

ign debt, should be exceptionally valuable. But at the same time it is well to remember that they are not unbiased observers. They are very heavily committed to the present order of things in Russia. France holds an enormous amount in Russian bonds, and the great banks must have made, in one way and another, tremendous advances against them. The bankers have really had no choice, but to do their utmost to uphold Russian bonds, and the first essential in carrying out that purpose was to see that the confidence of the body of investors did not weaken. The Government of Russia can hope to maintain order only by spending plenty of money. It can get the money for spending only by means of foreign loans. Foreign loans cannot be negotiated unless the quotations for the existing foreign debt are kept at a fairly high level. Thus it is the French bankers, in advising their clients that Russian bonds are safe, are taking one of the steps best calculated to keep them safe. If the French investors were to lose confidence in Russian bonds the probability is that the revolution would not long be delayed. Owing to the great confidence he has in what his bankers tell him, it is likely that nothing but default in meeting the coupons would cause him to lose his faith in the security. And the Russian Government has balances abroad large enough to meet the coupons as they come due for some time yet. Even if it had not, the consequences of default would be so momentous that the bankers would in all probability, make special efforts to make some arrangement whereby the payments could be continued, at least for a time. As to what would happen in France should the developments be such as to break the blind faith of the Frenchmen in the bonds, the French Government had an object lesson several years ago. This same French investor was antagonized by his Government's attitude on a question that involved his religious feelings and his savings in the Government savings banks. The Government had to undergo for nearly two years a steady withdrawal of savings bank balances. There seemed to be no slackening in it. It was a steady persistent liquidation.

A DUTCH WRITER ON THE REBUILDING OF SAN FRANCISCO.

An editorial in the "Dutch Monthly Review" *Vragen van den Dug* (Amsterdam) deals in a very intelligent manner, with the reason why San Francisco must be rebuilt. The Dutch writer, says: "What is it that will induce the inhabitants to rebuild their city in a locality, so perilous, where no confidence can be placed in the stability of the earth's crust?" He then goes on to describe the agricultural and manufacturing attainments and possibilities of the State of California, and emphasizes the fact that for this great, fertile hinter-

land, the Bay of San Francisco is the only outlet to the ocean—an outlet which owing to natural conditions cannot be duplicated. This ocean supremacy of San Francisco will be made more important when the Panama Canal has been opened.

San Francisco will continue to control the vast coast trade, and will remain the chief commercial emporium of the West. Nor will any city on the Panama Canal ever be so favourably situated. The canal itself will finally bring western North America into close relations with the Far East and with Europe. In proportion as the economic center of gravity of America moves to the Far West the Pacific Ocean will become more and more the pathway along which exports of the United States are bound to move. The harbour of San Francisco, situated as it is so close to the most productive section of the country and in a latitude almost central to the economic life of the American people, will remain at once the gateway whence will issue the exports to Eastern markets, and will also be the point of transshipment for ocean traffic in the same direction.

THE FUTURE POLICY OF FIRE COMPANIES.

The recent catastrophe at San Francisco, the estimated effects of which upon the fire insurance companies necessitates an early determination by the companies as to their course in future, relative to losses caused by earthquake, directly and indirectly.

The policies at present issued either strictly rule out all losses by earthquake, direct or indirect, by a special "earthquake" clause, or do so in a less emphatic manner by a section excluding loss or damage, directly or indirectly caused by collapse or explosion.

The former has been construed by some of the companies to relieve them from liability, entirely; thus they hope to escape the payment of millions of dollars of claims. This a few of them may be able to do; because their headquarters are in foreign countries and under the California laws they have not been required to deposit assets, equal to their full reserves, in this country. They may thus perhaps avoid submitting the question to the courts of California and of this country; though it seems improbable since each company has agents in this country upon whom service of process may be made and the governments of Germany and of other countries will hardly refuse to give to the judgments of our courts full faith, credit and force.

This matter may, therefore, become an international question of great importance. However decided it can hardly fail to result in strict deposit laws in California, as elsewhere in the United States, applying to foreign companies.

The American companies and most of the foreign