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THE FRENCH INVESTOR AND RUSSIA.

One of the most remarkable features in connection with the developments of the last couple of years on the continent of Europe has been the behaviour of the French holders of Russian bonds. The Russian Empire has passed through a great war in which it sustained the most disastrous reverses and which cost it immense sums in expenses; and on more than one occasion since the termination of the struggle the Government has seemed, in the opinion of enlightened outside observers, to be on the verge of a bloody revolution. These circumstances, in conjunction with the fact that huge new loans had to be negotiated in the world's money markets, served, of course, to drive the quotations for Russian Government securities far below their former level, but the singular thing is that at no time during these happenings has the small French investor, who holds the great bulk of Russian bonds, shown the slightest disposition towards panic, or even towards uneasiness. On the contrary he has stolidly gone about his ordinary business quite contented in the knowledge that his coupons have always been paid when due.

When the Douma was dismissed recently by the Czar the fall in Russian bonds was greater, almost, than on any of the previous occasions, in spite of the fact that the outside world had become exceedingly cautious of expecting the revolution to happen. To put it more plainly, there were several occasions previously on which outsiders had a stronger *belief* that a terrible revolution was imminent, and yet the market for Russian bonds was not so greatly affected as on this last occasion of the dismissal of the Douma. It is not difficult to find one of the reasons for this greater sensitiveness. Just a little while previously a very large Russian loan had been floated. Unlike others which preceded it the flotation was scattered among several different markets. The bulk went to Paris, but both London and Vienna participated, and New York

was only prevented from participating by the stringency that prevailed there. Berlin was left out because of a little unpleasantness that happened at the Algeciras convention on Moroccan affairs. This was the first time in a great number of years that London, or Vienna either for that matter, had touched a Russian loan, and it is not to be supposed that those who held the bonds in those cities would manifest the same blind confidence as the French investor had shown. English speculators and investors are more accustomed to think for themselves, and to form their own judgment on the different securities they hold. Many of those who bought the Russian bonds probably did so with a nervous feeling that the bonds were not any too desirable or safe. But the rate of income was high, and there was the possibility of perhaps turning them over ultimately, at a profit, to French investors. Evidently such holders would not be apt to stand steady in the face of trouble. When trouble came, in the shape of the forcible dissolution by the autocracy of Russia's first Parliament, the speculators made haste to get out, and the bonds dropped heavily. The support at the lower levels came mainly from Paris, and the probability is that the French investor did take over a good deal of the English and Australian holdings, but his doing so did not enable them to get at a profit.

Of course, as nearly every body knows, the French investor practically allows himself to be guided in the matter of his investments altogether by his bankers. And in no country in Europe are the great bankers so well informed on Russian affairs as they are in Paris. Ever since the Franco-Russian alliance was formed, and since France took over from Germany the role of "banker to Russia," the Paris bankers have kept themselves closely informed about what was happening in the Czar's dominions. Their opinion as to whether or not the Russian autocracy will be overthrown, and if it is to be whether the new rulers will repudiate the fore-