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THE SITUATION.

An unexpected change in the silver problem has occurred. France proposes a free coinage of silver at a ratio of 15½ to 1 of gold. The Bank of England, in a letter to the Chancellor of the Exchequer, announces that it is prepared to hold to one-fifth of the bullion held against its note issue, in silver, "provided always that the French mint is open to the free coinage of silver, and that the prices at which silver is procurable and saleable are satisfactory." This looks as if there was an understanding with France on the subject. The condition attached by the Bank of England to the increased use by it of silver, is important. The bank is willing to try the experiment of raising the price of silver, and if its action, in conjunction with France and the United States, did not have that effect, the experiment would have failed, and all parties might find it necessary to revert to their present condition. To make success certain, the co-operation of Germany would seem to be necessary; the first cause of the depreciation of silver was the demonetization of that metal by Germany; other countries followed the example thus set, and silver having lost its principal use, became a drug in the market. Under these circumstances, the continuance of even the ordinary production of silver would have been an overproduction, and when to this cause was superadded a great increase in the product of the mines, at lower cost, the whole stock of the world's silver came to represent an immense sacrifice.

If the plan suggested by France and endorsed, in part, by the Bank of England, be carried out, the silver movement will not stop here. The next step would probably be to reopen the India mints to the coinage of silver. India has suffered enormously by the decline in the purchasing power of her silver money, and in this way she has become the victim of a fashion set by Germany and followed by other countries. If China, which uses large amounts of silver, would consent to coin it, her power of absorption is quite sufficient to solve the silver question, even if Germany should refuse to join the present movement. In what has been done so far, the unexpected has happened, and strong and even angry protests against the new policy rend the air of England; but against the great forces now in action, they may, for the present, be powerless. The governor of the Bank of England seems to hint a fixed price for silver when he speaks of a satisfactory price to buy and sell at. But who is to undertake to buy all the silver offering at a fixed price, as the bank is now under an obligation to buy gold? If the Bank of England and the Bank of France were to act in conjunction with some buyer, in the United States, the result would be a dangerous inflation, in which prices would go up at a bound, to be followed by the inevitable collapse. But such a scheme as this cannot be in contemplation; the steadying of the price of silver must be intended to be left to depend upon the natural effect of the restored demand. Whether such steadiness can be procured in this way the governor of the Bank of England has an undefined doubt, which, in case of necessity, he would convert into a harbor of refuge from the consequences of what would, in that case, have proved to be a mistaken policy.

Though the United States, as a silver producing country, is greatly interested in the restoration of silver to its former place in the currencies of the world, precisely what part she would play in this move has yet to be shown. The so-called currency reformers of the Republic have, for the most part, schemes of their own, which look only to their own profits, chiefly from a paper currency secured in a way which experience, in their own country, shows to be inadequate. That experience the present generation has almost forgotten; but the danger of reversion to a state of things in which, down to 1846, $200,000,000 of bank paper had become absolutely worthless, cannot be great. Still, reversion to a system of small banks, with an unsecured circulation, would do it. Much of the opposition to silver in the United States, arises from the fact that it is capable of competing with small bank notes, which some currency reformers would like to issue at will, without giving security as at present. But as the major forces of the Republic are the real interests of the nation, as a producer of silver, no real set-back to the present movement in favor of a restoration of silver to its old monetary position need be looked for, in this quarter. Though it be possible to refer to another country where such a system, less the small bank feature, prevails, it would not do to jump to the conclusion that conditions have so changed in the Republic as to make its adoption there either desirable or safe.

The Attorney of the United States has at last, after long and careful consideration, given his opinion on the question whether goods coming from foreign countries, directly, through Canada into the United States are subject to the discriminating duty of 10 per cent. His decision that they are not, may or may not be accepted as final by the rival railway corporations, in whose favor the law was altered. In the meantime, the authority of Attorney-General McKenna's opinion will prevail. The question is one of the interpretation of the statutes, which, in the opinion of some, conflict; but the Attorney-General is of opinion that there is no conflict, but that each of these statutes standing alone has its own independent purpose. This is just the state of facts in which the acute minds of corporation lawyers love to revel, and the chances are that they will advise the corporations in rivalry with the Canadian Pacific to appeal against the decision of United States Attorney-General to the United States courts. That is the usual course in such cases; here, where all is not clear, where technical difficulties of construction admittedly exist, these corporations will not be without temptation to act upon that advice. Congress is the ultimate arbitrator in all cases which involve questions of public policy; but it is not at all certain that Congress, with its eyes open, could