia at least $2,500,000,000 is held abroad. Of this amount about $1,600,000,000 is held in France, perhaps $500,000,000 in Germany, while the rest is scattered in other European markets, with a trifle of about $20,000,000 in the United States.

On $2,500,000,000 at an average interest rate of 4 per cent the annual interest requirements would amount to $100,000,000. Russia has to provide for the payment of this amount of interest to foreigners every year. At the opening of the war Russia had a foreign balance, most of which was deposited in Paris and London, amounting to $85,690,000. Out of this sum Russia had to meet its foreign interest payments as well as pay for the war supplies which it purchased mainly from outside markets. The result was that by the opening week in April the foreign balance had shrunk to $37,000,000. This was only a little more than enough to meet the next quarterly interest payments which amounted to $25,000,000. The Russian government could have replenished its foreign balances by exporting gold from its supply at St. Petersburg, but preferred to borrow money abroad and a loan for more than $150,000,000 was floated in Paris.

This loan largely increased Russia's balances abroad. Since then one quarterly interest payment has fallen due and been paid, and another quarterly interest payment will shortly fall due. In addition, large purchases of war supplies have been made. The result is that Russia's foreign balance has again begun to dwindle. Russia does not desire to export gold to replenish its foreign balances, as its gold supply is needed as a reserve against its note issues which have largely increased since the opening of the war. The result is that Russia has opened negotiations in Germany for a loan of $250,000,000. Unless the war proves to be a most prolonged one Russia should not be again forced to borrow abroad to replenish its foreign balances.

SHAW ON FINANCE.

While all business men feel confident of the safe and sound condition of the country, it is a further addition to their feeling of security to have it affirmed by the able secretary of the treasury in his political and his non-partisan addresses, says the San Francisco Call. In his talk to the business men of all parties who gave him a banquet here on Monday night, he showed that, with the largest volume of circulating currency in the world, the most money per capita of any nation, and every dollar equal to gold, the standard for it all, we are in a position to avoid any business vicissitude by having the resources to meet it and avert it.

The gold standard has so increased our stock of that metal that we are able to sustain in circulation $300,000,000 of greenbacks, pure fiat money, with no value except for redemption in gold, and can also carry a silver dollar circulation of $300,000,000 less in its intrinsic than in its nominal value. Our gold stock is capable of carrying all this, and the gold standard makes every dollar worth a hundred cents.

But the secretary appreciates, as do all financiers, the desirability of doing still better in the future, by substituting some other and better form of currency for the fiat paper and the over-valued silver. It is believed, and there is much financial experience to justify it, that a gradual elimination of the fiat paper would result in supplying its place by gold. As the treasury retains $150,000,000 reserve gold to redeem the fiat money, that sum would be released at once, and it is easily thinkable that gold certificates as a convenient paper currency would soon take the place of the rest of the fiat notes. Some time this part of the problem must be approached, dealt with and solved, and when it is, fiat currency will be a thing of the past.

Maintenance of the present volume of standard dollars in silver is not exactly the same as support of fiat paper, because each silver dollar, having one leg to stand on, is only half the burden on a gold dollar that a fiat dollar is. Yet the time will come that standard silver will disappear from our circulation, largely by conversion into subsidiary coin, and thus will be realized the purpose of the coinage act of 1833, a democratic measure, the purpose of which was declared to be a sufficient supply of subsidiary silver to serve the public convenience in small transactions, leaving gold the standard and the currency for large transactions.

In respect of these two measures the currency question, greatly advanced toward a settlement since 1896, awaits a scientific conclusion. Another feature in our currency system was referred to at length in the banquet speech of the secretary. The Call has been insistent in arguing for a more flexible banking system, that will enlarge the volume of currency in such commercial emergencies as the annual movement of the crops, and contract it again when the necessity is past.

Without suggesting it as the only plan, or going to the extent of an official indorsement, the secretary said: "Suppose the national banks are permitted to issue a certain volume of currency, either based upon the capital of the bank, or upon the amount of bond secured currency, and are charged not less than 5 per cent interest during the time this currency is out. Certainly such currency will spring into existence whenever money is scarce, and if the banks are compelled to pay 5 per cent interest thereon, they will retire it as soon as the pinch is over. It can be retired by the deposit of an equal volume of currency at any of the sub-treasuries. It will not be necessary to redeem each individual bill. The volume would be contracted as much by the deposit as by the destruction of the bank bills. The interest charged would vastly more than cover any possible loss. I desire to go upon record as being opposed to the issue of any kind of currency the government does not guarantee, and I am equally opposed to the government guaranteeing bank currency without first being amply secured."

Our California bankers have not been hospitable to the proposition for an emergency issue. Perhaps this is because they feel the pinch less than it is felt in the financial center, New York. But the sentiment of one part of the country arising in its local situation should not stand in the way of a measure for general relief which may safeguard the whole country against a currency pinch that may degenerate into a panic. As we have often pointed out, the problem is not one so much of volume as of distribution of currency. An emergency issue will reinforce distribution, by appearing where the necessity is and disappearing when it is over.

ALL DOUBTS VANISHING.

Of the success of the St. Louis fair as an exposition of the world's wonders there was never any doubt, but of the financial successof the affair there were many doubts and they were grave for a time. But they are vanishing. Of the government loan of $4,600,000 more than one-half has been paid off and discharged. Secretary Shaw no longer looks upon himself as a possible receiver for the enterprise, and there is a balance on the right side of the ledger after providing for the installments on the loan and the per diem expense of $65,000. All of which is not only gratifying, but a strong evidence of excellent management and of attractions unsurpassed on exhibition.

The St. Louis Globe-Democrat says: "Let no faint-hearted community ever take on itself the responsibilities of a world's fair." There is in that statement a suggestion for increased attendance. Not only will no faint-hearted community take on itself the responsibilities of a world's fair, but no stout-hearted community—for there will be no event worthy of commemoration by a world's fair until the coming of July 4, 1876—the bicentenary of the birth of the United States of North America.

Mother nature herself evidently fights on the side of the gallant little Japs, as shown in the discovery at this opportune moment of a productive gold mine in the island empire, said to be worth $500,000,000. As material for supplying the "sinews of war," to wit, golden yen, that mine will come in handy.

George Bruce Cortelyou.

George Bruce Cortelyou showed such ability as private secretary to the president that Mr. Roosevelt took him into his cabinet as first secretary of the department of commerce and labor. A year and a half of work in that office demonstrated that he had fine powers of organization, and it was decided to ask him to act as chairman of the Republican national committee, a position held by the late Senator Hanna. Secretary Cortelyou is not quite forty-two years old, and less than ten years ago he was working as a shorthand reporter, being stenographer at that time to President Cleveland.

Mrs. John A. Logan.

Mrs. John A. Logan, acting president of the Red Cross Society of America, was born in Petersburg, Mo., in 1838, her father being Captain James M.

Cunningham, a native of Tennessee and a soldier of the Mexican war. She married General Logan, then a rising young attorney and politician, in 1855. Through all the struggles and dangers and successes of his career she was his devoted helpmeet.

A Wind Driven Automobile.

John Schundtzck, a farmer living near Le Sueur, Minn., has a remarkable automobile. He is the owner of an apparatus attachable to an ordinary buggy whereby, through a series of horns similar to that on a graphophone, the wind is gathered and by concentration on eccentrics the wheels are made to revolve. In a trial from his home to Belle Plaine, a distance of nine miles, a speed of forty miles an hour was easily maintained.