India's Action on Silver.

The closing of the Indian Government's mints to the free coinage of silver for private account was the overshadowing financial event of the week. Predictions had been freely made that such a step would be taken, the action of the silver market, and more especially the market for rupee paper, (as the silver obligations of the Indian government are called) giving a tangible indication to that effect. In spite of this the announcement came as a surprise. This is due to the fact that the presentation and discussion of the report of Lord Herschell's committee on the Indian currency was expected to precede any actual measures to change the situation. The closing of the mints or the establishment of a fixed exchange value of the rupee had been suggested as within the probabilities, but accompanying such rumors were other intimations that any action of that nature would probably be made contingent upon the decision of the American Congress in regard to the Sherman Act. It was also supposed that the British Parliament would be called to pass upon the question, the general impression being that hasty action was the least likely of possible contingencies.

These impressions have now proved to be erroneous. Seldom has a step of such vital importance and deep import to the financial world been taken with such suddenness. The viceroy of India, Lord Lansdowne, is quoted as saying that the administration of the country have not made the change with light hearts. This may be interpreted as indicating not only that the decision met with the approval of the British cabinet, but that the Herschell committee recommended its adoption as the result of their investigation. The part played by the Herschell committee does not, however, appear very plainly, nor has it been mentioned in the public dispatches.

The unexpected element in the transaction is that the India Council, as the supreme legislative authority, has taken the initiative. The simple announcement was cabled from India on Monday last that the Bombay and Calcutta mints had been closed to the free coinage of silver rupees for private account, followed by the further statement that rupees coined for government account would be exchanged for gold at the rate of 16d per rupee. Sovereigns are to be received at the public treasuries in payment of government dues at the same rate, and it was briefly added that the intention was to establish a gold standard at some future date.

THE POSITION OF INDIA.

A matter of such far-reaching importance can hardly be made the subject of generalizations at present. The subject naturally divides itself under two heads—the effect on Indian finances and trade and the influence it brings to bear in connection with the settlement of the silver problem. Referring to the first of these, the policy and intentions of the Indian government are very clearly expressed by a statement issued by the viceroy, in which he says in substance that the keynote of the plan is to prevent a further fall in exchange rates rather than to raise the value of the rupee. The fixing of the provisional rate of exchange at 1s 4d provides an automatic means of preventing the closing of the mints from voilently disturbing exchange rates. The rate of exchange has been fixed high enough to relieve the government of its most pressing necessities, while it is well within the limit of recent fluctuations. It is not proposed to substitute gold for silver currency. No attempt is to be made at present to fix a legal-tender price for gold. While the ratio of value was mentioned it was only provisional. Lord Lansdowne in conclusion said that he hoped a sufficient reserve of gold would be accumulated to make an effective gold standard possible.

This statement shows that it was the instability of exchanges which forced the issue. There seems to be no fear of a depreciation of the internal value of the rupee. On the other hand, however, the fall of silver and the constant lowering of exchange created an increasing drain upon the revenues of the government, and furnised abundant cause for disturbances in the external trade of the country. The interest charges of the Indian government payable in Europe in gold are very heavy, amounting last year to about Rs.220,000,000. These payments are met either by the sale in London of India Council drafts or by sterling loans. The sale of these drafts for the current year is estimated at about Rs.170,000,000, and in the Indian budget for the year there is a deficit of Rs.10,081,000 attributed directly to the fall in exchange.

In theory the sale of council drafts should control the market for India exchange. In practice the condition of the silver market has governed the price obtained by the government for its exchange. India is a credit country with a balance of trade in its favor. Its exports for the fiscal year 1892 93 were valued at Rs. 1,065,150,000, against imports valued at Rs. 626,180,000, an apparent balance of Rs. 438,970,000. In the same period the net imports of silver were about Rs. 120,000,000. In other words, remittances to pay the balance of trade due to India could be met either by the purchase of council drafts or by the shipment of silver bullion, which since 1835 has been subject to free coinage at the mints. Owing to this arrangement the silver market could always be played off against the rate of exchange and the latter has steadily gravitated downward till the government could this winter barely "peg" the price of council drafts at 1s. 2⅝d against a normal value for the rupee of 2s. The government, therefore, simply endeavors to eliminate this element, and by taking the seigniorage on future silver coinage hopes to give a fixed exchange value of 1s. 4d to the rupee.

THE EFFECT ON THE SILVER MARKET.

The ultimate effects of the matter upon the silver market and on India exchange are, of course, impossible to foresee. Its immediate influence has been, however, in keeping with the theory on which the India Council's action was predicated. India exchange and rupee paper have both strengthened in the London market, the latter rising immediately after the announcement to 71, while the allotments of council bills on Wednesday were made at 16 to 15⅞d per rupee. At the same time it should be noticed that anticipations of the Herschell report had caused considerable speculative activity in both remittances and Indian securities, giving opportunity for a slight reaction, rupee paper at the close of the week selling down to 69.

The same speculative element also appears in the action of silver prices Severe as the fluctuations of the metal have been during the past two days, the violence of its fall from 37½d to 30½d per ounce in London and from 81 to 62c in New York is not only exceedingly violent in its effects, but brings silver to the lowest price on record. The idea that India, hitherto the largest natural absorber of silver, must be left out of account in the distribution of the world's product is sufficient to accout for this result. Nevertheless, it would seem that other circumstances have intensified the depression and demoralization To say nothing of the presumption that Ceylon, the Straits and other possessions in the east will at once follow India's example, it is urged that the disturbance of trade in China and Japan will lend a further element of demoralization, which the repeal of the Sherman Act would render complete. At the same time it is recognized that the position probably appears worse than it really is. The suddenness of the council's action not being expected, there had been for some week's past a movement to absorb silver on the part of Indian banks and merchants, resulting in an advance in the price of bars from 37½d to 38⅜d. Large stocks had been accumulated on the theory that due notice would be given of any change in the India coinage regulations, and these accumulations being rendered practically useless, the depreciation is necessarily aggravated. The most pressing questions addressed to the British cabinet in Parliament have had reference to this phase of the subject, and though Mr. Gladstone and his colleagues have been slow to commit themselves or the Indian authorities to any line of action, it is scarcely possible that provision will not be made for important interests which have been so profoundly affected. It has, however, been stated by the English premier that the authority of the Indian government to coin rupees is unquestionable, and the presumption is that the government itself will now become a purchaser of silver, though on a moderate scale. Realization of this fact may modify the disturbing influences which have at first been aroused.

THE EFFECT OF SILVER PRODUCTION.

Apart from the relations of the move to the silver problem in general, and to the Sherman act in particular, the most important of its effects in the United States refers to the silver-mining and smelting industries. In this quarter the impression has been profound. The drop in the value of the product would necessarily tend to stop the operations of low-grade mines, and has it would seem already affected the smelting concerns, in spite of the fact that these purchases of ore are made from day to day on the basis of current silver prices. Some of the largest concerns are understood to have suspended purchase pending the demoralization of silver values, while a more important step is contemplated by some of the largest mine owners. Denver dispatches indicate that a conference of silver-mining interests has actually decided on an immediate and substantial suspension of production, on the ground that its continuance at this juncture would be simply ruinous. The influence of such a step upon general business and railroad interests in districts where mining and smelting is the principal industry must be exceedingly severe, and would be calculated to aggravate a situation already trying in the extreme. While the average cost of silver production is an unsettled point, it would seem that 60c per ounce is regarded as not far from the true figure. Silver has now reached this point, and under the circumstances, even if the larger and high grade mines do not adopt such extreme measures, an enormous curtailment of production seems inevitable, which may have some effect in bringing about the reaction which is not unlikely to occur.—*Bradstreets'.*

Prices of Meats Abroad.

The New York *National Provisioner* says: "The meat markets of America and Europe present some peculiar anomalies just now. In London meat is exceedingly cheap, and cattle are being sent to market to be sold at any price, for the reason that it does not pay to keep them, the cost of feed being so high. This high price has been occasioned by drouth. The drouth has also affected the markets of France, and in Paris the populace has been up in arms and made an appeal to the municipal authorities because the butchers have not reduced their prices in the ratio of the number of cattle being sent in. Here in America things are also at sixes and sevens, and, despite the acknowledged fact that there is a shortage both in hogs and cattle, there has been extraordinary runs of both, particularly cattle, on our markets in the past few weeks."

None of the lower province refiners are offering granulated sugars, says a Toronto exchange of July 14, and only yellows that happen to be consigned. This is, no doubt, preparatory to the amalgamation of the three refineries. The market here was steady to day. New York was telegraphed 1-16 higher on refined. Local demand is fair, and prices remain at 5⅜ to 5⅝c for granulated, and 4⅜ to 5¼ for yellows.