

The Failure of Russian Credit.

The London *World* devotes some attention to a certain aspect of the Eastern question which may have an important bearing on the contingency of peace or war. If Russia makes war on a large scale she will require to borrow money, and it does not appear that her credit is of the best, or that she would find the millions required very easy to be obtained. The amount borrowed by Russia of late years is very large, mostly for railway purposes, and the railways are not paying concerns. For the luxury of having railways, Russia must pay from other sources, as her lines are far from being self-sustaining. In respect of their stretching over "magnificent distances" they are like the leading American lines, but they lack the outstripping money making population which in the United States creates profitable traffic over thousands of miles of rails. It would probably be a reasonable estimate that one million of American population makes as much traffic for railways as five or ten millions of Russia's population; and their very vastness of Russia's territorial extent is a reason why her railways can never pay. The British Isles, with their dense population in small territorial space, furnish the conditions under which railways can be made to pay; and they are made to pay also in France, a country of large population, and lying squarely and compactly together. But a railway stretching from the Neva in the north to the Black Sea in the South is simply impossible, as a paying enterprise, at all events with a Russian population.

Russia has an external debt, due to foreign lenders, of some eighty millions sterling, an internal debt of nearly seventy millions, and has besides eighty millions of irredeemable paper float and in forced circulation. For payment of interest she has to provide every year nearly nine millions sterling, which has to be sent out of the country in gold. Asking the question how does she get this money, our London contemporary affirms that she gets it simply by continually borrowing fresh sums from confiding foreigners, who will some day find that when they cease to lend her more money she will cease to pay interest. So recently as 1875 she borrowed a fresh fifteen millions sterling in London, but that source of supply, it is now considered, is closed, and where she is to borrow the next loan with which to pay interest due abroad, remains to be seen. Meanwhile it is being proved that the carriage of grain over the long distances of some Russian railways costs as much as the grain is worth at the seaports, so that the export of grain would scarcely pay were the cultivator to furnish it for nothing. The gold products of Russia is about three millions sterling per annum, but this falls far short of being enough to meet the interest on the debt held abroad. The country is one of peasants and nobles only, without any middle class. The merchants are few in number, and they have of late years lost money by attempts to force commerce into impossible channels. The nobles, again, are as a class very extravagant, it being their favourite ambition to spend their incomes in cities, in gambling, ostentation, and debauchery. Paris is an enormous sink for Muscovite money, and much of the hard-earned gold flows from the peasantry is recklessly squandered in that modern Babylon. The Court is almost fabulous in its extravagance, spending some £2,000,000 sterling annually, or four times the total cost of the British royal family. In borrowing ostensibly for railway purposes the Russian

Government has generally asked double the amount really wanted for railways, and the balance has been spent on ironclads, Asiatic expeditions, and other costly follies, Europe has heard enough lately of bankrupt Turkey, but the revelation to the world of Russia's bankruptcy is something that cannot much longer be delayed. It is not believed that any new Russian loan could be "placed" in London at all, and Germany and Holland must next be appealed to. But the shrewd capitalists of Amsterdam and Frankfurt are not likely to be charmed with such prospects of payment as Russia can hold out and at some date not far distant the Colossus of the North will stand as a borrower little better than Turkey or the worst paying South American States.

Russian five per cent bonds, which used to stand at 103, have dropped to 85, and a still heavier decline would be sure to follow in the event of war. The experience of the capitalists of Western Europe in loans made to semi-barbarous peoples has not been encouraging, and such borrowers as Turks, Russians, and South Americans must find their sources of supply closed. The failure of half civilized states to pay is a remarkable feature in the history of the time, and must have an important and lasting effect on the money market of the world. The check given to reckless borrowing by what we may call non industrial nations, whose idleness and barbarism are but scantily concealed by a thin gloss of civilization, also to railway extension the world over, must inevitably establish lower rates of interest for money. Non paying States will find it impossible to get money on any terms, and those that can and do meet their obligations will insist upon having money at lower rates. When the non paying class of borrowers are put out of the market than those that do pay will get what they want on lower terms. Were Russia now to ask for another large loan it would force a panic among holders of her stock, and whether the Rothschilds would supply her with money for a war is doubtful. Financially Russia is almost as "sick" as Turkey is, and it may be that the want of funds may compel her to keep the peace. Her war party will not in the last resort be deterred by any financial considerations, but the difficulty of obtaining money must still have a sobering effect. It is something not to be regretted that one of the most aggressive powers in the world lacks the ability if not the will to indulge in the expensive game of war. And it may be that even Gortschakoff cannot make war without first obtaining permission from the Rothschilds to do so.

Canada and the Sioux War.

ATTITUDE OF MANITOBA SHOULD SITTING BULL TAKE REFUGE THERE.

A correspondent writing to the Winnipeg (Manitoba) *Sentinel*, June 24th, forcibly discusses the question of the probability of the Sioux taking refuge in that province, and what their attitude should be in such an event. This is a theme which interests a large class of people on our frontier and in the British possessions, and is of especial importance since the tragic death of General Custer and the slaughter of the Seventh Cavalry. It is not at all improbable that the Northern Indians will retreat to the boundary line, when they discover the efforts being made to subdue them. The correspondent says:—

"While waiting authentic information regarding the impending conflict between the United States army under General Terry and the Sioux Indians under Sitting Bull, allow

me to make a few observations upon the discussion that has taken place in our provinces and elsewhere regarding the result of that conflict upon Canada. The importance of the subject must be my excuse for referring to it in your columns, and stating my reasons for differing from the conclusions arrived at by such a well informed and able gentleman as Mr. Taylor, the United States Consul, and by the *Manitoba Standard* and *Free Press* and the *Toronto Globe*. It was Mr. Taylor who first sounded the alarm. His letters, however, are cautiously worded; he foreshadows rather than predicts trouble for Canada; and he insinuates rather than indicates a way of escape. The danger is to come upon us when the army of the States and the warriors of the Sioux meet in hostile array, and the latter, vanquished and dispersed, seek shelter from their victorious and pursuing foe by a timely retreat across our frontier; and to escape this danger the hint is thrown out that a mutual policy and a special treaty between Canada and the United States would be efficacious—this policy to embrace not only the probable exigency of an "irruption" into Canada by the Sioux, as one journal termed it, but to extend to all the frontier tribes of Indians from the Lake of the Woods to the Rocky Mountains. The danger to be apprehended, then, is the presence in the North West of the remnant of 3,000 routed but armed Sioux; and to avoid it we are invited to enter into a treaty with the power which shall have routed those Sioux. Such a treaty would, of course, have but one object namely: to favour the United States and repress the Indians. The issue presented to Canada is this: Shall we adopt a mutual policy and enter into a special treaty with the United States to meet such an emergency as the retreat across our frontier of a defeated and fugitive band of Indians from the other side? In discussing this question very briefly it is necessary to understand the position of all parties concerned. The Sioux and the United States are at war. The Indian tribes in the States are so far semi independent that they enter into treaties with the Government of Washington, from whom they receive tribute in the shape of pensions and supplies, in return for which they cede territories and abandon rights. The breach of these treaties is accepted by both parties as a cause for remonstrance, and ultimately of war. The position of Canada, as part of the empire, is that of neutrality. We acknowledge that, as between the United States and the Indians, the former is the sovereign power; but into the quarrel between the two we will not be drawn. We are content to judge of the progress and justice of the war by the utterances of authorities and leading men in the States. On the one side is General Terry with 3,000 soldiers, horse, foot, and artillery, on the other 3,000 badly armed warriors. There are those in the States who say that the justness of the quarrel lies rather with the Indians than with the Washington Government; and if any inference can be drawn from the appearance in the field of a weak, half armed, undisciplined race against a first class power, it is that the former have had what to them is sufficient provocation, and that they consider their cause a just one. The alleged savage nature of the Indian, and especially of the Sioux, may be said to render such an inference inapplicable in the case before us; but it may be safely asserted that even the Sioux is swayed by moral considerations, that he is not insensible to the claims of justice and honor, and that he smarts under wrong. The inference above drawn is not, then, wholly inapplicable. Viewing it in this light,