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half of India's surplus exports—can no longer be advantageously shipped to silver countries, and if, at the same time, imports from gold countries develop, it is clear that this measure must jeopardise the very existence of that favourable trade balance, by which alone India can pay her debts abroad.

Events have already moved fast in the direction of this disastrous result, though the recent abandonment of the projected import duty on silver modifies the general situation to some extent. It was inevitable that, after this, the India Council should meet the London market again, by letting their Bills compete on their own merits with silver. But it remains to be seen whether exchange can be raised merely by keeping the mints closed, since the demand for Council Bills depends on the surplus of exports, which is checked as the rupee advances. In the meanwhile, for those who will take the trouble to study them, my figures will speak for themselves.

FRANCIS B. FORBES

January 22, 1894.

STATE ADVANCES ON CORN IN RUSSIA.

As a result of the Tariff War with Germany, and the prohibitive duties which that country had laid upon imports of Russian grain, Russia was practically deprived of her chief market for cereals; and a danger had arisen that such an abundance of corn would come into the Russian markets, as to cause prices to fall considerably. This result, serious at any time, would be specially serious now, as the Russian cultivators had been looking to last year's exceptionally abundant harvest to repair, in part, the losses of the recent famine. So critical did the position seem to the Russian Government, that a special commission was recently appointed, under the presidency of M. Antonovich, the Assistant Finance Minister, to ascertain what measures the Government could take to prevent the threatened disaster to Russian agricultural interests. Some valuable facts were brought to light by the commission, and several practical proposals were made, amongst others, the establishment of a system of loans on corn through the banks, treasuries, and state railways.

Stress was laid on the necessity of dispensing with all unnecessary formalities which might prevent the owners of corn deposited as security disposing of it to the best advantage. The propriety of making Local Boards collectively responsible to the banks was also considered. And it was further suggested that sufficient credit should be allowed to the Local Boards by the Imperial Bank to cover current expenses; thus relieving the Local Boards of the necessity of pressing on the collection of taxes from the villagers, who might, in consequence, be forced to a premature and disadvantageous sale of their cereals.

A protest was however raised in the commission against the proposed system of loans by M. Nikitin, the President of the Kherson Local Board, and a recognised authority on peasant cultivation. As an alternative to the loan system, M. Nikitin proposed that the Government should purchase a certain quantity of corn through the Local Boards, thus relieving the congestion of the market in the simplest possible way.

This opinion has many supporters in different parts of Russia. A meeting of Kieff landowners recently put the same view before M. Yermoloff, the Minister of Agriculture and Imperial Estates. It was shown that all sales of corn were practically at a standstill in south-western Russia at the very time when cultivators are compelled to realise a part of the harvest to cover the expenses of harvesting and further agricultural operations, pending the full realisation of the year's crops.

The question was then raised by members of the commission, whether the Government was in a position to purchase corn on a large scale. In answer to this question, the Director of the Economic Department in the Ministry of the Interior pointed out that, in the Government magazines, the quantity of rye alone fell short of the normal amount by 120,000,000 *poods*—that is over 1,600,000 tons—or more than two-and-a-half times Russia's annual rye export to Germany. Hence, in the opinion of the commission, if the Russian Government took advantage of the present surplus to purchase corn for the Army Department, the total export of corn to Germany for two years would be replaced, and Russian cultivators would thus have time to adjust themselves to the new conditions of the corn market.

The Russian Government gave effect to the suggestions of the commission in two ways: first by very large purchases of corn for the Army Department, amounting to about two years' supplies, and, secondly, by organising a system of loans or advances on corn to the cultivators directly. Under this system which is already in force, loans are made on the security of corn deposits through all local branches of the Imperial Bank. Cultivators wishing to avail themselves of these loans furnish the local branch of the bank with a statement of the quantity and quality of the grain offered as security, and the place of storage. This statement must be accompanied by a policy, showing that the grain is insured for the period of the required loan; and if in a hired warehouse, proof must be given that the rent has been paid for the same period. No other goods may be kept in the warehouse or chamber, except the grain offered as security; and the warehouse must be at a convenient distance from the bank. On receipt of application for a loan, the bank officials examine the corn offered as security in the warehouse, to verify the applicants' statements. The quantity of the corn is then approximately estimated, unless trustworthy documentary evidence is forthcoming, and several samples are taken to estimate its quality. The seal of the bank is

then set on the warehouse door, which is fastened with double locks ; one key being kept by the bank, and the other by the borrower.

Certain exceptions are allowed to this rule in order that the free sale of the corn may be as little as possible impeded. In cases where the community of cultivators take upon themselves the joint responsibility for the proper preservation of the corn deposit, or when the borrower is known to the bank to be solvent and trustworthy, no seal is set on the warehouse, and the bank's key is handed to the borrower every morning, to be returned to the custody of the bank in the evening. The samples already mentioned, together with the application and certificate of examination, are examined by the bank committee of loans, who decide on the amount to be advanced. This amount must not exceed three quarters of the local price of the deposit, and may further depend on the method of storage, the solvency of the borrower, and commercial conditions in general. The loan is then either paid to the borrower by the bank directly, through a local treasury, or by post ; or the borrower opens a special current account on the basis of the loan, receiving the amount in instalments, also repayable by instalments.

The banks charge interest on these loans at from four and a half to six per cent, per annum, according to the local expense of the loan system. And interest may be paid after expiration of the loan at the borrower's option. The period at present fixed for the duration of these loans is nine months, with permission to grant a further three months' extension at the bank's discretion. The borrower further consents to make the rest of his property liable should the ultimate sale of the corn deposit not cover the amount of the loan. When repayment is made by instalments a proportionate quantity of the corn deposit is set free by the bank.

The interest of the bank is safeguarded by a provision that, should the price of grain fall fifteen per cent., the borrower must make a further deposit after ten days' notice from the bank. If this be not done the deposit is liable to sale by the bank ; though in exceptional cases this sale may be delayed discretely.

Similarly, if the deposit, which is from time to time examined by the bank officials in the owner's presence, be found to deteriorate or suffer damage, the borrower must either repay the loan or make a further deposit. In case of failure to do this, after three days' notice, the bank may repay itself from the borrower's other property. The bank officials are assisted by the police and special watchmen in the duty of seeing that the seals on deposits are kept intact, and that proper measures of security are taken in general.

The duty of ventilating the corn and protecting it from damage lies on the borrower, and in case of his negligence, the bank may do what is necessary at his expense. The bank may further renew insurance policies and leases at the borrower's expense should these lapse before the expiration of the loan.

Every facility is afforded to the borrower to dispose of his corn-deposit should a favourable opportunity arise; in this case the purchaser takes upon himself the responsibility for the repayment of the loan, and deducts the amount from the price paid to the borrower.

This whole system of state-loans is largely experimental, and involves a certain number of contingencies which can hardly be foreseen; its further practical working will be watched with great interest; and on its results, successful or otherwise, much of Russia's future fiscal policy will probably depend. The Russian Government hopes that during the period of from nine to twelve months over which these loans may extend, the Tariff War with Germany will be brought to a satisfactory conclusion through the mediation of the Berlin Conference; in which case Russia's surplus corn will find its way naturally to its old market; or, should this desired result not be obtained, that the Russian producers may be able to find new outlets for their corn in the markets of the East during the nine months' breathing space given them by this system of advances.

Should the system, which is at present only a temporary one, prove a success, it will doubtless become permanent; and in this case, the Russian cultivators would once for all be released from the clutches of the local money-lenders, with whom they are often compelled to deposit their corn at ruinous rates of interest, in order to cover necessary current expenses.

The benefit arising from such a change would be immense. Whoever is familiar with the system of agricultural advances in India will find in the Russian system much matter for interesting comparison, and will see how closely the Russian system of local boards, agricultural communities, district treasuries and government banks, resembles the Indian system.

On the whole, the Russian Finance Minister is to be congratulated on this largely conceived and rapidly executed scheme.

CHARLES JOHNSTON

THE RUSSO-GERMAN TARIFF WAR.

THE key-note of the Tariff War between Russia and Germany is struck by the words of a Berlin paper: 'The Russians are perfect barbarians; they sell their corn in our markets for next to nothing.' The great landowners, whose interests were endangered by the low price of Russian corn, could see in it nothing but a 'sign of barbarism,' as their organ expressed it, and they were sufficiently powerful to make their interests prevail, even at the risk of raising the price of bread for the whole population of the German Empire.

The Berlin Government gave effect to the wishes of the Agrarian Party by introducing a Differential Tariff, in February 1892, the most important effect of which was to raise considerably the duties on