

THE  
MERCHANTS' MAGAZINE

AND

COMMERCIAL REVIEW.

~~~~~  
JULY, 1863.  
~~~~~

SHIP CANALS AND RAILROADS.

CHICAGO CONVENTION.

THE question of transportation is one of the most important that can engage the attention of the American public, since it is that upon which, more than upon anything else, the development of our national wealth depends. The great basis of this wealth is the vast expanse of fertile land which has during the last century laid open to the use of the settler free of cost, attracting the labor of all nations, and being aided by the active population of the Atlantic States and numberless machines which have given great effect to labor. This labor and land being thus brought together, the remaining requisite to make available the grand result, was the means of transportation at little cost of time and money. Naturally the country is well supplied with streams following the different water-sheds, but, nevertheless, great sections remained isolated. The Alleghany Mountains form a western wall to the Atlantic slope, down which flows many great streams to the ocean. West of these mountains is the great basin of the Ohio, with the lakes on the north, stretching 1,500 miles and having an area of 90,000 square miles and a coast line of 3,000 miles, draining a country 537,000 square miles in extent and capable of maintaining 22,000,000 of human beings. The land west of this region, almost limitless in size and capacity of cultivation, has an outlet into the great valley of the Mississippi. Thus the Mississippi, with its tributaries, drains the vast Western valley, and the Hudson, the Delaware, and the Susquehanna, with their tributaries, drain the Eastern slope. Between these the great and fertile lake region had no natural outlet. The necessity of one early impressed the minds of statesmen. In 1810, a canal at the West, to connect Lake Michigan with the Illinois River, was projected, and also one on the East, to connect Lake Erie with the Hudson River. Both these plans were ultimately realized. During the time in which those projects were maturing the greatest changes were made in the means of transportation. Steam, as a motor, was even then recognized, but had

not yet put forth its gigantic powers, bringing the most distant cultivated regions within reach of the consumer. The capacity of labor to create wealth from fertile land has hardly any limit if it is within range of markets. Farmers must produce within such limits as will bear the cost of transportation to market, or their labor is of no avail. Happily, during the last forty years, as the population of the United States has increased and spread over fertile lands of great extent, successive improvements in transportation have continually lowered the cost of it, so that the product of lands a thousand miles away can now be brought to our Eastern markets, and yet undersell the products of the Atlantic States. In the early part of the present century the New England States, the valleys of the Hudson, the Delaware, and the Susquehanna not only fed the population, but furnished food for export in such abundance as to enrich the shipping owners and build up a great commercial interest. The transportation down rivers and along the coast was then wholly in sailing vessels, which were, however, of improved construction, as well for burden as for speed, and the cost of freight in them was greatly diminished, thereby causing larger quantities of food to accumulate in the cities at cheaper rates for shipping. Europe being then at war and harvests bad, the prices paid were such that the lands of the Atlantic States produced to advantage, although they were not of the highest fertility. The steamboat was then introduced, but did not for some years affect greatly the cost of transportation. In 1817 the Erie Canal was begun, and was completed in 1825. By its operation the whole region bordering the great lakes was brought into competition with the lands of the Atlantic States. The change was marvelous. The natural vigor of that Western region was such that the same labor bestowed upon it yielded many fold more than if bestowed upon the Eastern lands. Agriculture then migrated West, being able to bear the transportation over lake and through canal and still give the commercial and manufacturing interests more food for the same wares. The great West rapidly prospered. The settlers lined the shores and streams, and their industry sent forth annually larger quantities of produce, aided by increasing steam appliances to shorten distances and reduce cost. It is remarkable that while the increased fertility of new lands swelled the volume of food that might be produced for a given amount of manual labor, steam and newly-invented machines swelled the quantity of manufactures that a certain amount of labor could give in exchange. Thus the same number of food buyers and goods buyers mutually multiplied their productions, until it became apparent that the Erie Canal was becoming too limited in capacity for the ever-swelling volume of trade. Its enlargement was then discussed and its necessity universally admitted. Unfortunately it took a political turn, and while one party insisted that it should enlarge itself, the other party insisted that it should be made the basis of a great debt, the interest of which should be paid by the earnings. The latter policy prevailed, and the canal became a political machine as well as a useful highway. But in addition to what was then done in New York State, the whole Western country became traversed by canals, which communicated with the lakes. Ohio constructed two to drain her interior lands; Indiana made one to traverse her State and open her rich lands to market; the Illinois canal, projected as a ship-canal, was to join Lake Michigan with the Illinois River and the Mississippi, and allow of ships passing from the great lakes down to the ocean, via New Orleans,

and thus cheapen transportation. The financial revulsion of 1837 changed the plan and reduced it ultimately to a shallow cut, which, however, permits the produce of Western Illinois to reach Chicago at a cheap rate. Thus Illinois, Indiana, and Ohio furnished canals which delivered the produce of those States upon the great lakes, to find its way to market through the Erie, the enlargement of which was checked by political intrigues. The great canal system may be summed up as follows:

	Miles.	Cost.	Width, feet.	No. of locks.	Opened.
Erie Canal, Hudson River to lakes.....	363	\$7,143,789	40	84	1825
Pennsylvania Canal, Delaware and Ohio	395	12,381,822	40	200	.....
Ohio Canal, Ohio River and lakes.....	807	4,695,824	40	152	1833
Miami Canal, " " " ".....	178	3,750,000	40	102	1840
Indiana Canal, " " " ".....	379	7,101,000	60	102	1851
Illinois Canal, Illinois River and lakes.	102	8,654,337	60	2	1848
Total.....	1,724	\$43,726,772			

These are the great main canal avenues, the four last of which drain large States into the lakes. But there are many other lateral canals which feed the main trunks. Thus the Ohio system is 817 miles, and cost \$15,007,347. There have also been built nine large canals, of an aggregate length of 693 miles, at a cost of \$31,654,834, entirely for the transportation of coal.

The Pennsylvania Canal route was intended as a rival to the Erie, but, from the nature of the country through which it ran, could not be made to compete with it. The construction of the Welland Canal of Canada, it was supposed, would draw off business unless the cost of transportation on the Erie could be reduced by enlarging the boats. The old boats were seventy tons burthen, and it was calculated that 26,000 boats could be locked each way in a season. Hence the utmost capacity of the canal would be 3,640,000 tons. By the enlargement the boats could carry 224 tons, which would give a capacity of 11,648,000 tons for the season. Inasmuch, however, as the down freight is as four to one, the aggregate capacity would be reduced to 7,230,000 tons. Before the Erie was built the cost of transportation from Buffalo to New York was \$100 per ton, and the time twenty days. When the canal was opened the time was reduced to eight days and the freight to \$14. The freight from Buffalo is now \$3 to \$7.

Previous to the opening of the Erie Canal in 1825, the commerce of the lakes was mostly local, since there were no markets East or West. The produce raised in the country bordering on the lakes descended the streams that ran into them, and found interchange at other lake ports. The canal being completed May, 1825, amidst the greatest rejoicing, boats laden with lake produce left Buffalo for Albany, and 837 boats left Albany for Buffalo, carrying 4,122 tons of goods, and paying \$22,000 tolls. The current of produce from the lakes to the East, thus started, went on to accumulate in volume, and is yet on the increase. The magnificent forests of Western New York and the lake shores, that had been valueless, became now a mine of wealth as a supply of lumber to the East. The produce of the fertile land around the lakes poured through the canal in such quantity that the farmers of New England had no alternative but to seek those lands for the prosecution of their industry. Then commenced that migration which, as the census of 1850 showed, resulted in the transfer of 1,428,579 New

Englanders born to Western soil. With the opening of the canal a great change took place in lake tonnage. This change and the subsequent increase will be seen from the following table :

	American tonnage.	Steam tonnage.		American tonnage.	Steam tonnage.
1820.....tons	5,500	....	1860.....tons	316,503	108,243
1830.....	20,000	6,000	1861.....	323,958	101,856
1840.....	75,000	14,381	1862.....	361,997	113,895
1850.....	215,787	58,711			

It is to be borne in mind that constant improvements were going on in the construction, size, speed, and power of the vessels employed on the lakes, and thus sailing vessels became gradually better adapted to the necessities of trade. In 1822 the steamer Superior was launched, and in 1824 another steamer was launched, and in 1825 two more, and 1826 three, one of which made the first voyage upon Lake Michigan on a pleasure excursion. The first business steamer carried troops to Chicago in 1832, for the government in the Black Hawk war. In 1833 there were 11 boats running to Buffalo. In 1840, as will be seen by above table, the steam tonnage of the lakes was 14,381, and has ever since continued to increase. During all this time the size and speed of the vessels increased, and the greatest improvements in loading and unloading by aid of steam were effected. These circumstances enabled a given tonnage to do ten times its former work. Further improvements continued, and in 1843 the Ericsson screw was introduced on the Hercules—275 tons—the first lake propellor. The screws used for giving motion have since undergone great improvements in shape and adaptation to the work, and the propellers appear now to be generally used. In 1851 there were 52, tonnage 15,729, average 300 tons; in 1860 there were 190, tonnage 57,210, average 300 tons. In the last two years the number of tugs has greatly increased.

Thus we see the effect of the canals in developing the wealth of the West. They have done a good work and a great work. But their day of greatest usefulness has passed. Before this system of canals was fairly in operation a new agent of transportation had arisen destined to have immense influence. The rejoicing for the completion of the Erie had hardly died away, when the whistle of the locomotive was first heard among us, and a network of rails commenced to spread over the country. About the year 1853 these railroads began to interfere with the traffic of the canals. In the East four great works were constructed. The cost of these roads was as follows :

	Miles.	Capital.	Debt.	Total.
New York Central.....	297	\$24,153,000	\$14,333,771	\$38,486,771
New York and Erie.....	446	11,000,000	25,326,505	36,326,505
Pennsylvania .....	386	13,249,125	16,932,517	30,181,642
Baltimore and Ohio....	379	10,011,800	13,881,833	26,893,633
Total.....	1,508	\$58,413,925	\$70,434,626	\$131,892,551

These four routes cost nearly \$132,000,000 of private capital, and it being no longer possible for the New York Legislature to impose toll on the roads to prohibit them from carrying freight, the traffic was made free in 1852. Since then the tonnage carried by the canals and the two lines of railroads has been as follows :

## TONNAGE CARRIED ON THE NEW YORK RAILROADS AND ERIE CANAL.

	Canal.	New York Central.	New York & Erie.	Total R. R.
1853.....tons	4,247,853	360,000	631,039	991,039
1854.....	4,165,862	549,805	743,250	1,293,055
1855.....	4,022,617	670,073	842,048	1,512,121
1856.....	4,116,082	776,112	943,215	1,719,327
1857.....	3,334,061	838,791	978,066	1,816,857
1858.....	3,665,192	765,407	816,954	1,582,361
1859.....	3,781,684	834,319	869,072	1,703,391
1861.....	4,507,635	1,253,418	1,338,374	2,591,792
1862.....	5,598,785	1,650,000	1,675,234	3,200,000

The railroad tonnage doubled up to the closing of the Southern rivers, while that of the canal declined. In the last two years of war and of interruption to the Baltimore and Ohio traffic, both canals and railroads have undergone a great increase of business. Thus in the two years before the war, and the two last years, the tonnage on the canals and the two railroads has been as follows :

	Canal.	Railroads.
1858-59.....tons	7,447,886	3,285,752
1861-62.....	10,106,420	5,791,792
Increase.....	2,658,534	2,506,040

The amount of tonnage carried on all four routes in 1859 was as follows :

	—Through tonnage.—		Total tonnage.	Freights.
	East.	West.		
New York Central Railroad.	234,241	113,833	834,879	\$3,337,148
New York and Erie Railroad	200,000	.....	869,072	3,108,248
Pennsylvania Railroad.....	129,767	103,839	1,170,240	3,419,494
Baltimore & Ohio Railroad.	135,127	66,470	897,486	2,927,411
	1,699,135	.....	3,771,187	12,793,301
Erie Canal .....	2,121,672	317,459	3,781,684	1,723,945

All the roads carried as much as the canals. Of the canals constructed for the transportation of produce, the Erie is the only one which has succeeded. They were all constructed by State governments, at a time when there was not sufficient capital in the country to enable individuals to undertake them. The Pennsylvania Canal was a bill of expense, and was sold out by the State to a railroad company. The State of Ohio has met the same difficulty, and has offered to sell her works. The Indiana Canal is by no means a success, and the Illinois Canal, although almost a dead level, having but two locks, cannot compete with railroads. The following table shows the receipts of certain articles in Chicago for the past year of great business, distinguishing those by canal and those by roads :

## RECEIPTS AT CHICAGO IN 1862.

	Canal.	Railroads.	Total.
Flour.....bbls.	241,988	1,424,403	1,666,391
Wheat.....bushels	482,062	13,246,054	13,728,116
Corn.....	11,585,749	17,863,579	29,449,328
Oats.....	424,653	3,714,069	4,138,722

	Canal.	Railroads.	Total.
Rye .....	92,844	945,981	1,038,825
Barley .....	26,557	845,496	872,053
Hides.....lbs.	86,441	12,660,682	12,747,123
Wool.....	19,310	1,504,261	1,523,571

It is thus very apparent that this canal had little agency in the development of that vast business which flowed into Chicago under the influence of railroads. The Erie Canal has had its tolls and freight charges constantly reduced in the last thirty years, and without any effect in retaining the traffic. The following, from the report of the canal department, shows the decrease in the cost of transportation:

	Up freight per ton from Albany to Buffalo.			Down freight per ton from Buffalo to Albany.		
	Average per year.	Tolls deducted.	Leaving freight.	Average per year.	Tolls deducted.	Leaving freight.
1830 to 1834..	\$18 20	\$9 20	\$9 00	\$8 61	\$4 45	\$4 16
1835 to 1839..	18 24	6 57	11 67	6 92	3 28	3 64
1840 to 1844..	13 24	6 57	6 67	6 24	3 28	2 96
1845 to 1849..	8 20	5 15	3 05	6 03	2 99	3 04
1850 to 1854..	5 84	3 59	2 25	5 02	2 34	2 68
1855 to 1858..	4 50	2 55	1 94	4 44	2 01	2 44

The rates in the year 1830 as compared with 1858, were as follows:

	Up			Down		
	Tolls.	Freight.	Total.	Tolls.	Freight.	Total.
1830 ....	\$10.22	\$9.78	\$20.000	\$5.11	\$3.96	\$9.07
1858 ....	1.46	1.34	2.800	1.46	1.68	3.14
Decrease .	8.76	8.44	17.200	3.65	2.28	5.93

Notwithstanding this immense reduction the traffic has sought the railroads.

It is now proposed by the Convention at Chicago to increase the capacities of the Illinois Canal, and of the Erie Canal, to admit of the passage of ships to the ocean. The cost of the first is \$13,500,000, and of the last \$3,500,000, which it is proposed to ask Congress to pay, although the Illinois Canal was in fact built by Congress, since the lands donated in aid furnished the means for its construction. If Congress should now furnish the \$13,000,000 or \$14,000,000, which it is estimated would complete the Illinois improvement, one of two things would happen: either the railroads which now do the business, and which have cost individuals \$150,000,000, would be greatly injured, or the money would be lost. If the actual wants of business require the enlargement of that canal, the sum wanted is a mere nothing for a company to raise and reap the profits of it. If it is not required by the wants of business, there is no reason why the government should meddle with the matter. The expenditure of \$14,000,000 in Illinois, and \$4,000,000 in New York by the government, would involve the expenditure of equal sums in other States for improvements. The argument that it is necessary for the government to have the means of sending iron-clad vessels through at short notice, as a means of military defense, has no force. The question is a purely commercial one. The treaties with England indeed exclude the presence of armed vessels of either power upon the lakes, but the ability to send iron-clads through in canal boats, to be put together there in a comparatively few hours, is too well appreciated to admit of the expending of \$20,000,000 to make a passage for them. The

government has sent iron-clads in sailing vessels to San Francisco with great success, and there will never be any difficulty of that kind that may not be promptly overcome in a similar manner. The above table of transportation during the last ten years shows how much of the large business of the last two years has been due to the closing of the Southern rivers, and what effect the return of peace will have upon the future railroad and canal trade. If, however, the mercantile sagacity of New York sees the want of an enlarged Erie Canal, the merchants who have spent \$400,000,000 upon railroads, will not grudge \$4,000,000 for that object. How a ship outlet down the Mississippi may improve New York business may be more doubtful.

---

#### TRADE OF MAURITIUS.

The Mauritius and its dependencies are extremely thriving. Originally a French dependency, the Mauritius was taken possession of by our forces in 1810, and was only definitively ceded to Great Britain in 1814. Up to 1825, the island was treated commercially almost in the same way as a foreign country; but in that year sugar and other articles imported from the Mauritius were put upon the same footing as the like goods imported from the British West Indies. This measure proved to be a great boon to the Mauritius, inasmuch as only eight years after, in 1833, the island was included in the Slave Emancipation Act, under which the proprietors in the Mauritius obtained upwards of £2,000,000 of the £20,000,000 voted by Parliament as "compensation" for their abandonment of slave labor. This large payment was of the utmost importance to the colony.

Unlike the West Indies, the estates in the Mauritius were not deeply embarrassed by mortgages, and the compensation money was capable of being applied to the improvement of the country. The proprietors, with great judgment, expended a very large proportion of the money they received in fertilizing their land, improving their machinery, and importing labor from the East Indies, Madagascar, and other parts. They thus brought a large and entirely new laboring population into their country, and by good management of them they have rendered the Mauritius one of the most flourishing of the British colonial possessions.

In 1840, the imports of sugar into the United Kingdom from the Mauritius amounted to 516,076 cwt. In 1856, they amounted to 2,372,313 cwt. Besides this, the Mauritius sends a very large quantity of sugar to France, Australia, and the Cape of Good Hope. It has given itself up to sugar cultivation. Since 1854, its other exports, such as coffee, tortoise-shell, etc., have ceased, and the whole island has become a sugar factory—a curious contrast, indeed, with the condition of our West India islands, in many of which proprietors have been abandoning the sugar cultivation in despair, without, it is to be feared, applying themselves to the production of any other articles.

## PAPER MONEY—THE LESSONS OF HISTORY.

THE use of currency or money, as it is usually called, seems to have given rise in every age to the most extraordinary exactions, frauds, and disasters, and it is apparently destined to do so as long as society lasts. Yet money is only the medium by which wealth and capital changes hands, though in the popular mind it is almost universally compounded with wealth itself. A moments reflection, however, serves to convince any person that it is not of itself wealth. Suppose some Robinson Crusoe, the sole sovereign and subject of his isolated home, were possessed of any amount of money in any shape, how would his wealth be increased by it? Clearly it is not wealth at all unless it can obtain the products of other people's industry in exchange, and it becomes wealth precisely in proportion to the quantity and variety of those industrial products with which one is surrounded, and which one can obtain in exchange for money. The possessor of wealth must, however, be disposed to take his money in exchange, and hence it must have some value of itself. It must be such a commodity that to them will be an equivalent for that which they give in exchange. It must be readily recognized, and of a generally known value. In the early stages of society, where each man produced something, and all different commodities, a barter trade could and did take place, but still such exchanges were very limited, and necessarily so because it required that every man should be familiar with the value of the thing he wanted, as well as of that he tendered. Hence it soon became necessary to substitute some one article of generally known value, by which all others should be gauged, in order that an idea of value might readily be conveyed to every one. Thus, if we say a hat is worth 100 pounds of sugar, or 10 pounds of spice, or 5 yards of lace, we are not so readily understood as if we say it is worth \$5. For the purpose therefore of facilitating trade, a great variety of articles have in different ages and places been used as this common referee. The Lacedemonians used iron; the early Romans coffee; salt was used in Abyssinia, and leather in Russia down to Peter the Great; while with others, nails, shells, and cocoa have at times been put to the same use. The most advanced nations, however, ultimately adopted gold and silver, because of the very obvious adaptedness of these metals to the purposes of currency. The supply of them was increased as much as could be, but never was much varied. Hence the value became as nearly fixed as possible, and very soon every article of industry and property found its value proportioned to a certain weight of those metals. As intercourse between nations increased, the common knowledge of the use of the precious metals became more extended, and merchants regulated values all over the world by their knowledge of how much gold would purchase any given article of wealth in any part of the world, and by transporting those articles from places where they could be got for a little gold, to those where they would command a good deal, they not only made fortunes, but equalized values and distributed industrial products, conveying to every clime and country the natural blessings of every other, and diffusing the bounties of nature throughout the habitable globe. This operation was not and is not confined to commodities

more than to gold, which is also distributed over the earth through the influence of commerce. The amount of gold currency that any nation requires is determined by the state of its prosperity. If it has more gold than is required it will be cheap, or other goods will be dear instantly the merchant brings the dear goods and carries away the cheap gold to those places where it is dearer. Thus, the gold of one nation always commands the wealth of another.

It is not surprising that under these circumstances gold became a symbol of wealth. It was the only commodity by which all wealth, local and national, could be gauged, and is the only one which will readily command all others. It has a known and certain value to the people of all countries, and is therefore sometimes called the "representative sign of values." This expression does not, however, appear to be entirely accurate. For instance, if a person barter a bale of wool for a barrel of sugar, which is the representative of value, the sugar or the wool? If he gives an ounce of gold for either of them, why should the gold be the "sign" of the value of the other, any more than the wool or sugar should be the sign of the value of the gold? We think there is no reason for this, and would rather call the gold therefore simply an equivalent.

The first use of gold and silver as money was by weight. But in dealing, although all people know the value of gold, they cannot all weigh it and test its purity at each transaction, any more than each grocer can inspect a barrel of beef or fish or flour at every purchase. All governments have therefore *inspected* the gold, ascertained its fineness, weighed the pieces, and fixed a brand upon each so that all persons may know the weight and fineness at sight, as they do the inspected beef from the brand on the barrel. That operation of the government is called coining. The inspector is the mint. The privilege of making coins or fixing a stamp upon pieces of metal is reserved to governments, in order that the greatest faith may be reposed by all in the correctness of the brand. Every government has made the coined pieces of different weights and values, and usually each has required that those of foreign governments shall not circulate as money, for the reason principally that they are not so well known to the people at large. All the coins of all countries being, however, of the same material they have a certain value, and merchants can freely use them in international trade.

In modern times, commerce having developed itself on a grand scale, it was discovered that the transportation of gold back and forth from one country to another was a matter of great risk and loss of time and labor, and might easily be obviated by means of orders. The Venitian merchant who had sent goods to Lisbon for sale, and wished to purchase goods in Genoa, would be compelled to send his gold from the first to the last place at much risk and expense. He therefore conceives the idea of selling to another merchant who wanted money in Lisbon an order for the gold. This was a bill of exchange; with the money he received for his bill he purchased another on Genoa. His money was thus transferred to the desired spot without cost or risk. In 1140 the great Venitian merchants also established a bank of deposits and discount for the service of the large dealers. The use of bills of exchange based on the credit of the merchant-princes became very general, and gold became more nearly confined in its use to the local currency of each country. Thus, the *livre* of CHARLEMAGNE was 12 ounces of silver, or 79 francs. This was gradually reduced, until

at the date of the revolution it was worth one franc, except when governments were the creditors, and in that case they increased the weight of the coin.

The power of the government to fix the size, etc., of the coins has frequently led despotic governments to the commission of frauds by recoining the money and putting less gold or silver into each piece, thereby cheating the people in the same way that a flour inspector might be supposed to make 5,000 barrels out of 4,000 by putting less into each barrel. These frauds caused a good deal of confusion in all countries, and to some extent unsettled the value of bills of exchange, as it was difficult to tell in what currency they would be paid. To meet this difficulty, "money of account" was agreed upon, fixing the value in which bills should be paid whatever might be the actual currency. Thus the mark-banco of Hamburg is a fixed silver value in bank, and is transferred on the books of the bank without moving the silver, while the depreciated silver currency varies in agio from day to day.

We thus see how and why bills of exchange were first introduced. In the course of time, when industry became more developed, and security for persons and property greater, it was conceived that paper orders might also to some extent perform for the internal currency what bills of exchange had done for international operations. Banks in Holland and England were then empowered to hold coin in their vaults, and pay out paper notes redeemable on demand in that coin, by which means the transportation of large sums was avoided. The first effect of this use of paper was to promote business transactions, because it increased the currency, and being at all times readily converted into coin, was in all respects as valuable. It was emitted always as the representation of actual values, and therefore was extinguishable by the sale of the commodities represented. The effect of this first issue of paper can be easily traced. As few nations of Europe were producers of gold, it was necessary for those who did not produce it, if they would have a currency, to buy the gold with industrial products, and as the supply of the metals was absolutely restricted, it followed that if several nations were becoming wealthy at the same time, and all demanded a greater supply of gold, that metal would be dear, or, in other words, prices of all goods would fall as their quantities increased. Those nations that under such circumstances used paper money as a substitute supplied the want on easier terms. Their products underwent less depression. It is to be remembered that the amount of currency required is proportioned to the general wealth of the country. The moment that the circulating medium is pushed beyond that point the surplus begins to flow off, whether that excess arrives from greater supply or diminished general wealth, providing that circulation is gold. If it is paper it will have no foreign value, and will not diminish in volume. In case the paper is redeemable in gold the gold will go, leaving the paper. So long, therefore, as gold is the currency, or paper redeemable in gold, any excess in the supply of the circulating medium will cure itself.

In the seventeenth and in the early part of the eighteenth century the wealth of England and Holland had greatly increased, and had been extended by the influx of the industrious men whom the crimes of LOUIS XIV. had driven with their capitals out of France. During the same period France had been impoverished by war, together with the extravagance and crimes of its government. The Huguenots were the most industrious and

thriving of the French people. The government became subjected to an influence which held that there could be no peace while those persons were permitted to exercise their rights of conscience, and it was determined to subjugate and exterminate them. The edict of Nantes, therefore, drove them out of France. This greatly aided in the impoverishment of the kingdom. The popular distress became daily greater, while the sources of revenue were nearly dried up and the currency was in ruinous disorder. Under the Regent the currency consisted of "state bills," or notes given to represent the debts of the government. There was much specie in circulation, but this was subject to constant changes, since the minister of the crown would debase it at his pleasure. A thousand crowns was supposed to represent a certain weight of silver, but a government order might take ten or twenty per cent from the weight without notice. The utmost confusion and dissatisfaction prevailed on all sides. JOHN LAW, a gambler and banker famous for his mathematical skill and his knowledge of banking, presented two memorials to the Regent, promising the needed reforms. The main plan was to start a bank which should have the management of the revenues and issue notes on landed security, redeemable on demand in specie of the same value as that when the notes were issued. This bank was granted May 5, 1716. The capital was 6,000,000 livres, in shares of 500 livres each, to be issued one-fourth specie and three-fourths "state bills." The success of the bank was great. It restored confidence and steadied the currency, and by so doing caused prodigious development of industry and trade, which caused the taxes to flow in freely and give great credit to LAW's bank, which received daily new privileges, and finally was converted into the Royal Bank of France. Up to that time LOUIS's issues had never exceeded 60,000,000 livres, or \$11,000,000, and had been of great success. The Regent, however, seeing the great success which the restoration of confidence had had upon the national prosperity, supposed the result was due to paper money, and, acting upon the principle that if "a little was good, more is better," against the remonstrances of LAW, ordered the issue of 1,000,000,000 of notes, or \$187,000,000. It was now resolved to get rid of the old "state bills" in circulation. For this purpose the minister depreciated the silver and then ordered that all persons should bring 5,000 livres in bills to the treasury and get 4,000 in coin. This project caused great opposition. The immense flood of new paper, however, gave rise to the most extravagant speculation, and LAW started the Mississippi scheme to take advantage of it. The people became wild with paper gambling. LAW's anti-rooms were filled with the nobility of France, waiting for scrip, while the street was filled with an eager crowd, and so pressed were they for room, it is related, that a "hump-back man became rich by lending his hump as a writing desk to brokers and speculators." The speculations grew and spread until they threatened to consume all the property in France. In 1720, the PRINCE DE CONTI, from revenge, demanded pay in specie for an enormous quantity of notes. The Regent compelled him to restore the cash. The event, however, created an alarm. The most sagacious began to convert notes into specie privately, and coin disappeared. A law was then issued, February, 1720, that persons should not deal in coin, or lend on it, or have it in their possession. Coin above 500 livres was made an *illegal* tender. LAW, from the "spirit of good," had now become the "spirit of evil." Distrust set in, and more paper was made to counteract it. The result was a rise in gold, in spite of all the acts

and tricks of the government, to rates which showed paper to be of no value. The popular anger rose against LAW, who was mobbed and his life threatened amid the greatest public distress. Finally, he was driven forth a beggar from ruined France, which struggled on for sixty years against the accumulating distress caused by the crimes of LOUIS XIV. and the paper money of LAW and the Regent, until in 1789, when the monarchy fell, and sunk in a new flood of paper money.

In this instance we see the whole idea of currency perverted, valueless and irredeemable paper substituted for it, and the natural consequences, in spite of prohibitory laws and restrictive measures of government. The error of Mr. LAW's plan was not in his original bank. He clearly comprehended the laws of finance, and understood that his paper was safe only as long as it was restrained within the actual demands of trade and made always convertible at sight into coin. This convertibility is the only possible test by which the wants of commerce can be ascertained. It is the safety valve which relieves the pressure when it is too great. When that test was withdrawn, and floods of paper money emitted, the catastrophe was only a question of time. The paper money of LAW drove coin out of France into Holland and Great Britain. The country suffered long under continually increasing distress. The poor were ground under the growing weight of taxes and the galling oppressions of the nobles, until the popular discontent burst forth in revolution. The revolutionary government was as perplexed in its finances as had been the royal government. A revolution made to relieve the disasters of a ruined people could scarcely be sustained by taxing those people anew. Its leaders well understood the dangers of paper money, but they had apparently no choice. In fact, they had then before them not only the experience of LAW's money, but also that of the United States revolution; but they were compelled, ten months after the first resistance to royal authority, to have recourse to paper money. The popular enthusiasm was exerted in favor of the money of the republic, and the extensive confiscated lands and property of the clergy and emigrant nobles were made the basis of the issue. The idea of paper money, or "assignats," was started in 1787, but it was not until March, 1790, that the first emission of 400,000,000 francs was made. That emission was payable on demand, and receivable in payment of the lands of the church and confiscated estates of the nobles, called national domains. They were, however, never redeemed. The lands rose in value as fast as the paper depreciated, and there were few buyers. The words "payable on demand" were omitted from the succeeding emissions without attracting any attention. Between 1790 and January, 1796, a period of six years, 40,000,000,000 francs, or \$7,510,000,000, were emitted in paper, besides the paper money uttered by the insurgents in La Vendee and La Bretagne. The progress of the depreciation was as follows:

	Outstanding.	Or U. S. money.	Discount, p. c.
1790. ....	1,200,000,000 f.	\$225,000,000	10
1792, August. ....	2,200,000,000	452,500,000	37
1794, May. ....	6,000,000,000	1,125,000,000	55
1794, December. ....	8,000,000,000	1,500,000,000	78
1795, total emission. . . .	40,000,000,000	7,500,000,000	99

With the emission of paper began the wildest speculative excitement, reviving the scenes under LAW's bank. The most scandalous speculations

pervaded all ranks of society, and the government of the Directory earned that reputation of "rotten" which will ever distinguish it in history. The government exerted itself to stay the depreciation by enacting laws against dealing in gold, against selling paper for gold, and against raising the prices of commodities. It fixed a law of *maximum* prices for all commodities—re-enacting all the absurdities of the Regency in relation to LAW's paper, the effect of which was to stop trade, check the supplies of food in Paris, and finally to stop the production of food as well as other of articles. The capital of a country consists, to a considerable extent, in consumable goods in shops. When paper issues cause prices to rise these goods are turned into paper and consumed without being replenished, ultimately they become scarce, and shopkeepers refuse to take the rapidly falling paper in exchange for them. The currency then becomes valueless. So in France, as long as certain quantities of this capital existed the paper maintained a fair value; but as soon as there was a scarcity of goods and food the paper fell of its own weight. Thus the currency was maintained through several years, until it reached 55 discount. It then suddenly broke down and became valueless—annuitants, public officers, holders of government stocks, and all persons of fixed revenues were plunged in extreme misery. The armies of the Republic, living on enemy's territory, managed to exist, but many *zentrers* starved to death. In the midst of this terrible distress, the government devised *mandats*. These were notes based on the public lands, redeemable in certain fixed quantities of land, and it was supposed that they would command credit. The law of March, 1796, authorized 2,400,000,000 francs. These had no more credit than assignats, and in July ceased to circulate. They were no longer a legal tender, and \$100 was worth twenty-five cents.

At the moment of the fall of the paper money, BONAPARTE returned to Paris, from the conquest of Italy, with the treaty of Campo Formio in his hand. He had subsisted his army in Italy and had sent large sums of money to the home government and to other armies of France. The Bank of England, it is to be remarked, suspended specie payments, at the same time entering upon a course of paper money of twenty-five years duration. The French nation, in the two experiments of LAW and the Revolution, amply illustrated the law of paper money. By the emission of assignats they had driven specie out of France mostly to Great Britain, where it was abundant. The moment the French paper ceased to circulate in 1797, and specie began to flow back to France, the Bank of England could no longer maintain its specie payments, and failed in 1797. The condition of France on the fall of the assignats was terrible in the extreme. It began to recover only when the firm hand of the First Consul was felt at the helm. The popularity of his government was as much due to the eminent administrative ability with which he corrected the monetary disorders as to his military glory. He avoided all debts.

## COMMERCIAL LAW. No. 4.

## SALES OF PERSONAL PROPERTY.

## WHAT CONSTITUTES A SALE.

It is important to distinguish carefully between a sale and an agreement for a future sale. This distinction is sometimes overlooked; and hence, the phrase "an executory contract of sale," that is, a contract of sale which is to be executed hereafter, has come into use; but it is not quite accurate to speak of this as if it were a sale. Every actual sale is an executed contract, although payment or delivery may remain to be made. There may be an executory contract *for* sale, or a bargain that a future sale shall be made; but such a bargain is not a present sale; nor does it confer upon either party the rights or the obligations which grow out of the contract of sale.

A sale of goods is the exchange thereof of money. More precisely, it is the transfer of the property in goods from a seller to a buyer, for a price paid, or to be paid, in money. It differs from an exchange in law; for that is the transfer of chattels for other chattels; while a sale is the transfer of chattels for that which is the representative of all value.

Here we must pause to speak of the *legal* meaning of the word "property." It is seldom or never used in the law as it is in common conversation, to mean the things themselves which are bought, or sold, or owned. Because in law it means the *ownership* of the things, and not the things themselves. In conversation one might say a thief had the property of such a person; or that a thief had stolen the property of such a person. But in law this can never be said. For in law the *property* is the *right*, the *ownership*; and that no thief can take from the true owner, though he may take the things themselves. So if one sells a horse to another, to be delivered a month hence, the moment the sale is made the *property* in the horse is said to pass from the seller to the buyer, although the horse himself remains behind. Thus the possession is one thing, the property is another, and the thing itself a third. And they all may be separated. If A sells a horse to B, to be delivered a month hence, and A keeps the horse at livery in a stable, the stable-keeper has the horse in his stable; but he is only the agent of A, and his possession is the possession of A, who is said to have *constructive* possession of the horse; and the buyer alone had the property in the horse as soon as the bargain was made.

This is indeed the very essential test of a sale. If a bargain transfers the property in the thing to another person for a price, it is a sale; and if it does not transfer the property, it is not a sale; and, on the other hand, if it be not a sale, it does not transfer the property. As soon as a thing is *sold*, the buyer *owns* it, wherever it may be. And to constitute a sale at common law, all that is necessary is the agreement of competent parties that the property (or ownership) in the subject-matter shall then pass from the seller to the buyer for a fixed price.

The sale is made when the agreement is made. The completion of the sale does not depend upon the delivery of the goods by the seller, nor upon the payment of the price by the buyer. By the mutual assent of the parties to the terms of the sale, the buyer acquires at once the property and all the rights and liabilities of property; so that, in case of any loss or depreciation of the articles purchased, the buyer will be the sufferer, as he will be the gainer by any increase in their value.

It is, however, as has been said, a presumption of the law, that the sale is to be immediately followed by payment and delivery, unless otherwise agreed upon by the parties. If therefore nothing appears but a proposal and an acceptance, and the vendee departs without paying or tendering the price, the vendor may elect to consider it no sale, and may, therefore, if the buyer comes at a later period and offers the price and demands the goods, refuse to let him have them. But a credit may be agreed on expressly, and the seller will be bound by it; and so he will be if the credit is inferred or implied from usage or from the circumstances of the case. And if there be a delivery and acceptance of the goods, or a receipt by the seller of earnest, or of part payment, the legal inference is that both parties agree to hold themselves mutually bound by the bargain. Then the buyer has either the credit agreed upon, or such credit as from custom or the nature or circumstances of the case is reasonable. But neither delivery, nor earnest, nor part payment, is essential to the completion of a contract of sale. They only prevent the seller from rescinding the contract of sale without the consent of the purchaser. Their effect upon sales under the provisions of the Statute of Frauds will be considered in an article on that subject.

#### OF THE RIGHTS OF PROPERTY AND OF POSSESSION.

Because this distinction is so absolutely indispensable to any correct understanding of the Law of Sales, and at the same time is one of the nicest and most difficult that is known in the law-merchant, we repeat that the word *property* is used in law in a strict and peculiar sense. It does not mean the thing owned, but the interest in that thing, or the ownership of it; and, as we have said, property, or the right of property, may be, and often is, severed from the right of possession. One instance of this we have already given. So where the owner of a horse lets him out on hire for a week; the ownership or property of the owner is unaffected by this, but the hirer has for that week not only the possession, but the right of possession. When however a sale is completely made, the *property* in the goods passes, as we have seen, from the seller to the buyer; that is, the buyer becomes at once the owner of the goods. But the possession may not pass to the buyer; and the right of possession does not pass to him, until he pays the price, unless it be a sale on credit. If there be no credit, the seller acquires at once a right to the price; the buyer acquires at once the right of property; and he may unite the right of possession to his right of property by paying or offering to pay the price. The seller, on the other hand, if he desires to enforce payment of the price, must deliver or offer to deliver the goods. Thus either party may compel the other to a performance of his part of the agreement by first performing or offering to perform his own.

This right of the seller to retain possession of the property sold until the price is paid is called a lien. This word *lien* was originally a Norman-

French word introduced in England by the Normans, and meant bond, or tie, or connection; it is now of frequent use in the law, and means the right of retaining possession of property until some charge upon it, or some claim on account of it, is satisfied. It rests therefore on possession. Hence the seller (and every other person who has a lien) loses it by voluntarily parting with the possession, or by a delivery of the goods. And it is a delivery for this purpose, if he delivers a part without any purpose of severing that part from the remainder; or if he make a symbolical delivery which vests this right and power of possession in the buyer, as by the delivery of the key of a warehouse in which they are locked up. Whether the delivery of an order on the warehouseman is of itself delivery, before presentation of the order to the warehouseman, is not certain. We think, however, that a presentation of the order is necessary, and that until it is made there is no complete transfer of possession. If the warehouseman consented, and agreed to hold the goods as the buyer's, there would certainly be a change of possession, because the warehouseman would hold them *for* the buyer, and therefore his possession would be the possession of the buyer. And we think such a presentation makes a delivery, whether the warehouseman gives or withholds his consent, unless he had a right to withhold it, and exercised his right; but some recent cases in England throw a doubt upon this.

If the seller delivers the goods to the buyer, as he thereby loses his lien, he cannot afterwards, by virtue of his lien, retake the goods and hold them. But if the delivery was made with an express agreement that non-payment of the price should revest the property in the seller, this agreement may be valid, and the seller can reclaim the goods from the buyer if the price be not paid.

If the buyer neglect or refuse to take the goods and pay the price within a reasonable time, the seller may resell them on notice to the buyer, and look to him for the deficiency by way of damages for the breach of the contract. The seller, in making such resale, acts as agent or trustee for the buyer; and his proceedings will be regulated and governed by the rules usually applicable to persons acting in those capacities; and the principal one of these is, that he will be held to due care and diligence, and to perfect good faith.

Certain consequences flow from the rules and principles already stated, which should be noticed. Thus, if the party to whom the offer of sale is made, accepts the offer, but still refuses or neglects to pay the price, and there are no circumstances indicating a credit, or otherwise justifying the refusal or neglect, the seller may, as we have said, disregard the acceptance of his offer, and consider the contract as never made, or as rescinded. It would, however, be proper and prudent on the part of the seller expressly to demand payment of the price before he treated the sale as null; and a refusal or neglect would then give him at once a right to hold and treat the goods as his own. So, too, if the seller unreasonably neglected or refused to deliver the goods sold, and especially if he refused to deliver them, the buyer thereby acquires the right to consider that no sale was made, or that it has been avoided (or annulled.) But neither party is bound to exercise the right thus acquired by the refusal or neglect of the other, but may consider the sale as complete; and the seller may sue the buyer for non-payment, or the buyer may sue the seller for non-delivery.

As a sale of goods necessarily passes the property in them from the seller to the buyer, only he who has in himself the property in the goods can make a valid sale of them. But a sale may be made by him who has the *property* in the goods, but not the *possession*; especially if they are withheld from him by a wrongdoer. By such sale there passes to the buyer, not a mere right to sue the wrongdoer, but the property in the goods, with whatever rights belong to them.

If the seller has merely the right of possession, as if he hired the goods, or the possession only, as if he stole them, or found them, he cannot sell them and give good title to the buyer against the owner; and the owner may therefore recover them even from an honest purchaser, who was wholly ignorant of the defect in the title of him from whom he bought them. This follows from the rule above stated, that only he who has in himself a right of property can sell a chattel, because the sale must transfer the right of property from the seller to the buyer. In England a sale in a "market overt," passes the property in a stolen chattel to an honest purchaser. ("Overt" is a Norman-French word, and means in English "open;" "market overt" is an "open market," and an "overt act" is an "open act.") In this country we have no "markets overt," established by law, and the only exception to the above rule is where money, or negotiable paper transferable by delivery, (which is considered as money,) is sold or paid away. In either case, he who takes it in good faith, and for value, from a thief or finder, holds it by good title.

The transfer of the right of property in the thing sold is so far a necessary and immediate consequence of a completed sale, and essential thereto, that where it cannot take place, or by agreement does not take place, there is no sale. Therefore, while there may be a delay agreed upon expressly or impliedly, either as to the payment of the money or the delivery of the goods, or both, and yet the sale be complete and valid, still, if when there is such delay anything remains to be done by the seller, to or in relation to the goods sold, for their ascertainment, identification, or completion, the property in the goods does not pass until that thing is done; and there is as yet no completed sale. Therefore, if there be a bargain for the sale of specific goods, but there remains something material which the seller is to do to them, and they are casually burnt or stolen, the loss is the seller's, because the property (or ownership) had not yet passed to the buyer.

So, if the goods are a part of a large quantity, they remain the seller's until selected and separated; and even after that, until recognized and accepted by the buyer, unless it is plain from words or circumstances that the selection and separation by the buyer are intended to be conclusive upon both parties.

If repairing or measuring or counting must be done by the seller, before the goods are fitted for delivery or the price can be determined or their quantity ascertained, they remain, until this be done, the seller's. But if the seller delivers them and the buyer accepts them, and any of these acts remain to be done, these acts will not be considered as belonging to the contract of sale, for that will be regarded as completed, and the property in the goods will have passed to the buyer with the possession; and these acts will be taken only to refer to the adjustment of the final settlement as to the price.

Questions of this kind have given rise to much litigation, and caused

some perplexity. Whatever rule be adopted, it may be sometimes difficult to apply it; but we cannot doubt that the true principle is this. Every sale transfers the property, and that is not a sale which does not transfer the property, in the thing sold; but this property cannot pass, and therefore the thing is not sold, unless, first, it is so far completed and finished as to be in fact and in reality the thing purporting to be sold. And, in the second place, it must be so distinguished and discriminated from all other things, that it is certain, or can be made certain, what is the specific thing, the property in which is changed by the sale. If the transaction is deficient in either of these two points, it is not a sale, although it may be a valid contract for a future sale of certain articles when they shall be completed, or when they shall be separated from others. Thus, a purchaser offers a nurseryman a dollar apiece for two hundred out of a row of two thousand trees, which are all alike, and the offer is accepted. This is no sale, because any two hundred may be delivered, and therefore the property or ownership of any specific two hundred does not pass. But if the purchaser or seller had said, the first two hundred in the row, or the last, or every third tree, or otherwise indicated the specific trees, there would have been a sale, and by the sale those specific trees would have become at once the trees of the buyer. The seller would dig up and deliver them as the buyer's trees, and if they were burned up by accident an hour after the sale, and before digging, the buyer would lose the trees. If not specified, however, even if they were paid for, they remain the property of the nurseryman, because, instead of an actual sale, there is only a bargain that he will select two hundred from the lot, and take up and deliver them. And if they are destroyed before delivery, this is the loss of the nurseryman. Moreover, it is to be noticed that a contract for a future sale, to take place either at a future point of time, or when a certain event happens, does not, when that time arrives, or on the happening of the event, become of itself a sale, transferring the property. The party to whom the sale was to be made does not then acquire the property, and cannot by tendering the price acquire a right to possession; but he may tender the price, or whatever else would be the fulfillment of his obligation, and then sue the owner for his breach of contract, if he will not deliver the goods. But the property in the goods remains in the original owner.

For the same reason that the property in the goods must pass by a sale, there can be no actual sale of any chattel or goods which have no existence at the time. It may, as we have seen, be a good contract for a future sale, but it is not a present sale. Thus, in contracts for the sale of articles yet to be manufactured, the subject of the contract not being in existence when the parties enter into their engagement, no property passes until the chattel is in a finished state and has been specifically appropriated to the person giving the order, and approved and accepted by him.

As there can be no sale unless of a specific thing, so there is no sale but for a price which is certain, or which is capable of being made certain by a distinct reference to a certain standard.

#### OF DELIVERY AND ITS INCIDENTS.

When a sale is effected, the buyer has an immediate right to the possession of the goods, as soon as he pays or tenders the price; or at

once, without payment, if the sale be on credit. And the seller is bound to deliver the goods.

What is a sufficient delivery is sometimes a question of difficulty. In general, it is sufficient, if the goods are placed in the buyer's hands or his actual possession, or if that is done which is the equivalent of this transfer of possession. Some modes and instances of delivery we have already seen. We add, that if the goods are landed on a wharf alongside of the ship which brings them, with notice to the buyer, or knowledge on his part, this may be a sufficient delivery, if usage, or the obvious nature of the case, make it equivalent to actually giving possession. And usage is of the utmost importance in determining questions of this kind.

In general, the rule may be said to be, that that is a sufficient delivery which puts the goods within the actual reach or power of the buyer, with immediate notice to him, so that there is nothing to prevent him from taking actual possession.

When, from the nature or situation of the goods, an actual delivery is difficult or impossible, as in case of a quantity of timber floating in a boom, slight acts are sufficient to constitute a delivery, if they sufficiently indicate the transfer of possession. So if the property which is the subject of the sale is at sea, the indorsement and delivery of the bill of lading, or other muniment of title, is sufficient to constitute a delivery, and by such indorsement and delivery of the bill of lading the property in the goods immediately vests in the buyer; and he can transfer this to one who buys of him, by his own indorsement and delivery of the bill of lading. Where goods at sea are sold, the seller should send or deliver the bill of lading to the buyer within a reasonable time, that he may have the means of offering the goods in the market. And it has been held that a refusal of the bill of lading authorized the buyer to rescind the sale.

Until delivery, the seller is bound to keep the goods with ordinary care, and is liable for any loss or injury arising from the want of such care or of good faith. But if he exercises ordinary care and diligence in keeping the commodity, he is not liable for any loss or depreciation of it, unless this arises from some defect which he has warranted not to exist. Thus, in a case in New York, A sold to B a certain quantity of beef, B paying the purchase-money in full; and it was agreed between them that the beef should remain in the custody of A until it should be sent to another place. Some time after, B received a part, which proved to be bad, and the whole was found, on inspection, to be unmerchantable. The court held that, as the beef was good at the time of its sale, the vendee (or buyer) must bear the loss of its subsequent deterioration.

If the buyer lives at a distance from the seller, the seller must send the goods in the manner indicated by the buyer. If no directions are given, he must send them in such a way as usage, or in the absence of usage, as reasonable care would require. And generally all customary and proper precautions should be taken to prevent loss or injury in the transit. If these are taken, the goods are sent at the risk of the buyer, and the seller is not responsible for any loss. But he is responsible for any loss or injury happening through the want of such care or precaution. And if he sends them by his own servant, or carries them himself, they are in his custody, and, generally, at his risk, until delivery. But if the buyer distinctly indicates the way or means by which he wishes that the goods should be sent to him, as by such a carrier, or such a line, if the seller

complies with his directions, and exercises ordinary care over the goods until they are delivered to the person or line so pointed out, his responsibility ends with this delivery, in the same manner as it would if he delivered the goods into the hands of the owner.

This question of delivery has a very great importance in another point of view; and that is, as it bears upon the honesty, and therefore the validity, of the transaction. As the owner of goods ought to have them in his possession, and as a transfer of possession usually does, and always should, accompany a sale, the want of this transfer is an indication, more or less strong, that the sale is not a real one, but a mere cover. The law on this subject has fluctuated considerably; and is different in different parts of the country. Generally, and as the prevailing rule, it may be stated thus. Delivery is not essential to a sale at common law; but if there is no delivery, and a third party, without knowledge of the previous sale, purchases the same thing from the seller, he gains an equally valid title with the first buyer; and if he completes this title by acquiring possession of the thing before the other, he can hold it against the other. So, also, unless delivery or possession accompany the transfer of the right of property, the things sold are subject to attachment by the creditors of the seller. And if the sale be completed, and nevertheless no change of possession takes place, and there is no certain and adequate cause or justification of the want or delay of this change of possession, the transaction will be regarded as fraudulent and void in favor of a third party, who, either by purchase or by attachment, acquires the property in good faith, and without a knowledge of the former sale. In this country the rules of law on this point are hardly so strict as in England; and, generally, fraud would not be absolutely inferred from the want of change of possession, although it would be so inferred there. Indeed, in that country it seems to be hardly open to explanation; but here, this circumstance might be explained, and if shown to be perfectly consistent with honesty, and to have occurred for good reasons, and especially if the delay in taking possession was brief, the title of the first buyer would be respected.

If goods are sold in a shop or store, separated, and weighed or numbered if that be necessary, and put into a parcel, or otherwise made ready for delivery to the buyer, in his presence, and he request the seller to keep the goods for a time for him, this is so far a delivery as to vest the property in the goods in the buyer, and the seller becomes the *bailee* of the buyer. And if the goods are lost while thus in the keeping of the seller, without his fault, it is the loss of the buyer. (In law the word *bail* means "to deliver." Thus a "bailor" is one who delivers a thing to another; the "bailee" is the party to whom it is delivered; and "bailment" is the delivery. The "bail" of a party who is arrested, is he or they to whom the arrested person is given up, on their agreement that he shall be forthcoming when required by law.)

In a contract of sale there is sometimes a clause providing that a mistake in description, or a deficiency in quality or quantity, shall not avoid the sale, but only give the buyer a right to deduction or compensation. But if the mistake or defect be great and substantial, and affects materially the availability of the thing for the purpose for which it was bought, the sale is nevertheless void, for the thing sold is not that which was to have been sold.

If the buyer knowingly receives goods so deficient or so different from

what they should have been that he might have refused them, he will be held to have waived the objection, and to be liable for the whole price; unless he can show a good reason for not returning them, as in the case of materials innocently used before discovery of the defects, or the like. Thus, where a man bought a chandelier warranted sufficient to light a certain room, and kept it six months, the court did not permit him to return it and refuse payment, although it was not what it had been warranted to be. Sometimes two or three months, or even less, is held too long a keeping to permit a subsequent return. But though the buyer cannot return the thing, yet, when the price is demanded, he may set off whatever damages he has sustained by the seller's breach of contract, and the seller can recover only the value to the buyer of the goods sold, even if that be nothing. But a long delay or silence may imply a waiver of even this right on the part of the buyer.

One who orders many things at one time, and by one bargain, may, generally, refuse to receive a part without the rest; but if he accepts any part, he severs that part from the rest, and rebuts (or removes) the presumption that it was an entire contract; the buyer will then be held as having given a separate order for each thing, or part, and as therefore bound to receive such other parts as are tendered, unless some distinct reason for refusal attaches to them. If many several things are bought at one auction, but by different bids, and especially if the name of the buyer be marked against each, there is a separate sale to him of each one, and it is independent of the others; so that he must take and pay for any one or more, although the others are not what they should be, or cannot be had. If, however, it could be shown by the nature of the case, or by evidence, that the things were so connected that one was bought entirely for the sake of the other, he would not be obliged to take the one unless he could have the other. This rule applies also when the things sold are lots of land. Indeed, the general rule may be stated thus. The question whether it is one contract, so that the buyer shall not be bound to receive any part unless the whole be tendered to him, will be determined by ascertaining from all the facts whether the parts so belong together that it may reasonably be supposed that none would have been purchased if the whole had not been purchased, or if any part could not have been purchased.

The buyer may have, by the terms of the bargain, the right of redelivery. For sales are sometimes made upon the agreement that the purchaser may return the goods within a fixed, or within a reasonable time. He may have this right without any condition, and then has only to exercise it at his discretion. But he may have the right to return the thing bought, only if it turns out to have, or not to have, certain qualities; or only upon the happening of a certain event. In such case the burden of proof is on him to show that the circumstances exist which are necessary to give him this right. In either case the property vests in the buyer at once, as in ordinary sales; but subject to the right of return given him by the agreement. If he does not exercise his right within the agreed time, or within a reasonable time if none be agreed upon, the right is wholly lost, the sale becomes absolute, and the price of the goods may be recovered in an action for goods sold and delivered.

## OF CONTRACTS VOID FOR ILLEGALITY OR FRAUD.

As the law will not compel or require any one to do that which it forbids him to do, no contract can be enforced at law which is tainted with illegality. It may, however, be necessary to consider whether the contract be entire or separable, and whether it is wholly or partially illegal. If the whole consideration, or any part of the consideration, be illegal, the promise founded upon it is void, whether the promise is legal or not. But if the consideration is legal, and the promise is in part legal and in part illegal, it is valid for the legal part and may be enforced for that part. Thus, if a master of a vessel agreed to smuggle goods, and in consideration of his doing so the owner promised to pay him one-fourth of his profits, and also to advance twenty dollars a month to his family during a certain time, the master could enforce no part of this promise, and recover no damages for any breach of it, because the consideration is illegal. But if, for one thousand dollars paid, the receiver agreed to sell and deliver a quantity of merchandise, and also to assist the buyer in some contemplated fraud, he would be bound to sell and deliver the goods, because the consideration was legal, and this part of the promise was legal, but not to assist in the fraud, because this part of the promise is illegal. We mean to say, that if a whole promise, or any part of a promise that cannot be severed into substantial and independent parts, is illegal, the whole promise is void. But if the consideration is legal, and the promise is legal in part and illegal in part, and that part of the promise which is legal can be severed from that part which is illegal, and there be a substantial promise having a value of its own, this legal part can be enforced. For further remarks upon this subject, however, we refer to the previous article on Consideration.

Formerly, an agreement to sell at a future day goods which the promisor had not now, and had not contracted to buy, and had no notice or expectation of receiving by consignment, was considered open to the objection that it was merely a wager, and therefore void. But later cases have admitted it to be a valid contract.

We have already said that fraud vitiates and avoids every contract and every transaction. Hence, a wilfully false representation by which a sale is effected; or a purchase of goods with the design of not paying for them; or hindering others from bidding at auction by wrongful means; or selling at auction, and providing by-bidders who should run the thing up fraudulently; or selling "with all faults," and then purposely concealing and disguising them, as when a man advertised a ship for sale at auction "with all faults," but purposely put her in a situation where an important fault could not be easily detected; or any similar act, will avoid a sale. No title or right passes by such sale to the fraudulent party; but the innocent party, whether buyer or seller, may waive the fraud, and insist that the fraudulent party shall not take advantage of his own fraud to avoid the sale. And by an exception to the general rule that he who has no title can give none, if a fraudulent buyer sells to a third party who is wholly without participation in or knowledge of the fraud, the innocent buyer may acquire a good title.

A buyer who is imposed upon by a fraud, and therefore has a right to annul the sale, must exercise this right as soon as may be after discover-

ing the fraud. He does not lose the right necessarily by every delay, but certainly does by any considerable and unexcused delay.

A seller may rescind and annul a sale if he were induced to make it by fraud. But he may waive the right and sue for the price. If, however, the fraudulent buyer gets the goods on a credit, and the seller sues for the price, this suit is a confirmation of the whole sale, including the credit; or rather it is an entire waiver of his right to annul the sale, and the suit cannot be maintained until the credit has wholly expired.

If a party who has been defrauded by any contract brings an action to enforce it, this is a waiver of his right to rescind, and a confirmation of the contract. Or if, with knowledge of the fraud, he offers to perform the contract on conditions which he had no right to exact, this has been held so effectual a waiver of the fraud that he cannot set it up in defence, if sued on the contract.

---

#### NEW BANK LAW OF MASSACHUSETTS, 1863.

Chapter 102 of the laws of 1863, approved March 18th, provides as follows:

SECTION 1. No bank shall hereafter procure any bills to be printed except in pursuance of a vote of the directors, passed at a regular meeting of the board, and a copy of such vote, duly certified by the cashier or clerk of the board, shall be forthwith transmitted to the office of the bank commissioners. Whenever any bills, so ordered, shall have been printed, and shall be delivered to said bank, they shall be accompanied by duplicate certificate, signed by the printer or other proper officer on his behalf, stating the number and denominations of the bills so delivered, one of which certificates shall be retained by the bank, and the other forthwith transmitted to the office of the bank commissioners.

SEC. 2. This act shall not apply to banks organized under the general laws.

---

#### THE ACT OF NEW YORK TAXING MONEIED CORPORATIONS.

AN ACT IN RELATION TO THE TAXATION OF MONEIED CORPORATIONS AND ASSOCIATIONS, PASSED APRIL 29, 1863, THREE-FIFTHS BEING PRESENT.

*The people of the State of New York, represented in Senate and Assembly, do enact as follows:*

SECTION 1. All banks, banking associations, and other moneied corporations and associations, shall be liable to taxation on a valuation equal to the amount of their capital stock paid in or secured to be paid in, and their surplus earnings (less ten per cent of such surplus) in the manner now provided by law, deducting the value of the real estate held by such corporations or association, and taxable as real estate.

SEC. 2. This act shall take effect immediately.

## LEGAL TENDER UNITED STATES NOTES.

DECISIONS OF THE FIRST AND SEVENTH DISTRICTS OF THE SUPREME COURT  
OF THE STATE OF NEW YORK.

WE give below the opinions of the court in two districts of the Supreme Court of New York State, upon the question whether Congress has the power to declare Treasury notes lawful money, and make them a legal tender. It will be seen that in the First District, (New York city,) the judges at General Term have held that no such power exists, while in the Seventh District at General Term the judges took just the opposite view, and decided that such power does exist, and the notes are legal tender for all debts, etc. It will be remembered that there are eight Supreme Court districts in this State, and only these two have passed upon the question. We shall, however, soon have the opinion of the Court of Appeals. A case involving the points at issue was submitted, we understand, at the last term of the court. Whether this be so or not, there is certainly one if not two to be argued at the present June term, so that by September at farthest we shall know what is the opinion of the court of last resort in this State upon this important question. We give the following opinions without further comments, as it is useless to speculate upon matters which will so soon be settled by our courts:

OPINION OF THE COURT AT A GENERAL TERM IN THE FIRST JUDICIAL  
DISTRICT, HOLDING THAT TREASURY NOTES ARE NOT A LEGAL TENDER.LOUIS H. MYER *vs.* JAMES J. ROOSEVELT.

By the Court—INGRAHAM, P. J.

It is difficult to conceive of a question that can be submitted to the adjudication of the Courts in a matter affecting property, that involves more momentary and important consequences than are connected with the proper decision as to the powers of Congress in making the treasury notes of the government a legal tender.

The interests of the country, and of individuals to an almost unlimited extent, are affected by it, and its importance is not lessened by the consideration that it involves the construction of the powers granted by the Constitution of the United States.

Although this case was fully and ably argued before us by the learned counsel engaged therein, we do not deem it necessary for the disposition thereof to pass upon all of the questions so argued; and, unless absolutely necessary for the decision of the case before us, a particular examination of them at this time will not be required.

At the time when the contract which forms the subject-matter of this action was made, and at the time when it became due, there was no lawful money of the United States except gold or silver coin that could be used as a legal tender, and it cannot be pretended that any other could then be used for that purpose. Under such circumstances the contract had been made, had matured, and the rights of the creditor under it had

become perfect. It was after this that Congress passed the Act of February 25, 1862, by which it was provided that the Treasury notes authorized thereby "shall be lawful money, and a legal tender in payment of all debts public and private within the United States except duties on imports and interest on the public debt."

The principle has been long since settled that in construing the Constitution of the United States, no powers are to be assumed as possessed by the government except those which were granted by the States, and that all other powers are reserved to the States.

These powers are either granted directly in the Constitution or are implied under that clause which authorizes the passage of "all laws which shall be necessary and proper for carrying into execution the foregoing powers, and all other powers vested by this Constitution in the government of the United States," etc.

I think it cannot be doubted that this clause does not confer any powers which are not necessary for the carrying into effect the powers expressly conferred by the Constitution. The intent of the clause was not to confer any new powers, but to authorize the passage of laws "which shall be necessary to carry the powers granted thereby into execution."

Congress was authorized by this provision to pass all laws that should be necessary for this purpose, but beyond that authority, it had no force.

These laws, therefore, must be in relation to such powers, and if they are not for the purpose of carrying such powers into execution they are unauthorized. Unless they are necessary and proper for, or conducive to that purpose, they do not come within the limits of that section—unless the laws so passed aid in carrying out some expressly granted power, they cannot be sustained. It was said by Mr. MADISON, in regard to this clause, "that if it had been omitted, the government would have possessed all the particular powers requisite as a means of executing the general powers conferred by unavoidable implication," showing that he understood the clause as conferring no greater powers than the government would have possessed without it, and, therefore, that its operation was to be limited to such laws as were necessary to carry the granted powers into execution.

In *Martin vs. Hunter* (1 Wheat, 304) it was said "that the government of the United States could claim no powers which are not granted by the Constitution, and the powers actually granted must be such as are expressly given, or given by necessary implication." The words are to be taken in their natural and obvious sense, and not in a sense unreasonably restricted or enlarged. And in *McCullough vs. The State of Maryland*, (4 Wheat, 316,) if the end be legitimate and within the scope of the Constitution, all the means which are appropriate and plainly adapted to that end, and not prohibited, may be constitutionally adopted.

The means thus to be used must be such as are connected with, and have a relation to the end to be attained, or, in the language of Chief Justice MARSHALL, "which are in fact conducive to the exercise of a power expressly granted by the Constitution." I shall take it for granted, in the further examination of this case, that Congress has power to issue paper money.

The discussions in the Convention, and the subsequent discussions and

decisions upon the power of Congress to locate a bank seem to concede this power. (See *Craig vs. State of Missouri*, 4 Peters, 410; *Briscoe vs. Bank of Kentucky*, 11 Peters Rep., 257; *Thorndike vs. United States*, 2 Mason, p. 1.)

If Congress has the power to issue such paper as money, it follows that the same would be lawful money of the United States. It is made payable for all debts due to the United States, and by the act it is declared to be lawful money of the United States. The exception as to receiving it for duties may rest on a different basis. The amount of duties to be paid on the importation of goods is not a debt, but is a payment for the privilege of introducing goods into the United States. Congress having the power to fix the amount of duties, has also the right to say in what such duties shall be payable, and the provision that duties shall be paid in gold is not a provision for paying a debt in gold, but one fixing the mode in which duties are to be collected.

The question then arises whether Congress has the power to declare such paper money to be a legal tender.

The tenth section of the first article of the Constitution left to the States the power to regulate the law of tender, subject only to the restriction that they should make such tender to consist only of gold and silver coin.

Under those provisions the State could say what coins should or should not be used for such purpose. The States were bound by the restriction in the Federal Constitution to use gold and silver coin as the medium of payment, and they were to take the coin so used at the value fixed by Congress; but further than that, the Constitution gave to Congress no express power to interfere.

Notwithstanding this, it appears from the acts of Congress, beginning with the Act of 1793, and afterwards on various occasions, that Congress has by statute declared what foreign coins should or should not be used for such a purpose. It is also to be observed that in this State no act has at any time been passed by the Legislature of the State since the adoption of the Constitution of the United States, declaring what should constitute a legal tender.

Still, I suppose the power to legislate on this subject within the restriction in the Constitution of the United States remains with the States. If the Legislature should pass a law on the subject, they have the power to allow other foreign coins than those specially defined by Congress to be used for such a purpose at the value fixed by Congress thereon, but they could not declare these notes of the government of the United States to be a legal tender for debts. Any such provision would be a violation of the constitutional provisions above referred to. It is difficult to adopt the conclusion that the framers of the Constitution intended that Congress should have authority to provide that a tender might be made in any other money than the Constitution of the United States permitted the States to designate by law for that purpose. On the contrary, the presumption from this restriction on the legislation of the States is that it was intended to make coin and nothing else the medium to be used for a legal tender in payment of debts. Any other would lead to the strange anomaly that while the States provide by law that nothing but gold and silver should be a legal tender for debts, Congress could pass a law pro-

viding a substitute for coin, which, if the State directed should be so received, their legislation would be void, as directly violating the Constitution of the United States.

Nor do I see that there is any necessary connection between compelling individuals to receive the notes of the United States in payment of debts due them, with the issue of them by the government for the payment of the debts of the government. Congress has the power to adopt such measures as may be necessary to pay the debts incurred in any manner for the government; but it by no means follows that to give such notes a higher value, they may compel individuals to receive them in exchange for property or debts due them, without their consent.

The same argument would allow Congress to take from the banks or from individuals the coin necessary to pay the interest on the public debt, and to repay therefor the notes issued by the government. It is just as necessary to maintain the credit of the government that the interest should be paid in coin, as it is to give credit to the notes issued by the government by compelling individuals to receive them in payment of debts.

This question seems to have been a subject of discussion in the Convention that formed the Constitution. As originally reported, the clause giving the power to coin money contained the words, "and emit bills on the credit of the United States."

A motion was made to strike out these words, and it was opposed by others, as possibly necessary in some emergencies.

Mr. MADISON suggested that it would be sufficient to prohibit making them a legal tender. The striking out was urged both to prevent their being made a legal tender and to remove the possibility of an issue of paper money by the government.

The words were stricken out by a vote of nine States to two. If the arguments of the members of the Convention were entitled to weight in the decision of this question, it would seem to establish that the intent was not to confer such a power on the government. [MADISON'S Papers, 3d vol. p. 1,344.]

This idea was also fully stated by Mr. WEBSTER, when he said: "Most unquestionably there is, and there can be no legal tender in this country under the authority of this government or any other, but gold and silver. This is a constitutional principle, perfectly plain and of the very highest importance. The States are expressly prohibited from making anything but gold and silver a tender in payment of debts, and although no such express prohibition is applied to Congress, yet as Congress has no power granted to it but to coin money and regulate the value of foreign coins, it clearly has no power to substitute paper, or anything else, for coin, as a tender in payment of debts and to discharge contracts." \* \* \*

The constitutional tender is the thing to be preserved, and it ought to be preserved sacredly under all circumstances. (4 vol. WEBSTER'S Works, p. 271.) And again he says, I am of the opinion then, that gold and silver, at rates fixed by Congress, constitute the legal standard of value in this country, and that neither Congress nor any State has authority to establish any other standard or to displace this. (4 vol. WEBSTER'S Works, p. 280.)

It was argued on the part of the plaintiff that the section which con-

fers authority on the government of the United States to coin money, regulate the value thereof, and of foreign coins, was sufficiently comprehensive to include the power to make paper money a legal tender. I am not able to adopt that conclusion. The coining of money has never been construed as including the issue of a paper currency. Coin and coinage are understood to be the stamping of metals in some way so as to give them currency, but is not applied to any other material, and to regulate its value merely applies to the fixing the value of that which has been so coined, whether it be domestic or foreign coin. I can see no connection between the right and power to coin money and regulate its value, and the power to compel persons to take paper money on the discharge of a contract; and there is no ground upon which the act of Congress can be sustained in connection with this power.

It has been suggested that this power might be exercised under the powers necessary to be resorted to in time of war for the support of the army and navy and the protection of the country against invasion. But there is nothing under this head giving any more authority than for the support of the government under any other department.

If the government in time of war needed individual property and took possession of it by force, the owner would be entitled to full compensation therefor from the government. But for such a purpose the government could no more transfer the property of one man to another for less than its value, than they could do so to provide means for carrying the mails or paying the ordinary expenses of government.

There may be another view, however, of this question which, as applied to contracts made after the passage of the law, might make these bills a proper medium of payment. The act declares them to be lawful money of the United States, and as such they might be used in the payment of debts which were payable in such lawful money, and probably in all debts contracted after the passage of the act in the absence of any statutory provision of the State prescribing what should be a legal tender for debts. I do not deem it necessary, however, to decide upon this question in the present action, as there are other reasons which relieve me from the further examination of this branch of the case.

Conceding that Congress has power to pass a law making paper money a legal tender, is this statute retrospective in its operation?

It is a settled principle in the construction of statutes not to give them such an interpretation as will make them retrospective, unless the act declares that it shall have such an effect, or it is so worded that it can have no meaning unless it is so applied.

The provision of this statute would be satisfied by holding it to be simply prospective in its operation. Upon contracts made after its passage, less injustice would be done by enforcing its provisions. They were known when such contracts were made, and we may conclude that they were made in reference to the statute. But to apply them to contracts made previous to its passage might work gross injustice, and should require in the statute a clear expression of the intent of the Legislature before such a construction is adopted. A reference to the present condition of the currency will show at once such injustice. Contracts which were made when gold and silver were the only legal means of paying debts, would, under application of those provisions, be payable in a currency much less

valuable in the market, and in many instances, especially of contracts made abroad, would result in serious loss, if not ruin.

In this State there have been repeated decisions that acts of a Legislature should be construed as only operating prospectively, unless they clearly show that a contrary interpretation should be given them.

In *Dash vs. Vankleeck*, (7 John. Rep., 417, 503.) Ch. J. KENT says: "It is a principle in the English Common Law, as ancient as the law itself, that a statute even of its omnipotent Parliament is not to have a retrospective effect. This was the doctrine as laid down by BRACON and COKE, and in *Gilmore vs. Shutu*, (2 Mod., 310.) it received a solemn recognition in the Court of King's Bench."

Various cases are cited by the Chief Justice in that case, and, among others, the case of *Calder vs. Bull*, (3 Dallas, 386,) in which the Judges of the Supreme Court of the United States speak in strong disapprobation of all laws operating retrospectively, and that of *Ogden vs. Blackledge*, (2 Cranch, 272,) where they considered it plain that a statute could not retrospect so as to take away a vested right.

In *Quackenbush vs. Danks*, (1 Denio, 128, 130,) BRONSON, C. J., says when laws are made to act upon past transactions, they cannot fail to work injustice.

And again, it is a well-established rule that a statute shall not be construed so as to give it a retrospect beyond the time of its commencement, and there are many cases in the books where general words as comprehensive as those under consideration have been restricted in their influence so as not to reach past transactions.

In *Kunfer vs. Kohnns*, (5 Hill, 317,) the same rule is recognized as follows: "I admit the value of the rule that general words in a statute which may be satisfied by being allowed to operate on contracts made subsequent to its passage, should, in their application be limited to the latter."

And in a later case, that of *Palmer vs. Cosely*, (4 Denio, 374,) it is said to be a doctrine founded upon general principles of law, that no statute shall be construed to have a retrospective operation without express words to that effect, either by an enumeration of the cases in which the act is to have such retrospective operation, or by words which can have no meaning unless such a construction is adopted. This latter case was affirmed in Court of Appeals. (2 Comst., p. 182.) These cases from our own courts fully establish the position that a statute must not be construed so as to be retrospective in its operation, if it will bear any other interpretation. (See also *Whitman vs. Hangood*, 10 Mass., 437; *Medford vs. Learned*, 16 Mass., 215.)

There is nothing in this act of Congress making it retrospective. The provisions of the law will be fully carried out by confining its operation to contracts made after the passage of the law, if it should be held that such a power is possessed by Congress to make paper money under any circumstances a legal tender for the payment of debts, or if these bills, being made lawful money of the United States, become thereby the medium of payment of indebtedness created after the passage of the statute.

As the contract in this case was made, and the payment under it matured before the passage of the act of February 25, 1862, the same is not affected by the provisions of that statute. The tender, therefore, was not sufficient, and the defendant is entitled to judgment.

OPINION OF THE COURT AT GENERAL TERM IN THE SEVENTH JUDICIAL DISTRICT, HOLDING THAT TREASURY NOTES ARE A LEGAL TENDER, ETC.

PAUL D. HAYNE *vs.* DANIEL W. POWERS.

By the Court—JOHNSON, J.

The tender by the defendant of the legal tender notes, in satisfaction of the plaintiff's demand, was valid, and they should have been received by the latter, unless it shall be found upon examination, that his objection, that the act of Congress under which such notes were issued and declared to be a legal tender is unconstitutional, was tenable.

The act in question, which was approved February 25, 1862, amongst other provisions, declared that these notes, when issued, "shall also be lawful money and a legal tender in payment of all debts, public and private, except duties on imports and interest as aforesaid."

Any law made by the Congress in the United States, in pursuance of the Constitution, and duly approved, is "the supreme law of the land, and the judges of every State shall be bound thereby, anything in the Constitution or laws of any State to the contrary notwithstanding." [Constitution, art. 6.] Unless, therefore, it can be shown that the act of Congress in question is not in pursuance of the Constitution, it is the supreme law of the land, and the tender was valid and must be held to satisfy and discharge the demand created by the deposit.

The General Government possessing all the essential attributes of a national sovereignty, and the Legislature being the branch thereof invested with paramount authority, the presumption is unquestionably in favor of the validity of any and all of its acts, and it lies primarily with the party objecting to show that any particular act is in derogation of the Constitution. This, however, is of little consequence where the standard is a written organic law, which may always be appealed to, and must determine in all cases where the authority to enact is seriously challenged.

In considering the question thus presented, it must be admitted in the outset that the government of the United States is limited in its powers and authority, to the exercise of those conferred by the organic law, in which it has its being, and that all powers not delegated to it by the Constitution, nor prohibited by it to the States, are reserved to the States respectively or to the people thereof.

But it by no means follows from this, that it can take nothing by implication, like a special and inferior tribunal created by statute. It is still a national sovereignty, and within the just scope and measure of the powers with which it has been endowed, is as supreme and potent in its authority as any other human government. And in passing upon the question of the constitutionality of any law of Congress, this important consideration is not to be lost sight of.

The object which the framers of the Constitution and the people who ratified and adopted it as the organic law of this National Government had in view, is clearly and plainly expressed in the preamble. It was amongst other things to "establish justice, insure domestic tranquility, provide for the common defence and general welfare, and to secure the blessings of liberty to ourselves and our posterity."

To secure the attainment of these cardinal ends of all government, the powers deemed necessary or essential thereto were enumerated and conferred under separate and distinct general heads; each of which necessarily com-

prehends and embraces, as it was intended, all the subordinate and auxilliary powers necessary, or incident to the supremacy of such general head of power. And hence, in section eight, after specifying the several powers which Congress shall have, in subdivision seventeen, the power is in express terms given "to make all laws which shall be necessary and proper, for carrying into execution the foregoing powers, and all other powers vested by this Constitution in the government of the United States, or in any department or office thereof." Here is a plain and unambiguous test in the text of the Constitution itself, if the rule prescribed by the statute is not within the plain letter or evident scope of the power enumerated. The question then is whether the law is necessary or proper for carrying into execution all or either of the enumerated and granted powers. If it is either necessary or proper without being absolutely necessary, the statute is valid and becomes the supreme law of the land, binding upon the judges of every State.

But to come more directly to the statute in question: has Congress the power within the letter or evident meaning of either of the enumerated powers conferred, to declare these treasury notes lawful money; and make them a legal tender in payment of all debts, public and private? Among the powers enumerated and expressly conferred, are these: to lay and collect taxes, duties, imposts, and excises; to pay the debts and provide for the common defence and general welfare of the United States; to borrow money on the credit of the United States; to regulate commerce with foreign nations and among the several States, and with the Indian tribes; to coin money and regulate the value thereof and of foreign coin; to provide for the punishment of counterfeiting the securities and current coin of the United States; to declare war; to raise and support armies; to provide and maintain a navy.

Unless the power to declare these notes lawful money is fairly embraced in the terms of the power "to coin money and regulate the value thereof," it must be conceded that it is not within the express letter of any of the powers enumerated.

It is perfectly obvious upon looking into the various provisions of the Constitution that it was the intention to place the entire power of creating money, and determining and regulating its value for the whole country in the General Government; and hence it is forbidden to the several States by section ten to "coin money, emit bills of credit, or make anything but gold and silver coin a tender in payment of debts." Money is the medium of exchange—the standard or representative of all commercial values. It is that which men receive in exchange, and in satisfaction of labor and its various products; and whether it is intrinsically valuable or otherwise, it is the standard of values by which alone they are all measured. In all civilized governments it consists of coin, of gold, silver, and copper, and of bank bills, or bills of credit, issued by the authority of such government.

Gold and silver are not naturally money, any more than any other metal product or fabric. They are made so by law only when manufactured into pieces of coin of prescribed weight and fineness, and stamped with the requisite inscriptions and devices.

These metals are by common consent better adapted for use as money than any other yet discovered, but they become money by the force and operation of law alone.

It is conceded, as I understand the argument, that the power "to coin

money and regulate the value thereof," is a power given to Congress to enact suitable laws on the subject of the current money of the country. But it is insisted that the power is limited to the enactment of laws for the minting or fabrication of gold and silver only into money, and the regulation and the value of money of that description. This might be so if the language employed had been, "to coin gold and silver into money, and regulate the value thereof." But the terms used are "to coin money, and regulate the value thereof." In order, therefore, to place this restriction, it must be made to appear not only that "to coin" signifies shaping and stamping metals exclusively, but also that the term "money" in its ordinary popular signification, at the time the Constitution was framed and adopted, meant gold and silver coin and nothing else.

But neither of these propositions are true. By looking into any dictionary it will be seen that "to coin," means not only to shape and stamp, or mint metals, but to make or fabricate other things as well. And we cannot but know from the history of the times, that at the adoption of the Constitution, neither in this country nor in any other civilized country, did the money in use consist of gold and silver exclusively. It consisted then, as it has ever since, and probably ever will, in gold and silver, and in paper representing gold and silver in the shape of bank bills, or bills of credit.

The power is, in my judgment, most clearly, to make laws, prescribing what the money of the country shall be, and the value of the money thus created by such laws. If it was intended to restrict the exercise of this power to enactments on the subject of gold and silver only, we should naturally expect that some terms would have been chosen clearly expressing such limitations.

The framers of the Constitution certainly must be supposed to have known something of what is termed the evils of paper money, and if it was intended to exclude the creation of that species of money from the power of Congress, nothing is more rational or national than that something of the kind should have been said in clear and explicit terms.

If "to coin" is to be restricted in its definition to work upon metals, it applies to other metals as well as gold and silver, and proves too much for the argument. It is not claimed that it was the design to have any other species of metal created money by law; and as neither gold nor silver is mentioned as substance to be coined, I think it must be held, that the power granted is simply to determine by law what the money of the country shall consist of, and to regulate its standard value.

Considerable stress is laid upon the debates in the Convention in which the Constitution was framed, but I think it far safer to look carefully at the Constitution as it was adopted, and endeavor to construe it according to its evident and natural import. It is by no means certain that these debates may not rather mislead than enlighten the judicial mind.

The framers of the Constitution were but the agents of the people, to prepare it for their acceptance or rejection, and if we could be certain that we had arrived at the exact meaning of these agents, we might still doubt whether the people, when they ratified and accepted it, did not give it a broader and more generous interpretation.

We can only arrive at their intention with any degree of certainty by attending carefully to the ideas expressed. I can have no doubt that should any other metal, or combination of metals, be discovered, which, in the judgment of Congress, was more convenient and suitable for use as money

than gold or silver, it might by law make such metal or combination money, and prohibit the use of gold and silver as money.

And I have as little doubt that Congress has, under this general head of power, to make laws on the subject of the money of the country, ample authority to declare and make by law these promises of the government, money and a legal tender in payment of all debts whatever. This seems to me a fair and reasonable interpretation of the instrument, in view of the subject of the power, the nature and functions of the body upon which it was conferred, and the purposes for which it was thus conferred.

The interpretation contended for in behalf of the plaintiff, so far from being strict and rigid, as is claimed, would, as it seems to me, be exceedingly loose and conjectural in its very narrowness and poverty of apprehension. It is an authority to make a supreme law and not a mere employment to bestow labor upon metals, as it would seem to be regarded.

It must be admitted that no power is in express terms anywhere given in the Constitution to Congress, to make anything a legal tender in payment of debts, public or private. The States are prohibited from making anything but gold and silver such legal tender. But Congress is neither prohibited from making a law upon the subject, nor expressly authorized to enact one. If a direct and explicit authority is needed, it has no power whatever to make gold or silver, even, or bullion, or bank notes, or bills of credit, such legal tender. This power, if it exists in Congress at all, is lodged there as a necessary and proper incident only, to the full and perfect exercise of some power expressly granted in the instrument. And the statute in this regard, must find its warrant and sanction in the fact of its necessity or propriety as an auxiliary to the legitimate exercise of some one or more of the enumerated and granted powers.

But there is, I think, no serious difficulty in respect to the existence of this power in Congress, to provide that a legal tender may be made in payment, and satisfaction of all debts existing within the jurisdiction of the government, whether public or private. The only controversy which can seriously arise, as it seems to me, must be in regard to what shall be made the legal tender. It is a power which Congress has uniformly exercised, and is clearly an incident to the power to regulate commerce. Contracting and paying debts are strictly part and parcel of commerce. And under no civilized government can its commercial business be regulated, without some specific provision of law, in regard to paying, satisfying, and discharging all debts and obligations, not only to the government, but between individuals. The power to regulate commerce includes the power to make laws for everything which belongs to commerce, a material part of which is the contracting and the payment and final discharge of the debts created thereby.

It is claimed, however, in behalf of the plaintiff, that conceding to Congress the power to provide by law for a legal tender, in payment and satisfaction of debts, it is limited in the exercise of such power by the Constitution, to making gold and silver coin only such tender. It is admitted that no such restriction is to be found in the language of the Constitution, but it is claimed to be irresistibly inferable from the provision prohibiting the States from making anything else a legal tender. This proposition is wholly untenable. To say, as matter of judicial construction, that a limitation and restriction upon the power of an inferior, by a superior, implies the same limitation and restriction upon the power of the superior, would be in the last degree unwarrantable, within any known rule of construction. The

mere statement of such a proposition is its sufficient refutation. Another argument is sought to be derived against the existence of the power to make paper of this description a legal tender, from what is claimed to have been the uniform practice of the government, from the beginning to make nothing but gold and silver coin such legal tender.

This, if it had been the uniform practice, would be in no respect conclusive, though it would not be entirely without force as an argument. For it is well understood that the General Government has many powers which it has never called into existence, the occasion for their proper exercise having never as yet arisen.

But the fact is otherwise. The Government has not only issued paper of this description from the beginning, whenever the public exigencies required it, but has generally provided by law that it should be receivable in payment of all public dues. And it was held to be a lawful tender in payment of such dues by Judge STORR in *Thorndike vs. The United States* (2 Mason, 1).

It is said, in answer to this, that the Government may properly make such a regulation in regard to its own debts as it chooses, and that it would not follow that it could make such notes a lawful tender between individuals, if it could in discharge of its own dues.

But this is no answer. The question is not what the Government may do by contract between its agents and other individuals, but what rule it may prescribe as a public and general law.

If Congress has no power to pass a law making them a legal tender, any such law would be void, and they could not be lawfully tendered in satisfaction of a debt, even to the Government. But if Congress has the power to make them a lawful tender in payment of any debt, it may unquestionably make them such in payment of all debts.

The decision, therefore, necessarily affirms the power of Congress to make a valid law authorizing the tender in question.

A debt between individuals is no more sacred or removed from the reach of the power of Government than one from an individual to the Government. The question is, has Congress the power to provide by law that they shall be a legal tender in payment of any debt?

It is thus seen that Congress has, in repeated instances, exercised this very power, not to the same extent or in the same degree, perhaps, but identical in kind, whenever in its judgment the necessities or the inconvenience of the country required it. The power is clearly, in my judgment, one of the attributes of governmental sovereignty, and may be exercised whenever it is deemed necessary or proper by the sovereign authority. And were it even true and made lawful money, I have no doubt they could still be made a legal tender. Congress having the power to provide for a tender, in satisfaction of a debt, has necessarily the right to declare what the tender shall consist of. It is not a question of policy or expediency merely, but of power. Of the expediency and propriety of the measure, Congress is the sole and exclusive judge. If it has the power to make such a law, its judgment as to the necessity or propriety of it at the time, is conclusive. The courts have no right to question it, except to determine the existence of the power.

It is claimed that the act is invalid on the ground that it impairs the obligation of contracts by compelling the creditor to receive something less valuable than gold or silver coin in payment of his lawful demands against his debtors.

It cannot be denied that it does in one sense and to a material extent impair the obligation of contracts in the particular above stated. But it is not invalid for that reason. The power to pass laws to impair the obligations of contracts is prohibited to the States only which can pass no law impairing directly or indirectly the obligations of any contract. There is no such limitation upon the power of Congress. The argument that the one implies the other has already been answered. The same effect may, however, be produced by regulating the value of coin, which it is admitted, may properly be made a legal tender. Instances are not wanting in our Legislature of changing, by law, the existing standard or degree of fineness of our coin, and laws making foreign coin a legal tender have been repealed. Congress has also enacted general bankrupt laws, which, to a still greater degree, affect the obligation of contracts, destroying entirely their obligatory force, without the consent of the creditor. Such acts have been held constitutional by the Supreme Court of the United States and by State Courts. (In the matter of Edward Kleim How. U. S. R., 277; opinion of Mr. Justice CATRON; *McCormic vs. Pickering*, 4 Coms., 276; *Kinzler vs. Kohans*, 5 Hill, 317; *Sacket vs. Andross*, ib. 327.)

I do not, however, rely upon these decisions as controlling in the present case. The power to enact a general bankrupt law, so manifestly includes in it the power to impair the obligations of contracts brought within the operation of the law, that there scarcely seems room for two opinions on the subject.

They are, however, authority, for the proposition, that where the subject of the enactment is clearly within the granted powers, the fact that it incidentally impairs the obligation of contracts furnishes no valid ground of objection that the act is unconstitutional.

The grant of the power to make all laws which shall be necessary or proper for carrying into execution "the foregoing power and all other powers vested by this Constitution in the government of the United States, or in any department or officer thereof," is an express and not an implied grant. It carries with it, and includes in it, all legitimate incidents and consequences of the laws thus made of necessity. It would be a strange and unwarrantable proposition that a law clearly within the letter and spirit of an express power, should be held invalid and unconstitutional, merely because in its operation it affected some particular right or interest injuriously.

But while I am able to find ample authority in the grant of power to regulate commerce, for making the notes in question a legal tender, I do not intend by any means to rest my opinion upon that head of power exclusively. We must of necessity take judicial notice of the alarming and critical condition of the Government and of the country. We cannot, if we would, ignore the fact that armed rebellion, by open and flagrant violence, is seeking the overthrow of the Government, menacing its complete and total destruction. Nor that the Government thus assailed, in order to preserve its existence and restore its rightful authority, is compelled to raise and support powerful armies and supply them with the munitions of war, to provide and maintain a navy of magnitude wholly unprecedented in our history, involving an expenditure probably of millions of dollars daily. To meet this extraordinary demand, the ordinary means of the government, and, indeed, the ordinary currency of the whole country, is entirely inadequate. The Government must, therefore, not only borrow upon its credit, but must create as far as practicable, an additional currency, to meet its urgent and imme-

diate necessities. The right to borrow necessarily includes in it the right to promise to pay. But in order to borrow to advantage, or indeed to borrow at all, its promise must necessarily have credit, and should have the highest credit which the Government is able to confer upon them. If, in the judgment of Congress, it was either necessary or proper, in order to enhance the credit of these Government promises, to make them a legal tender in payment of private as well as public debts, it had, unquestionably, as I think, the right so to do, and even to declare them lawful money. It would be but the making of a law necessary and proper for carrying fairly and reasonably into execution several of the powers expressly granted.

That this was the object and purpose Congress had in view, is evident not only from the debates when the act was under consideration before that body, but also from the application of the Secretary of the Treasury to it to insert such a provision in the act.

Amongst other reasons assigned by that officer to the Congress in favor of this act, he says, "But unfortunately there are some persons and some institutions which refuse to receive and pay them, and whose action tends not merely to the unnecessary depreciation of the notes, but to establish discriminations in business against those who in this matter give a candid support to the Government, and in favor of those who do not." But we can see plainly, aside from this, that it was a means well adapted to the accomplishment of the purpose, and therefore entirely legitimate. And this brings this feature of the law within the express words of the grant of power "to make all laws which shall be necessary or proper for carrying into execution the foregoing power."

I have no hesitation, therefore, in pronouncing this provision of the act in question perfectly in accordance with the plain letter, intent and spirit of the Constitution.

I have come to the conclusion upon what has seemed to my mind the plain and necessary construction of the organic law, as it stands written by its framers, and without calling to aid the consideration of those ultimate and extreme powers which every government, having the right to an existence and a place among the nations of the earth, may of necessity employ as a means of self-preservation when assailed by a public enemy with flagrant violence, and thus involved in actual war. No one doubts, I suppose, that any government thus situated may rightfully, if need be, by any suitable means, call to its aid and service the might of every arm and the use of every dollar of the property of each and every subject or citizen within its jurisdiction. These are, however, considerations which it is wholly unnecessary to press into this case.

The defendant is therefore entitled to judgment upon the facts presented by the case.

## COMMERCIAL CHRONICLE AND REVIEW.

REDUCTION OF CAPITAL—INCREASED VALUE OF STOCKS—LARGE INVESTMENTS—CONVERSIONS INTO 5-20'S—COMMISSIONS—ABSORPTION OF CAPITAL—DEARNESS OF INTEREST—SUM OF CONVERSIONS—IMPORT OF STOCKS TO SELL—REACTION—PAYMENT OF FIVE PER CENT DEPOSITS—LIMIT OF GREENBACKS—INTEREST-BEARING LEGAL TENDER—VALIDITY OF LEGAL TENDER—COURT OF NEW YORK—CAPITAL VS. MONEY—GOVERNMENT STOCKS—7-30'S NOT PAID IN GOLD—GOLD PAYMENTS—IRREGULARITY—EXPORTS—IMPORTS—DECLINE IN BREADSTUFFS—FALL IN GOODS—LESSENER DEMAND FOR BILLS—SPECIE SHIPMENTS—EXCHANGE RATES—GOLD RECEIPTS—CURRENCY IN CALIFORNIA—GREENBACKS NOT CIRCULATED—REMITTED.

DURING the month a great change has taken place in the aspect of financial affairs, brought about principally by the operations of the Treasury Department. While the process of paying out paper money continued uninterruptedly, the rise in prices of goods caused a conversion of the old stocks of shopkeepers into paper, which paper sought investments in stock securities mostly, causing a very rapid development of speculation, and sending up prices more than 100 per cent of the previous market values in a few months. The value of stocks ordinarily dealt in at the New York Board of Brokers' was, in the summer of 1862, \$70,000,000. This value rose to \$170,000,000 in February, 1863. The rise attracted operators, and the paper realized for goods and debts was invested in stocks that had no intrinsic value except the faculty of rapidly appreciating under the influence of paper speculation. The evil result of such an extraordinary rise was naturally anticipated, and induced caution among lenders, while the fact that money was so cheap awakened the hope that the current of investments might be turned to the benefit of the government by directing the movement upon those stocks which the Department desired to sell. An agency system was organized, by which the agents should have three-eighths commission for all the 5-20 stock that might be converted through them. The Department at the same time offered to receive money on deposit at 10 days' call at 5 per cent, the interest payable in paper. The previous rate had been 4 per cent, payable in gold. Money at that time was, as we have estimated, very abundant. The great rise in stocks had not absorbed it, because it had made active at high prices large amounts in the hands of holders, and these circulated the money freely. The rate was 3 @ 5 at "call," and even less on good business paper, which was very scarce, goods not being sold to any considerable extent on credit. Under these circumstances the amount of deposits in the Treasury rose from \$70,000,000 to \$100,000,000, thus taking \$30,000,000 capital out of the market. The conversion of greenbacks into 5-20 stocks then commenced, and continued until some \$100,000,000 were converted. This absorption of capital began to affect the rates for money, which rose to 7 per cent, and more on the general stocks, which had indeed reached such high prices that lenders and brokers became very wary in transactions, refusing time operations, and requiring very large margins to carry stocks. The great rise in stocks also had the effect to draw considerable quantities from abroad to be realized on at the high prices here, and this caused a positive abstraction of capital from the country. Thus, in May, 1862, New York Central was 86, and was paying 7 per cent in gold. Subsequently, paper becoming a legal

tender, the dividends were paid in it, and then the paper depreciated until the foreign holder realized only 5 per cent. At the same time the stock rose to 130, May 18, 1863, when gold was 150, hence the holder could now realize in New York a price equal to 90 in gold.

Capital being thus absorbed in these several ways, a reaction set in in the general stock market, money or capital became dear, stocks fell, and it was found that to continue the conversions into the 5-20's it was necessary to draw the 5 per cent deposits from the Treasury. The operation then became on the part of the government but the substitution of one loan for another, so far as these deposits were drawn out for conversion, viz., to issue 5 20 6 per cent stock payable in gold in place of 5 per cent certificates of deposits payable in paper. The Sub-Treasurer received the certificates, which bore 10 days notice, in pay for the 5-20's. The conversions by the terms of the law cease July 1st, but the same law gives the Secretary the right to sell to the extent of \$500,000,000 the same stocks at any time at any price he pleases, whether at a discount or not. Hence the conversion cannot cease. He has also the right to issue stock payable after 10 and at 40 years. The limit, \$450,000,000, of his right to issue greenbacks will be reached with the emission of the notes reserved to pay deposits, but there remains the right to issue \$400,000,000 of notes as low as \$10 each, bearing interest in paper, and either made legal tender themselves or convertible into legal tender at pleasure, for which \$150,000,000 are authorized.

The question of the validity of the legal tender character of the greenbacks has now assumed an important shape. A decision, which was known to have been long pending in the Supreme Court of New York, and to which we alluded on page 78 of the May number of this magazine, was made public, and will be found in full in this number. It will be observed that the judges were unanimous in relation to the unconstitutionality of the legal tender provision. Two of them were of opinion that the Federal Government could issue no paper to circulate as money at all. One of them assumed that Congress had the right to issue paper, but all agreed that there was no power to make it a legal tender. Steps were immediately taken to bring the matter to the final decision of the Court of Appeals, in order that if the court below should be sustained, the banks would be immediately compelled to pay their notes in specie, according to the State Constitution. The 26th of June was fixed by the Court of Appeals to hear the argument upon the subject. Under these circumstances the bank contraction continued to go on, but the price of money rose more from the absorption of capital, than for want of abundance of paper money. This distinction between capital and paper money is one of the most difficult to impress upon the public mind, yet it is the vital point of the whole government system of finance.

The prices of government stocks varied as follows :

PRICES UNITED STATES PAPER.

	—6's, 1881.—		5's, 1874.	7 3-10, 3 years.	1 year certif.		Gold.	August demand notes.
	Reg.	Coup.			Old.	New.		
January 3,..	96½	98	88½	102½	96½	...	34½ a	34½ 29
" 10,..	97½	98	90	103*	97	...	37½ a	38 35
" 17,..	91¾	91½	88½	101	95	...	49 a	46¾ 43
" 24,..	95	96	90	102	96	...	47 a	48½ 44½
" 31,..	92½	94	86	101½	94	...	55 a	60½ 53
February 7,..	92	93½	85½	102	94	...	57½ a	57½ 55

	6's, 1881.		5's, 1874.	7 3-10, 3 years.	1 year certif.		Gold.	August demand notes.
	Reg.	Comp.			Old.	New.		
Feb.	14,..	94	96	87½	102½	96	...	53½ a 53½ 51
"	21,..	96½	97¾	91½	103½	95	...	58½ a 64 62
"	28,..	100½	102½	97	105½	98¾	...	71 a 71½ 71
March	7,..	99¾	100¾	94¾	105	98½	...	52½ a 53 53
"	14,..	104½	104½	98	106½	100	...	54½ a 54½ 53
"	21,..	103½	104½	96	107	100	...	54½ a 54½ ..
"	28,..	104½	105	96½	106½	100	...	41 a 41½ ..
April	4,..	104½	105	97½	104¾	99	...	53 a 53½ ..
"	11,..	104½	105	97½	105	100½	...	46 a 52½ ..
"	18,..	104	105	96	105	101	...	53 a 53½ ..
"	25,..	105	105	96	106	102	99½	151½ a 151½ ..
May	2,..	105½	106½	97½	106½	102	99½	150 a 150¾ ..
"	9,..	106	107	97	106	101½	99½	152½ a 152½ ..
"	16,..	108	108	97¾	107	101¾	99¾	149 a 149¾ ..
"	23,..	108½	108½	97¾	107½	101½	99½	148¾ a 149 ..
"	30,..	108	108	97½	107	101¾	99½	144¾ a 144¾ ..
June	6,..	104	108½	99	107	101¾	97½	146 a 146½ ..
"	13,..	104¾	108¾	99	106	101½	98	148 a 148½ ..

The registered 6's of 1881 were quoted June 6th ex-dividend. The coupons fell towards the close of June under the panic caused by the invasion of Pennsylvania, which also sent up gold, and consequently gave more value to the coupons payable in gold. The new one-year certificates have the interest paid in paper, and as they were paid out freely, they came upon the market, falling with the rise in the government rates for interest. As they bear 6 per cent interest, and are payable within the year, the price at which they sell affords a very good index to the value of money. At the rate of June 27th they gave 9 per cent for money. The 7-30 three-year bonds of the government's first issue fall due August 19, 1864. The takers paid gold, dollar for dollar, for the issue, and inasmuch as the Secretary had paid the \$2,800,000 of 6 per cent stock that fell due January 1, 1863, and which was held by certain parties in gold, it became a question how the 7-30, for which he received gold, would be paid. At any rate it was desirable that the whole public should know what to expect in order that all holders might act understandingly. With this object in view, the question was addressed to the Department, and replied to as follows:

PAYMENT OF THE FIVE TWENTIES IN GOLD.

TREASURY DEPARTMENT, May 26, 1863.

SIR: I am in receipt of your letter of the 27th ult., relative to the payment of six per cent five-twenty bonds.

The decision of the Secretary relative to the redemption of the obligations of the United States is as follows:

All coupon and registered bonds forming part of the permanent loan of the United States will be redeemed in gold.

All obligations and notes forming part of the temporary loan will be paid in United States notes, unless, before maturity, payment in specie shall have been generally resumed.

The five-twenty sixes being payable twenty years from date, though redeemable after five years, are considered as belonging to the permanent loan, and so are also the twenty years sixes (1881) into which the three-years seven-thirties are convertible. These bonds will therefore be paid in gold.

The three-years seven-thirty bonds, or notes, are regarded as part of the temporary loan, and will be paid in United States notes, unless holders prefer conversion to payments.

Very respectfully,  
GEO. HARRINGTON, Assist. Sec. of Treasury.

S. H. WALLEY, Esq., President Revere Bank, Boston, Mass.

The distinction, based upon the time a debt has to run rather than upon the terms in which it was contracted, is a little singular. Thus, a person living in London may buy 5-20's for 69 cents on the dollar, and he will get—supposing the stock is paid in five years—\$130 in gold for \$69 paid in, or 20 per cent per annum. On the other hand, if he had taken the 7-30's, he would have been obliged to give \$100, and, supposing the rate of gold is no higher next year than now, he would receive only \$90, principle and interest. It is not a satisfactory answer to say he can convert them into 20 per cent stock at par; because, if he had his specie back, he could get the 20-year stock at 70 cents on the dollar.

The fall in gold and the multiplied depredations of the enemy on the ocean, causing a rise of insurance in some cases to 10 and even 20 per cent war risk, together with a fall in prices abroad for produce, operated unfavorably upon the export market, and the business for the port was as follows:

## EXPORTS, PORT OF NEW YORK.

	Specie.	Foreign.		Domestic.	Total.
		Free.	Dutiable.		
January.....	\$4,624,574	\$73,111	\$668,275	\$14,829,398	\$19,695,351
February.....	3,965,664	43,889	610,009	17,780,586	22,400,143
March.....	6,885,442	213,685	758,266	16,187,689	23,695,082
April.....	1,972,884	74,949	875,224	11,581,933	14,004,940
May.....	2,115,679	101,337	602,254	13,183,510	16,002,780
Total 5 months	\$19,264,193	\$506,971	\$3,014,028	\$73,013,116	\$95,798,308
“ 1862....	18,108,737	274,968	2,177,642	48,956,541	69,517,888

These values, being connected by the rates of paper in which they are quoted, will give an amount scarcely as large as last year. On the other hand, the imports have been larger as follows:

## IMPORTS, PORT OF NEW YORK.

	Specie.	Free goods.	Entered for—		Total.
			Consumption.	Warehouse.	
January.....	\$101,906	\$2,413,649	\$8,741,227	\$4,482,794	\$15,739,676
February.....	213,971	783,561	7,372,539	3,667,775	12,037,846
March.....	123,616	1,328,806	11,461,572	3,454,530	16,370,524
April.....	107,061	1,328,216	9,493,830	6,456,208	17,885,315
May.....	197,217	710,021	7,980,281	5,437,404	14,324,923
Total 5 months	\$743,771	\$6,564,253	\$45,049,449	\$26,051,082	\$78,408,555
“ 1862....	451,532	13,087,935	39,366,567	19,808,195	72,714,238

The decline in the export of produce from the North has been very serious in the last nine months from all the ports, as follows:

## EXPORTS OF BREADSTUFFS TO ENGLAND AND EUROPE FOR TWO YEARS, FROM SEPTEMBER 16 TO JUNE 16.

	Flour, barrels.	Wheat, bushels.	Total bush. in wheat.	Corn, bushels.
1862.....	2,505,168	24,686,318	37,212,158	11,793,056
1863.....	1,244,725	19,218,798	25,442,423	8,637,744
Decrease..	1,260,443	5,467,520	11,769,735	3,155,312

This large decrease in the quantity exported has been accompanied by a great decrease in the price, so that the value of the exports realized abroad has been barely one half of what it was at the same period last

year. The crops have been, at the same time, very large, and with lessened demand, the prices have fallen very rapidly, while the growers have been subjected to very high prices for all articles they have purchased. Flour has fallen \$1 50 @ \$2 00 per bbl., while supplies have remained the same. It follows, as a matter of course, that the great purchasing power of the farming interests has diminished in a double ratio and the consumption of goods has been slow, nevertheless it has been faster than production and stocks of goods run very low.

The stagnation of business which followed the excitement of January has gradually diminished the demand for bills for remittance, and the exports of gold have diminished also. The movement has been as follows :

## SPECIE AND PRICE OF GOLD.

	1862.		1863.		Gold in bank.	Prem. on gold.
	Received.	Exported.	Received.	Exported.		
January 3.	.....	442,147	.....	681,448	35,954,550	34½ a 34¾
" 10.	885,928	1,035,025	1,277,788	726,746	36,770,746	34 a 39
" 17.	.....	547,703	.....	1,380,247	37,581,465	40 a 49
" 24.	627,767	322,918	678,841	780,816	38,549,794	47 a 50¾
" 31.	.....	310,484	.....	1,331,027	38,894,840	48½ a 60½
February 7.	854,000	976,235	301,860	1,277,016	38,243,839	57½ a 57¾
" 14.	614,146	1,156,154	359,978	1,152,546	38,426,460	53½ a 53¾
" 21.	759,247	934,512	.....	520,017	37,981,310	54 a 64
" 28.	741,109	510,774	285,394	1,377,016	39,512,256	71 a 72
March 7.	679,074	585,236	1,243,551	733,643	39,705,089	52½ a 53
" 14.	677,058	477,335	.....	3,540,550	36,110,085	54½ a 54¾
" 21.	.....	540,968	249,514	1,201,907	33,955,122	53 a 54½
" 28.	490,368	779,564	159,105	1,050,156	34,317,691	41 a 42
April 4.	581,293	673,326	250,778	473,385	34,257,121	53 a 54
" 11.	.....	1,505,728	250,728	607,059	35,406,145	46 a 52½
" 18.	617,279	693,436	217,602	158,437	36,761,696	52 a 53½
" 25.	635,546	1,151,300	256,604	629,855	37,175,067	47 a 51½
May 2.	410,804	712,275	.....	294,998	36,846,528	48 a 50¾
" 9.	484,019	1,574,166	205,057	451,827	38,102,633	58½ a 47
" 16.	604,632	1,093,031	.....	661,996	38,556,552	49 a 49¾
" 23.	501,204	938,032	258,570	438,745	38,544,865	48½ a 49
" 30.	224,911	881,452	.....	279,994	37,632,634	44½ a 44¾
June 6.	553,035	1,647,299	318,066	411,483	37,241,670	46 a 46½
" 13.	352,391	1,990,327	.....	235,364	37,884,128	48 a 48½
Total....	10,273,856	20,279,906	6,851,774	18,402,807	.....	.....

The rates of bills generally followed the premium on gold; but at times the supply of produce bills somewhat exceeding the demand, the rates of exchange fell below a price equal to \$1 10½ for gold. The steamer prices were as follows :

## RATES OF EXCHANGE.

	London.	Paris.	Amsterdam.	Frankfort.	Hamburg.	Berlin.
Jan. 3,	146 a 147½	3.85 a 3.80	56 a 56½	56 a 56½	49½ a 49¾	98 a 98½
" 10,	149 a 152	3.72½ a 3.67½	56 a 58	57½ a 58½	50½ a 51½	99 a 100
" 17,	160 a 162	3.52½ a 3.45	60½ a 61½	61 a 62½	54 a 55½	108 a 110
" 24,	162½ a 163	3.50 a 3.45	61 a 61½	61½ a 62	54 a 54¾	107 a 108½
" 31,	171 a 177	3.32 a 3.15	65½ a 66½	65 a 67	57 a 58¾	114 a 117
Feb. 7,	169 a 173	3.30 a 3.25	65 a 65½	65 a 65½	57 a 57½	114 a 116
" 14,	170 a 171	3.32 a 3.27	65 a 65½	65 a 65½	56½ a 57½	113½ a 114½
" 21,	171 a 179½	3.20 a 3.12	67 a 68½	68 a 68½	59 a 60½	118½ a 119½
" 28,	185 a 188	3.20 a 3.00	67½ a 71	70 a 71	61½ a 62½	123 a 124
Mar. 7,	167 a 169	3.37½ a 3.30	64 a 64	65 a 66	55 a 55½	111 a 113
" 14,	168 a 171	3.35 a 3.30	64 a 64	64½ a 65½	55½ a 56½	112 a 114

	London.	Paris.	Amsterdam.	Frankfort.	Hamburg.	Berlin.
Mar. 21,	169½ a 171½	3.37½ a 3.27½	63½ a 63½	63½ a 64½	56 a 57	113 a 114
" 28,	157 a 161	3.57 a 3.47	61 a 62	61 a 62	53 a 54	107 a 108
Apr 14,	168 a 172	3.40 a 3.25	62½ a 63½	62½ a 64	55½ a 57	111 a 111
" 11,	158 a 162	3.55 a 3.45	61 a 62	61 a 62	53½ a 54½	106 a 108
" 18,	165 a 167½	3.37½ a 3.45	62½ a 62½	62½ a 63	54½ a 55½	108 a 110
" 25,	163 a 165	3.47½ a 3.50	61 a 61½	61½ a 62	53½ a 54½	107 a 108
May 2,	163 a 165	3.47½ a 3.42	61½ a 62½	61½ a 62½	58½ a 54½	107 a 108
" 9,	168 a 170	3.42½ a 3.32	62½ a 63	62½ a 63½	55½ a 56½	110 a 112
" 16,	162½ a 164	3.50 a 3.45	61½ a 62	61½ a 62½	54 a 55	107 a 109
" 23,	161 a 163	3.52 a 3.45	61 a 61½	61½ a 62	54 a 54½	107 a 108
" 30,	156½ a 158	3.62½ a 3.55	59½ a 60½	60 a 60½	52½ a 53	104½ a 106
June 6,	158½ a 160	3.57½ a 3.52½	59½ a 61½	60 a 60½	52½ a 53½	105 a 106
" 13,	156 a 161	3.55 a 3.47½	59½ a 61	60 a 61½	52½ a 54	104 a 107

The demand for bills, as the 1st of July approached, was a little improved by the anticipated remittances of interest and dividends, as well as government payments. The amount of interest payable by the Federal government, July 1, was about \$4,300,000 in gold, and \$2,530,000 principal of 2 year Treasury notes in paper. The payments by banks and companies was also large. Probably, altogether, \$10,000,000.

The receipts of specie from California continue to fall off, as compared with last year, which is partly due to the state of affairs that induces direct shipments to England, and the sales of sterling bills in New York. The currency of California continues to be gold, and all goods are paid for in that metal, with the exception of Atlantic freights, insurance, and taxes. The New York insurance companies that have agencies there have taken greenbacks for premiums and have also paid losses in the same currency. The California companies have, however, exacted pay in gold and made losses good in the precious metals—an operation that has compelled some of the Eastern companies to follow in the same direction. This state of affairs has produced a constant current of greenbacks to the Atlantic. The government revenues collected on the Pacific, in gold, amount to about \$3,500,000 per annum, but the government pays out greenbacks only. These are sold at 65 cents on the dollar, more or less, according to the quotation of gold in New York, and are bought for remittance to the East. The cost of remitting being probably 5 per cent less. The greenback currency does not therefore remain on the Pacific, by force of the less cost of sending it to New York. Thus, at the last dates, May 21, greenbacks in San Francisco were 65 cents per dollar, and on the same day in New York they were 67 cents per dollar; on the day the mail arrived in New York the greenbacks were worth 69½ cents per dollar. To have remitted \$1,000 in gold would have cost \$1,055, which sum invested in greenbacks and sold in New York would have produced \$1,113 in gold. Instead of losing \$55 there would have been a profit of \$58. The remittance ran the risk of the paper depreciating instead of appreciating during the remittance. If the depreciation is very rapid few will take the risk of the remittance, and will still prefer gold.

## JOURNAL OF BANKING, CURRENCY, AND FINANCE.

### CITY BANK RETURNS THE PAST MONTH.

We give below our usual bank returns for the cities of New York, Boston, and Philadelphia. No important changes during the month are to be noted. The decrease in circulation will be found to have continued in New York and also in Philadelphia. This will go on undoubtedly until the decision in the Court of Appeals is made on the constitutional question whether greenbacks are legal tenders. Two cases have been argued this (June) term, and we shall probably know the opinion of the court at the next term in September.

#### NEW YORK BANKS.

NEW YORK BANKS. (*Capital, Jan., 1863, \$69,494,577; Jan., 1862, \$69,493,577.*)

Date.	Loans.	Specie.	Circulation.	Net Deposits.	Clearings.
January 3,....	\$173,810,009	\$35,954,550	\$9,754,355	\$159,163,246	\$186,861,762
" 10,.....	175,816,010	36,770,746	9,551,563	162,878,249	249,796,489
" 17,.....	176,606,558	37,581,465	9,241,670	164,666,003	314,471,457
" 24,.....	179,288,266	38,549,794	9,083,419	168,269,228	298,861,366
February 7,....	179,892,161	38,243,839	8,780,154	166,342,777	302,352,571
" 14,....	173,103,592	38,426,460	8,756,217	167,720,880	265,139,104
" 21,.....	178,335,880	37,981,310	8,752,536	170,103,758	291,242,929
" 28,.....	179,958,842	39,512,256	8,739,969	173,912,695	340,574,444
March 7,.....	181,098,322	39,705,089	8,693,175	174,689,212	344,484,442
" 14,.....	177,875,949	36,110,085	8,657,016	172,944,034	307,370,817
" 21,.....	173,829,479	33,955,122	8,609,723	167,004,166	277,831,351
" 28,.....	172,448,526	34,317,691	8,560,602	163,363,846	281,326,258
April 4,.....	173,038,019	34,257,121	8,348,094	160,216,418	287,347,704
" 11,.....	170,845,283	35,406,145	8,178,091	159,894,731	264,468,080
" 18,.....	169,132,822	36,761,696	8,039,558	164,122,146	259,417,565
" 25,.....	171,079,322	37,175,067	7,555,549	167,863,999	258,654,781
May 2,.....	177,364,956	36,846,528	7,201,169	167,696,916	355,557,732
" 9,.....	180,114,983	38,002,633	7,080,565	168,879,130	367,560,731
" 16,.....	180,711,072	38,556,642	6,901,700	168,879,130	353,346,664
" 23,.....	181,319,851	38,544,865	6,780,678	167,655,658	380,304,748
" 30,.....	181,825,856	37,692,634	6,494,375	166,261,121	307,680,918
June 6,.....	182,745,080	37,241,670	6,341,091	102,767,154	289,757,539
" 13,.....	180,808,823	37,884,128	6,210,404	159,551,150	302,377,276
" 20,.....	177,083,295	38,314,206	6,120,252	157,123,301	259,483,221

#### BOSTON BANKS.

BOSTON BANKS. (*Capital, Jan., 1862, \$-----; Jan., 1862, \$38,231,700.*)

Date.	Loans.	Specie.	Circulation.	Deposits.	Due to banks.	Due from banks.
Jan. 5,...	\$77,339,046	\$7,672,028	\$8,190,496	\$33,372,648	.....	.....
" 12,...	77,427,173	7,751,000	8,373,000	33,063,800	17,006,000	13,520,000
" 19,...	76,624,700	7,710,600	8,199,600	33,382,000	16,547,800	13,727,700
" 26,...	76,354,000	7,710,700	8,008,500	33,847,000	16,811,700	13,958,000
Feb. 2,...	76,496,800	7,685,000	8,865,000	34,076,800	16,889,000	14,490,000
" 9,...	78,421,000	7,707,000	8,074,000	35,178,600	16,932,000	14,138,000

Date.	Loans.	Specie.	Circulation.	Deposits.	Due to banks.	Due from banks.
" 16,...	78,481,000	7,794,000	8,001,000	34,908,000	17,070,700	14,095,500
" 23,...	78,782,600	7,624,000	8,002,000	34,965,500	17,331,000	14,583,800
Mar. 2,...	79,127,500	7,553,000	8,001,980	35,245,500	17,523,500	15,004,000
" 9,...	79,274,700	7,582,000	8,225,000	35,215,000	17,340,400	14,446,500
" 16,...	79,636,134	7,609,238	7,780,062	32,955,149	17,230,800	13,434,500
" 30,...	77,935,000	7,572,600	7,593,800	31,604,500	17,074,400	11,601,800
April 6,...	76,933,600	7,703,800	7,963,500	32,687,060	15,444,000	12,280,600
" 13,...	74,551,013	7,812,895	7,762,915	32,494,822	14,557,000	12,947,800
" 20,...	73,459,160	7,799,815	7,278,506	33,209,742	14,132,000	12,653,000
" 27,...	73,558,000	7,838,800	7,040,000	32,781,500	13,303,000	11,966,700
May 4,...	73,218,155	7,854,731	7,433,496	31,949,763	13,237,700	11,622,600
" 11,...	73,062,789	7,847,849	7,688,233	31,309,985	13,147,000	11,800,000
" 18,...	73,068,598	7,794,046	7,167,327	32,192,770	12,863,500	11,732,000
" 25,...	72,874,000	7,777,000	7,011,700	33,000,000	12,787,000	11,748,000
June 1,...	73,424,000	7,751,000	6,918,000	32,575,000	12,735,000	10,704,500
" 8,...	73,592,000	7,738,557	7,030,286	31,723,235	12,626,700	10,874,700
" 15,...	73,237,000	7,730,000	7,109,000	31,477,600	12,235,500	10,541,000
" 22,...	73,351,000	7,697,000	7,344,500	31,355,800	12,504,600	10,914,700

## PHILADELPHIA BANKS.

PHILADELPHIA BANKS. (*Capital, Jan., 1863, \$11,740,080; 1862, \$11,970,130.*)

Date.	Loans.	Specie.	Circulation.	Deposits.	Due to banks.	Due from banks.
Jan. 5,...	\$37,679,675	\$4,510,750	\$4,504,115	\$28,429,189	\$6,948,785	\$1,994,928
" 12,...	37,533,757	4,544,786	4,450,676	28,018,792	6,890,963	1,848,932
" 19,...	37,416,694	4,549,369	4,382,520	27,877,069	7,050,847	2,275,905
" 26,...	37,479,712	4,572,419	4,284,947	28,773,517	6,765,980	2,638,985
Feb. 2,...	37,268,894	4,562,580	4,181,503	29,231,753	6,698,210	2,909,857
" 9,...	37,336,387	4,319,706	4,039,918	28,062,164	6,953,215	2,518,036
" 16,...	37,710,851	4,272,347	3,888,185	28,759,049	7,452,563	2,432,078
" 23,...	37,720,460	4,276,761	3,772,781	29,342,596	7,413,249	2,703,196
Mar. 2,...	37,901,080	4,267,626	3,696,097	30,178,518	7,183,670	2,758,852
" 9,...	38,603,371	4,249,035	3,608,870	30,679,259	7,100,258	2,499,139
" 16,...	39,260,028	4,247,817	3,534,880	30,549,587	7,476,603	1,939,449
" 23,...	39,458,384	4,247,683	3,295,862	30,106,135	7,418,482	1,935,014
" 30,...	38,937,612	4,311,704	3,369,194	29,171,233	6,504,758	2,158,007
Apr. 6,...	37,516,620	4,339,252	3,374,417	29,531,559	5,768,558	2,770,129
" 13,...	36,250,402	4,343,242	3,296,685	30,117,527	5,953,809	3,014,229
" 20,...	36,295,644	4,343,988	3,185,042	31,059,644	5,306,809	3,018,727
" 27,...	36,482,058	4,346,377	3,078,921	31,021,799	5,448,124	2,559,868
May 4,...	36,587,294	4,355,324	2,989,428	30,859,231	5,328,898	2,891,087
" 11,...	36,593,179	4,359,365	2,901,600	30,949,781	4,975,939	2,542,792
" 18,...	36,887,301	4,357,119	2,866,121	31,892,308	4,640,623	2,536,279
" 25,...	37,116,993	4,357,169	2,808,109	32,455,953	4,623,392	2,480,714
June 1,...	37,143,937	4,357,021	2,706,953	31,888,763	4,707,278	2,363,548
" 8,...	37,157,769	4,357,076	2,649,283	31,549,339	4,645,712	2,313,744
" 15,...	37,228,627	4,357,025	2,621,998	31,648,959	4,914,425	2,892,278
" 22,...	37,219,216	4,356,744	2,596,115	31,293,830	4,868,495	2,065,913

## BANK OF ENGLAND.

The directors of the Bank of England raised their rate of discount from 3 to 3½ per cent on Saturday the 16th of May, and made a further advance to 4 per cent on Thursday, the 21st of May. The rates in the open market had been for some days above the Bank minimum.

The following comparative table will be found of interest, affording, as it does, a view of the bank returns, the Bank rate of discount, and the price of wheat in London during a period of three years, corresponding with the date of our last returns, June 6 :

At corresponding dates with the week ending  
June 6, 1863.

	1861.	1862.	1863.
Circulation, including bank post bills...	£20,485,865	£21,515,248	£21,009,392
Public deposits.....	7,219,540	7,518,009	8,779,387
Other deposits.....	10,714,028	13,188,136	18,896,450
Government securities.....	9,916,605	10,335,491	11,151,395
Other securities.....	19,862,603	19,409,373	21,140,649
Reserve of notes and coin.....	6,550,122	9,286,183	8,607,188
Coin and bullion.....	11,940,817	15,486,723	14,425,553
Bank rate of discount.....	6 per cent.	3 p. cent.	4 per cent.
Average price of wheat.....	55s. 5d.	55s. 2d.	46s. 5d.

Subjoined is our usual table with the returns brought down to June 3d, 1863:

WEEKLY STATEMENT.

Date.	Circulation.	Public Deposits.	Private Deposits.	Securities.	Coin and Bullion.	Rate of Discount.
Dec. 17...	£19,932,360	£8,507,144	£14,033,994	£30,539,363	£15,031,658	3 pr. ct.
" 24...	20,150,398	8,654,499	14,306,497	31,346,731	14,870,795	3 "
" 31...	20,516,435	8,338,717	15,469,254	32,488,020	14,956,421	3 "
Jan. 7...	20,927,993	8,782,308	14,393,308	32,620,233	14,635,555	3 "
" 14...	21,018,849	4,280,730	16,772,782	31,165,075	14,102,169	4 "
" 21...	20,893,931	4,965,798	14,993,225	30,227,066	13,855,849	4 "
" 28...	20,771,236	5,416,863	14,414,763	30,238,865	13,611,823	5 "
Feb. 4...	20,709,154	6,351,617	13,352,287	29,997,233	13,692,136	5 "
" 11...	20,444,454	6,952,808	13,596,356	30,288,406	14,070,651	5 "
" 18...	19,916,496	7,413,275	13,769,276	29,890,503	14,589,222	4 "
" 25...	19,715,828	7,901,658	13,367,153	29,709,079	14,614,096	4 "
Mar. 4...	20,322,055	8,086,003	13,368,086	30,880,805	14,504,517	4 "
" 11...	19,801,665	8,673,899	13,282,605	31,096,327	14,328,178	4 "
" 17...	20,012,331	9,343,499	13,003,088	31,482,170	14,547,812	4 "
" 24...	20,136,276	10,364,471	12,742,282	31,896,338	15,025,274	4 "
Apr. 1...	20,965,228	10,107,041	13,172,090	32,775,752	15,141,755	4 "
" 8...	21,279,339	6,714,109	14,829,832	30,946,784	14,963,835	4 "
" 15...	21,326,320	5,769,275	15,013,391	29,974,677	15,229,237	4 "
" 22...	21,413,226	6,316,413	14,739,897	30,132,533	15,387,151	3 "
" 29...	21,452,800	7,178,312	13,606,939	29,994,549	15,348,492	3½ "
May 6...	21,376,999	7,241,739	13,122,087	29,718,602	15,141,760	3 "
" 13...	21,252,916	6,735,137	13,727,556	30,201,120	14,653,141	3 "
" 20...	21,268,315	7,610,278	13,983,654	31,484,815	14,529,451	4 "
" 27...	20,909,819	8,002,346	13,842,718	31,412,190	14,500,019	4 "
June 3...	21,009,892	8,779,387	13,896,450	32,389,044	14,425,553	4 "

FINANCES OF NEW YORK CITY.

CONTROLLER'S ANNUAL REPORT.

The annual report of the Controller in relation to the finances of the Corporation, was submitted by Mr. BRENNAN to the Common Council, at the meeting of the two Boards, June 25, 1863.

OPERATIONS AND CONDITION OF THE TREASURY.

The amount of money in the City Treasury December 31, 1861, as stated in the Controller's annual report, for 1861, page 7, was.....	\$2,798,552 38
The receipts into the treasury from all sources during the year 1862, as stated on page —, amounted to.....	15,762,277 22
Total.....	\$18,560,829 60

The amount of warrants on the Treasury paid by the Chamberlain, and by him returned to the Controller in 1862, as stated on page —, was.....	\$16,827,477 45
Deduct amount refunded on various accounts, as detailed on page —,.....	559 57
	<hr/> \$16,826,917 88
Balance remaining in Treasury, December 31, 1862, as stated in the Chamberlain's report, page —,.....	\$1,733,911 72

## SUMMARY OF RECEIPTS.

The receipts on City Treasury were:—

General Fund.....	\$1,226,375 98
Taxes.....	5,154,176 35

## LOANS.

Revenue Bonds of 1862.....	1,034,800 00
Assessment Fund Bonds 1865.....	100,000 00
Street Improvement Fund Redemption Bonds of 1865..	600,000 00
Union Defense Fund Redemption Bonds of 1864.....	895,570 00
Volunteer Soldiers' Family Aid Fund Bonds, No. 2....	500,000 00
Volunteer Soldiers' Family Aid Fund Bonds, No. 3....	500,000 00
Volunteer Soldiers' Bounty Fund Bonds.....	500,000 00
Volunteer Soldiers' Family Aid Fund Bonds No. 4....	43,100 00
Croton Water Stock of 1883.....	250,000 00
Central Park Improvement Fund Stock of 1876.....	604,600 00

The following were the principal items of receipts on trust and special accounts:

Assessment Fund.....	\$668 217 91
Central Park Fund.....	5,815 12
Central Park Improvement Fund.....	9,990 00
Croton Water Works Extension and New Reservoir....	16,908 43
Interest on Assessment.....	136,912 72
Lands purchased for Taxes and Assessments.....	21,133 30
Street Improvement Fund.....	783,465 31
Volunteer Soldiers' Aid Fund.....	502,302 50
Union Defense Fund.....	37,636 54
Old books account.....	11,547 37

Making a total with other items .....	\$2,219,903 92
---------------------------------------	----------------

## THE SINKING FUND.

The Sinking Fund for the Redemption of the City Debt,	853,228 48
The Sinking Fund for the Payment of Interest on the City Debt.....	1,280,522 49

Total receipts.....	\$15,762,277 22
---------------------	-----------------

## SUMMARY OF DISBURSEMENTS.

The disbursements for all purposes were as follows:

<i>On City Account.</i> —For the support of the City Government, &c.....	\$6,924,596 58
--	----------------

<i>Loans.</i> —Revenue Assessment, Union Defense Fund, and Volunteer Soldiers' Family Aid Fund Bonds.....	\$2,967,000 00
<i>Trust and Special Accounts Assessments.</i> —Assessment Fund.....	\$666,995 87
Charges on Arrears of Taxes.....	777 89
Central Park Improvement Fund.....	630,641 64
Croton Water Works Extension and New Reservoir....	397,566 70
Interest on Assessments.....	147,209 99
Street Improvement Fund.....	614,422 86
Volunteer Soldiers' Bounty Fund.....	489,648 22
Volunteer Soldiers' Family Aid Fund.....	1,248,667 81
And other items, making a total of.....	\$4,222,766 26

## THE SINKING FUNDS.

The Sinking Fund for the Redemption of the City Debt..	\$1,465,449 31
The Sinking Fund for Payment of Interest on the City Debt.....	1,245,082 94
	<u>\$2,710,532 25</u>
Total payments.....	\$16,826,917 88

## AGGREGATE APPROPRIATIONS AND EXPENDITURES ON CITY ACCOUNT.

The following table exhibits the aggregate amount of appropriations and expenditures on city account, for and during the years stated :

	Appropriations.	Expenditures.
1858, Dec. 31, balance...	\$988,805 66	.....
1859.....	6,864,667 06	\$6,681,852 94
1860.....	6,571,965 09	6,413,420 22
1861.....	6,837,315 36	6,733,505 35
1862.....	6,248,164 24	6,907,936 36
Appropriations.....	\$27,510,917 41	\$26,736,714 87
Expenditures.....	26,736,714 87	
Balance.....	<u>\$774,202 54</u>	

The necessary means to defray the ordinary expenses of the city government are derived from the following sources, viz.:

1. The general fund, which comprises all the revenues of the corporation, except such as have been specially appropriated and pledged to the sinking funds.

2. The annual taxes, which are included in the general levy made by the Board of Supervisors, for State, county, and city purposes.

The practice of aggregating all the unappropriated revenues under one head, entitled the "General Fund," which was commenced in 1859, (see Controller's annual report for that year, page 23,) has since been recognized and confirmed by law.

## VALUATIONS OF PROPERTY.

By the annual return of the Commissioners of Taxes and Assessments to the Board of Supervisors, the aggregate valuations of property within

the city and county, as assessed for taxes, in and for the year 1862, was as follows :

Real estate .....		\$399,556,404
Personal estate, viz.:		
Belonging to residents.....	\$161,635,344	
Belonging to non-residents.....	10,780,687	
		<u>172,416,031</u>

Total, as reported by the Commissioners..... \$571,972,435

The rates and amounts of taxes ascertained by the Board of Supervisors to be necessary to be imposed for 1862 was as follows :

FOR THE USE OF THE STATE.

For common schools .....	\$428,309 10	
For canals, volunteer militia, and general purposes.....	1,784,621 24	
		<u>\$2,212,930 34</u>
For county purposes, including the support of police .		2,442,652 00
For city purposes.....		4,962,226 38
		<u>\$9,617,808 72</u>
Amount required for the payment of appropriations...		\$9,617,808 72
To supply deficiencies in the product of the levy, as per section 6 of chapter 293 of the laws of 1861...		<u>288,462 38</u>

Total amount required to be levied..... \$9,906,271 10

The amount of the yearly taxes levied in this county during the last four years was as follows :

	For the use of the corporation.	For county and State purposes.	Total.
1859.....	\$6,546,034 11	\$3,314,891 98	\$9,860,926 09
1860.....	6,085,448 60	3,673,059 26	9,758,507 86
1861.....	6,713,293 40	4,914,338 88	11,627,632 28
1862.....	5,111,056 08	4,795,215 02	9,906,271 10
	<u>\$24,455,832 19</u>	<u>\$16,697,505 14</u>	<u>\$41,153,337 33</u>

TAXES ON PERSONAL ESTATE.

The amount of personal estate annually assessed for taxes in this county is only about thirty per cent of the aggregate valuations of taxable property, as will be seen by the following statement :

	Real estate.	Personal estate.
1859 .....	\$379,051,530	\$172,971,192
1860 .....	398,533,619	178,697,037
1861 .....	406,882,790	174,624,306
1862 .....	399,551,314	172,416,031

There has been received, in part payment for arms and munitions furnished for the use of the United States through the Union Defense Committee, the sum of.. \$106,251 79

Less—Amount of expenditures on account of the Union Defense fund, in excess of the \$1,000,000 borrowed in 1861, upon Union Defense fund bonds..... 1,822 00

Total ..... \$104,429 79

## DEBT OF THE CORPORATION.

The aggregate funded and temporary indebtedness of the corporation, at the close of the year 1862, as stated in the Controller's report for that year, page 73, was.... \$25,599,244

The amount of stocks and bonds issued in 1862, was.... 5,021,070

---

Total ..... \$30,627,314

The amount redeemed and cancelled in 1862, was as follows, viz :

Revenue bonds of 1861.....	\$390,300	
Revenue bonds of 1862.....	851,200	
Assessment bonds.....	295,600	
Union Defense fund bonds.....	1,000,000	
Volunteer Soldiers' Family Aid fund bonds, No. 1.....	500,000	
Public building stock, No. 3.....	50,000	
Public stock for rebuilding Tompkins Market.....	17,000	
Water stock of 1858.....	4,300	
Water stock of 1860.....	27,272	
		<hr/>
		3,135,672 00

Total amount, December 31, 1862 ..... \$27,491,642 00

The sinking fund for the redemption of the city debt, on December 31, 1862, amounted to.....	\$7,227,835 12
On December 31, 1858, it was.....	2,698,021 19

---

Increase in four years..... \$4,529,813 93

It will be seen from the above, that while the debt has been increased the means of paying the same have also been increased in nearly the same ratio.

## NATIONAL BANKING ASSOCIATIONS.

## CIRCULAR OF INSTRUCTIONS WITH FORM FOR USE OF THOSE DESIRING TO ESTABLISH NATIONAL BANKS.

We gave last month the substance of the form prepared at the United States Treasury Department, for the use of those persons who propose to associate in the establishment of National Banking Associations. Since then we have received a copy of the circular in full, and give it below, and we think it will be found to contain all the information needed by any desiring to organize an association under the act:

TREASURY DEPARTMENT, OFFICE OF THE }  
CONTROLLER OF THE CURRENCY, }  
WASHINGTON, —, 1863. }

For the instruction and guidance of those who may desire to form Banking Associations under the act entitled "An act to provide a National Currency, secured by a pledge of United States stocks, and to provide for

the circulation and redemption thereof," approved February 25, 1863, the following information is given:

1. The corporate name of these associations will be National Banks, and they will be designated as the First, Second, Third, etc., etc., National Bank of the place in which they may be located. Even where there is but one in a particular town, and no prospect of another, it will still be designated as the First National Bank.

2. Before a certificate is given by the controller authorizing an association organized under this law to commence the business of banking, according to the provisions of the 10th section of the act, such association will be required to transfer and deliver to the Treasurer of the United States interest-bearing bonds to an amount equal to not less than one-third of its capital stock paid in. Neither Certificates of Indebtedness,  $7\frac{5}{16}$  Treasury Notes, nor any other evidence of temporary loan, are regarded as the "bonds" contemplated by the 4th section of the act.

3. On the certificate of each bond to be deposited with the Treasurer, as the basis of the National Currency to be issued thereon, there must be written or printed (to be signed by the president or cashier of the association depositing the same) substantially the following words:

"This bond is deposited with the Treasurer of the United States by the [here insert the No.] National Bank at [here insert the name of the place] in trust for said bank, and to secure the redemption and payment of the notes delivered to said bank, under the act of Congress entitled 'An act to provide a National Currency, secured by a pledge of United States stocks, and to provide for the circulation and redemption thereof,' approved February 25, 1863."

A description of the bonds just deposited will be entered upon the books of the Treasurer and on the books of the Controller, and the bonds will be kept in the fire-proof vaults of the Treasury.

With these precautions on the part of the National Banks and the proper officers of the government, it is difficult to conceive of any contingency by which any loss or injury can result to the owners of bonds by reason of their having been deposited with the Treasurer.

4. The United States bonds held by the National Banks, and that part of their capital invested in these bonds, are, it is understood, exempt from National and State taxation. For the amount of National tax to which they will be subject on their circulation, and on their profits, and for license, reference is made to the laws of Congress relating to the internal revenue. The 19th section of the act is superseded by the 7th section of an act to provide ways and means for the support of the government, approved March 3, 1863.

5. Circulating notes of the highest style of engraving, and printed on the best quality of paper, will be furnished to the National Banks at the expense of the government, under the provisions of the act, at the earliest day practicable, and in the order in which the banks are organized. The notes will first be supplied to the associations organized under the act; and inasmuch as serious doubts seem to be entertained in regard to the power of Congress to enlarge or in any way to affect the privileges of corporations created by State authority, it may be deemed best to have these doubts removed by the opinion of the Attorney-General, or the decision of a competent court, before the National Currency is furnished to existing State banks, under the 62d section of the act.

6. Except in special cases, which in the judgment of the Controller, may render an actual examination necessary, the statement, under oath, of the president and cashier and a majority of the directors of the respective National Banks, setting forth the place of residence of the directors, and the amount of stock held and owned by each—the amount of capital actually paid in, and the fact that the requirements of the act have been fully and in good faith complied with—will be considered sufficient evidence to entitle the association to commence the business of banking; and on the receipt of such statement the Controller will give to the associations respectively the certificate contemplated by the 10th section of the act.

7. It is of the highest importance that in the organization of associations the requirements of the 6th section of the act should be fully complied with.

The right of a partner to seal and acknowledge for a copartner is at least questionable. It is therefore important, if partners unite in the preliminary certificate for the organization of a National Bank, that they should sign, seal, and acknowledge the same individually, and not as copartners. It is also desirable that the same rule should be observed in the articles of association.

8. The act provides that the preliminary certificate, with a copy of the articles of association which shall have been adopted, shall be forwarded to the Controller, etc. This would seem to indicate that these instruments should bear date about the same time, and, as near as may be, be concurrent acts.

9. Section 11 of the act seems to require that the articles of association should limit or fix the time for which the association is to continue. The copy of the articles to be forwarded to the Controller should be certified to by some officer of the association as being a true copy.

10. The oath required to be taken and subscribed by the directors, duly certified by the officer administering the same, must be forwarded to the Controller before the certificate contemplated by the 10th section will be given. Whenever a new director or directors are elected, the oath taken and subscribed by him or them, and duly certified must also be forwarded to the Controller.

11. All erasures and interlineations are to be carefully avoided in the preliminary certificates and articles of association.

12. The names of the associates should be written in full in the preliminary certificate and articles of association.

13. The original articles of association will require a five-cent stamp for each sheet of paper used, and the preliminary certificate a five-cent stamp.

14. Form of preliminary certificates, of articles of association, and of certificates to entitle the associations to commence the business of banking, will be furnished at this office. Forms of reports will also be furnished in due time.

#### GENERAL FORM OF ARTICLES OF ASSOCIATION.

Articles of association entered into by and between the undersigned, for the purpose of organizing a banking association, to carry on the business of banking under the act of Congress, entitled "An act to provide a National

Currency, secured by a pledge of United States stocks, and to provide for the circulation and redemption thereof;" approved February 25, 1863.

1. The name and title of this association shall be, The — National Bank of —.

2. The place of business of this association shall be at — in the State of —.

3. The board of directors of this association shall consist of — stockholders. The first meeting of the stockholders for the election of directors, shall be held at —, on the — day of —, 186—.

4. The regular annual meetings of the stockholders for the election of directors, shall be on the second Tuesday of January of each year; but if for any cause an election shall not be held on that day, it may be held on some other day, according to the provisions of the 40th section of the act.

5. The capital stock of this association shall be — thousand dollars; but the same may be from time to time increased, subject to the limitations of the act, to any sum not exceeding — dollars; and in such increase of capital each stockholder shall have the privilege of subscribing for such number of shares of the proposed increase of stock as he may be entitled to, according to the number of shares owned by him before the increase is made.

The shares of stock shall be one hundred dollars each.

6. The board of directors (two-thirds of whom shall be a quorum to do business) shall elect one of their number to be president, who shall hold his office, (unless he should become disqualified, or be sooner removed by a two-thirds vote of all the members of the board,) for the term for which he was elected a director; and they shall have power to appoint a cashier, and such other officers and clerks as may be required to transact the business of the association; to fix the salaries to be paid to them, and to define their respective duties; and to continue them in office or to dismiss them, as, in the opinion of a majority of the board, the interest of the association may demand. The board of directors shall, by their by-laws, specify by what officers of the association, or committees of the board, the regular banking business of the association shall be transacted, but no loan on real and personal security shall be made without the consent thereto of a majority of the directors.

The board of directors shall also have power to require bonds from the officers of the association, and to fix the penalty thereof; to regulate the manner in which elections of directors shall be held, and to appoint judges of the elections; to provide for an increase of the capital stock of this association, and the manner in which the increase shall be made; to make all by-laws that may be required to regulate the business of the association, and generally to do and perform all acts which are proper to be done by a board of directors, which are not inconsistent with these articles of association, and subject to the limitations and restrictions of the act of Congress under which this association is organized.

7. This association shall continue for the period of nineteen years, unless sooner dissolved by the act of a majority of the stockholders thereof.

8. These articles of association may be changed or amended at any time by a vote of stockholders owning a majority of the stock of the association, and any three stockholders may call a meeting of the stockholders for this purpose.

[Here should follow names of associates.]

## SOUTHERN POSTAL REVENUES.

The expenditures of the Post-office Department for the year which ended June 30, 1862, were.....	\$2,924,290 48
The receipts for the same period were.....	1,911,189 05
Excess of expenditure over receipts.....	\$1,013,101 43
The law increasing postage to a uniform rate of ten cents a letter went into operation on the 1st July, 1862.	
The expenditures for the next succeeding quarter, ending September 30, 1862, were.....	\$789,571 77
Receipts for same quarter.....	717,191 60
Excess of expenditures over receipts.....	\$71,380 17
The receipts for the next succeeding quarter, ending December 31, 1862, were .....	772,776 27
Expenditures for same quarter.....	657,745 45
Excess of receipts for this quarter over the expenditures.....	\$115,020 82
The total receipts for the first six months of the present fiscal year .....	\$1,489,957 87
Total expenditures for same period.....	1,447,317 22
Excess of receipts over expenditures.....	\$42,640 65

In connection with the foregoing statement, we may mention that the Post-office Department has succeeded in procuring the manufacture, in this city, of a very handsome twenty-cent stamp. This stamp presents a very excellent likeness of General WASHINGTON, and is in all respects a credit to the engravers. The department is now filling orders for stamps of this denomination, which will increase the convenience of paying postage on double letters and packages, and will be found useful in the absence of specie and small notes as change.

## APPROPRIATIONS OF THE LAST SESSION OF CONGRESS.

The following is the official recapitulation of the appropriations made at the last session of Congress:

Legislative executive, judicial, and miscellaneous.....	\$12,478,445
Deficiencies for the legislative, executive, etc.....	1,093,252
For the support of the army.....	729,861,898
Deficiency for the support of the army.....	108,732,745
Fortifications.....	6,850,000
Naval service.....	89,848,205
Post-office Department.....	12,930,000
Diplomatic and consular.....	1,260,544
Invalid and other pensions.....	7,685,300
Indian Department.....	2,131,885
Military Academy.....	183,394
Total.....	\$973,055,670

## COMMERCIAL REGULATIONS.

### DECISIONS OF TREASURY DEPARTMENT UNDER THE TARIFF ACT OF JULY 14, 1862.

THE following decisions have been made by the Secretary of the Treasury, of questions arising upon appeals by importers from the decisions of collectors, relating to the proper classification, under the tariff act of July 14, 1862, of certain articles of foreign manufacture and production entered at the ports of New York and San Francisco :

#### FLAX YARN.

*Treasury Department, May 8, 1863.*

SIR: MESSRS. SHAW & COFFIN have appealed from your decision assessing duty, at the rate of 35 per cent ad valorem, on certain "flax yarn" imported by them per "St. Andrew" and "Kersenese."

MESSRS. SHAW & COFFIN claim to enter the article in question as "imported yarn of flax and jute, which we have always understood to be 20 per cent duty."

Under the 4th subdivision of section 14 of the act of March, 1861, a duty of 30 per cent is imposed; and under the 5th subdivision of section 10 of the act of July 14, 1862, an additional duty of 5 per cent is levied on "all other manufactures of flax, or of which flax shall be the component material of, chief value, and not otherwise provided."

It thus appears your decision was strictly in accordance with the existing tariffs, and it is hereby affirmed.

I am, very respectfully,

GEO. HARRINGTON, *Acting Sec. of the Treasury.*

HIRAM BARNEY, *Collector, &c., N. Y.*

#### CERTAIN BOOKS AND TRACTS.

*Treasury Department, May 14, 1863.*

SIR: I have had under consideration your report on the application of WM. WARDLAW, Esq., for the admission, free of duty, of certain "books and tracts" imported by the Protestant Episcopal Society of New York city, for distribution among the Jews.

I do not consider books or other goods, imported by any society for the purpose of distribution, as coming within the provisions of the 23d section of the tariff act of March 2, 1861, admitting free of duty books and other articles "specially imported, in good faith, for the use of any society incorporated or established for philosophical, literary, or religious purposes," etc.

You will please notify Mr. WARDLAW to that effect, and return to him the papers which are herewith transmitted.

Very respectfully,

S. P. CHASE, *Sec. of the Treasury.*

HIRAM BARNEY, Esq., *Collector, New York.*

## WIDTH OF SILK VELVETS.

*Treasury Department, May 16, 1863.*

SIR: I have considered the appeal of C. GIGNOUX & Co. from your decision assessing duty, at the rate of 40 per cent, on certain "silk velvets" imported by them.

The appellants claim that the velvets measure  $19\frac{1}{2}$  inches in width, including the selvage, and thereby cost less than \$3 per square yard, and are subject, under section 2 of the tariff act of August 5, 1861, to 30 per cent duty.

The appellants further state, that the selvage of the velvets in question is of no greater width than is absolutely necessary to make the article complete and merchantable.

The question in this case is limited to the consideration—whether the selva should be computed in ascertaining the square yard. If it should be, then the velvets cost below \$3 per square yard, and are subject to 30 per cent duty. If it should not be, then they cost more than \$3 per square yard, and are subject to 40 per cent duty.

Woolen manufactures pay by weight, including the selvage or list, and yet list is no more broadcloth than selvage is velvet; besides, if the selvage is not subject to velvet, it would pay no duty, according to the course pursued in the measurement by the appraisers at your port, and yet it is a manufacture of which silk is the article of chief value.

I am of the opinion that the selvage, being manufactured, and bought and sold with the velvet, is an integral part of the fabric, and should be included in computing the width to ascertain the square yard.

Your decision is overruled.

Respectfully,

S. P. CHASE, *Sec. of the Treasury.*

HIRAM BARNEY, Esq., *Collector, New York.*

## AMERICAN-GROWN COTTON—NOT IDENTIFIED.

*Treasury Department, May 20, 1863.*

SIR: I have considered the appeal of ROBERT ROY from your decision assessing duty, at the rate of one-half cent per pound, on certain "cotton" imported by him, per ship "Prince Imperial," from Havre.

The appellant claims "that under existing laws said cotton is not liable to any duty, because said cotton is of American growth, and was lawfully imported into Havre, and being now brought back, is entitled to free entry as American-grown cotton."

The act of March 2, 1861, exempts from duty "goods, wares, and merchandise, the growth, production, or manufacture of the United States, exported to a foreign country and brought back to the United States in the same condition as when exported, upon which no drawback or bounty has been allowed: Provided, That all regulations to ascertain the identity thereof prescribed by existing laws, or which may be prescribed by the Secretary of the Treasury, shall be complied with."

In the case under consideration there is no evidence that the provisions of the law, and the regulations of this department in relation to the identification of the goods have been complied with, or that any attempt to do so has been made.

Under these circumstances, your imposition of duty at the rate of one-half cent per pound, under section 8 of the tariff act of July 14, 1862, was perfectly regular.

Your decision is hereby affirmed.

I am, very respectfully,

S. P. CHASE, *Sec. of the Treasury.*

HIRAM BARNEY, Esq., *Collector, New York.*

COTTON BAGGING.

*Treasury Department, May 20, 1863.*

SIR: MESSRS. BOALER & BLOOMFIELD have appealed from your decision assessing duty, at the rate of 35 per cent ad valorem on certain "cotton bagging" imported by them, and allege that "the tariff distinctly states that it is to be 3 cents per square yard."

"Cotton bagging" is commercially known and understood to apply exclusively to articles used and suitable to be used for the baling of cotton, without reference to material; and this the phraseology of the law clearly indicates.

The article in question is a manufacture of cotton, and doubtless may be used, as the appellants state, by sugar refiners; it is not, however, known as "cotton bagging," nor is it used for the same general purposes as "cotton bagging," being wholly unfit in material and strength.

Section 14, third subdivision, of the tariff act of March, 1861, levies a duty of 30 per cent, and section 10, fourth subdivision, of the tariff act of July 14, 1862, imposes an additional duty of 5 per cent "on all manufactures composed wholly of cotton bleached, unbleached, printed, painted, or dyed, not otherwise provided for."

Under this classification you have assessed the duty, and your decision is hereby affirmed.

I am, very respectfully,

S. P. CHASE, *Secretary of the Treasury.*

HIRAM BARNEY, *Collector, etc., N. Y.*

GRAPE TRIMMINGS.

*Treasury Department, May 20, 1863.*

SIR: MESSRS. W. H. HORSTMAN & SONS have appealed from your decision assessing duty, at the rate of 40 per cent ad valorem, on certain "grape trimmings" imported by them, and allege "that the silk contained in the goods forms but a small portion of their value, and claim that they are subject to 35 per cent only."

The article in question appears to be one well known and understood by the experts of the customs as "silk and cotton trimmings," of which silk is the component material of chief value, and therefore subject, under section 2 of the tariff act of August 5, 1861, to 40 per cent duty, assessed on "all manufactures of silk, or of which silk shall be the component material of chief value, not otherwise provided for."

Your decision is affirmed.

I am, very respectfully,

S. P. CHASE, *Secretary of the Treasury.*

HIRAM BARNEY, Esq., *Collector, &c., N. Y.*

## BAR IRON, ROLLED OR HAMMERED.

*Treasury Department, May 20, 1863.*

SIR: MESSRS. CORNELL & NIGHTINGALE have appealed from your decision assessing duty at the rate of 20 per cent, and \$5 per ton, on certain iron imported by them per steamer "City of Manchester," and claim to enter it at 20 per cent ad valorem, and \$3 per ton, under the first subdivision of section 3 of the tariff act of July 14, 1862, which provides an additional duty—

"On bar iron, rolled or hammered, comprising flats not less than one inch or more than seven inches wide, nor less than one-quarter of an inch or more than two inches thick; rounds not less than one-half an inch, nor more than four inches in diameter; and squares not less than one-half an inch, nor more than four inches square, not exceeding in value the sum of \$50 per ton, \$2 per ton; exceeding in value the sum of \$50 per ton, \$3 per ton." The first subdivision of the 7th section of the tariff act of March 2, 1861, levies a duty of \$15 per ton on iron of the foregoing descriptions, providing, however, that it shall not pay a less rate of duty than 20 cent ad valorem, and the 3d section (above quoted) of the act of July 14, 1862, provides an additional duty of \$2 per ton on such iron, not exceeding in value the sum of \$50 per ton, and \$3 per ton if exceeding in value \$50 per ton.

The appraisers at your port have advised you that their opinion in regard to the interpretation of the first subdivision of section 3 of the act of July 14, 1862, by which the duty of 20 per cent ad valorem and \$5 per ton, was exacted on certain iron, was given on a misconception of the phraseology of the law, and in error, and you report a concurrence in their present views.

It appears therefore, that the iron imported by MESSRS. CORNELL & NIGHTINGALE is entitled to entry at 20 per cent under the act of 1861, and \$3 per ton additional under the act of 1862, and you will so admit it.

I am, very respectfully,

S. P. CHASE, *Sec. of the Treasury.*

HIRAM BARNEY, Esq., *Collector, &c., N. Y.*

## BUTTON STUFF.

*Treasury Department, May 20, 1863.*

SIR: MESSRS. WILLISTON, KNIGHT & Co. have appealed from your decision assessing duty, at the rate of 35 per cent ad valorem on certain goods imported by them, classified by you as "manufactures of worsted, cotton, and silk, (silk not chief value,)" and claim to enter them at 10 per cent ad valorem, under the clause in section 6 of the tariff act of July 14, 1862, as follows:

"Lastings, mohair cloth, silk, twist, or other manufacture of cloth woven or made in patterns of such size, shape, and form, or cut in such manner as to be fit for shoes, slippers, boots, bootees, gaiters, and buttons, exclusively, not combined with India rubber."

The law declares that the goods must be fit for certain uses named "exclusively," and by a previous decision of this department the goods must be "in strips or patterns of the size and shape, etc.," to be entitled to entry at ten per cent under above classification.

Samples of the goods imported by MESSRS. WILLISTON, KNIGHT & Co.

have been submitted to the experts of the customs, and also to this department, and have been carefully examined.

I am of opinion that the goods in question are not woven or made, or cut in such sizes and shapes as to render them fit for the manufacture of buttons exclusively, but are fit for other purposes, and therefore do not come within the classification entitling them to entry at 10 per cent ad valorem.

Your decision is hereby affirmed.

I am, very respectfully,

S. P. CHASE, *Sec. of the Treasury.*

HIRAM BARNEY, Esq., *Collector, &c., N. Y.*

CREAM OF TARTAR.

*Treasury Department, May 8, 1863.*

SIR: I have had under consideration the appeal of MESSRS. DONNALLY & Co. from your decision assessing duty, at the rate of ten cents per pound, under section 5 of the tariff act of July 14, 1862, on certain "cream of tartar" imported per ship "New Ed," from Hamburg.

The appellants allege that the article in question is "crude tartar," and subject, under the above section, to duty at the rate of six cents per pound.

Samples of the article have been submitted to the experts of the customs, and also to practical chemists, all of whom agree in the opinion that it is unquestionably "cream of tartar," and not "crude tartar," as alleged by the appellants.

Your decision is hereby affirmed.

I am, very respectfully,

GEO. HARRINGTON, *Acting Sec. of the Treasury.*

IRA P. RANKIN, Esq., *Collector, San Francisco.*

FRAUDS UPON THE REVENUE, ETC.

WE have received from the Department of State the following Circular to Consular Officers of the United States:

*Department of State, Washington, April 27, 1863.*

*To the Consular Officers of the United States:*

"An act, approved March third, eighteen hundred and sixty-three, to prevent and punish frauds upon the revenue, to provide for the more certain and speedy collection of claims in favor of the United States, and for other purposes," was passed at the last session of Congress, a printed copy of which, in a newspaper, has heretofore been sent to you; it will also be found in the volume containing the Statutes at Large, passed at the third session of the thirty-seventh Congress, which has also been transmitted to you.

At the instance of the Secretary of the Treasury I have to direct your careful attention to the first section of this act, which makes important changes in the mode of verifying invoices. You will also observe that the fourteenth section of this act repeals the seventeenth section of the act entitled "An act increasing temporarily the duties on imports, and for other purposes," approved July fourteenth, one thousand eight hundred and sixty-two, to which your attention was directed by circulars

numbers seventeen and twenty-nine of this department. Such parts of these circulars as relate especially to this section are, in consequence of its repeal, rescinded.

In executing the provisions of the act first above-mentioned you will carefully observe the following instructions, which have been prepared, after consultation with the Secretary of the Treasury, for your information and guidance.

You will notice that the first section of the act requires that all invoices of goods, wares, and merchandise imported from any foreign country into the United States shall be made in triplicate, and signed by the person or persons owning or shipping said goods, wares, or merchandise, if the same have actually been purchased, or by the manufacturer or owner thereof, if the same have been procured otherwise than by purchase, or by the duly authorized agent of such purchaser, manufacturer or owner. These triplicates are to be regarded as *parts* of one and the same invoice, and a fee of two dollars and fifty cents is to be charged for the consular certificate. The Declaration required by this act is to be indorsed upon the invoice, or annexed thereto in such a manner as that no other invoice can be substituted for the original paper. The Declaration is substituted for the oath heretofore required by law. The oath is no longer required.

*Secondly.* "The place of shipment of merchandise is the place where it has been manufactured or prepared for exportation, and at which its journey to the United States commences, and is not necessarily the place where it is actually put on board ship. Thus, goods manufactured at Manchester or Lyons, which are put on board ship at Liverpool or Havre, respectively, or elsewhere, are to be considered as shipped at Manchester or Lyons, and the invoices must be presented to the consuls at those places, respectively.

But there are classes of merchandise which are brought to a certain condition at one place, and are sent to a second to receive some change in character or value, and which, when perfected, are taken to the great centers of trade, as London, Liverpool, and Havre, where they are invoiced and shipped abroad. The invoices of such goods may be presented to the consuls at the places, respectively, where they are shipped on board of vessels, and may be certified by them, subject to a wise discretion, which is always to be exercised by consular officers.

*Thirdly.* The parts of invoices retained by consular officers for the purpose of being transmitted to the collector of the port in the United States at which it is declared the entry is to be made, should be forwarded to the collector, in one package, by the master of the vessel in which the shipment is made. Consuls resident in the interior, where goods are purchased, as at Manchester or Lyons, will, in like manner, transmit the parts of invoices perfected by them, and intended for the collector, to the consul at the port of shipment, which is to be designated in such invoices, with a descriptive list, so that he may be able to compare it with the ship's manifest before taking the master's receipt, agreeably to the Form hereto annexed, on the delivery of the invoices at the same time with the ship's papers. If, from any cause, the parts of invoices to be sent to the collectors of customs are not sent by the ship or vessel in which the shipment is made, such packages are to be forwarded to the collector of the port indicated in such invoices by the first mail, the postage to be prepaid, if possible, by the consul.

The parts of invoices retained for the purpose of being filed in the consulate should be carefully numbered, dated, and indorsed with the names of the persons by whom, or in whose behalf, the declarations thereon were made, and be scrupulously preserved.

Consuls, at ports where the goods are shipped on board of vessels, will take care to fasten the parcels transmitted to the collectors of customs with tape, and seal them with wax, on which is to be impressed the consular seal, so that the integrity of the package may be verified by the collectors when they shall be delivered.

As goods, wares, and merchandise, arriving in ports of the United States unaccompanied by the triplicates of invoices, are required by the act of March third, one thousand eight hundred and sixty-three, to be withheld from entry, the importance of a very careful observance of these instructions, in respect to the transmission of the invoices of the goods by the masters of the vessels on board which they are shipped, is manifest, in order to avoid serious loss, delay, and expense.

*Fourthly.* In view of the frauds upon the customs—which there is reason to believe are frequently committed by means of false and fraudulent invoices—the careful attention of consular officers is directed to the chapter of the Consular Regulations, entitled “Verification of Invoices,” which is still in force, with such obvious modifications as are rendered necessary by the provisions of the act of March third, one thousand eight hundred and sixty-three, now brought to your notice.

*Fifthly.* By direction of the President, under the provisions of the sixteenth section of the Diplomatic and Consular act, a fee of two dollars and fifty cents is prescribed for the verification of an invoice.

Salaried consular officers are consequently to charge themselves, in their accounts with the Treasury Department, with the sum of two dollars and fifty cents for each and every invoice verified by them, and no consular officer is permitted, under any pretext, to charge a greater sum; this sum includes the whole cost of the verification of an invoice in triplicate, and no charge is to be made for forms or postage.

*Sixthly.* All fees payable to consular officers of the United States are to be collected in the coin of the United States, or at its representative value in exchange. Under a decision of the Secretary of the Treasury a tender either in United States coin, or its representative value in exchange in the currency of the country where the consular offices are respectively situated, is legal. In arriving at the amount which is thus payable, you will be guided by the “Synopsis of the standard weights, fineness, and value of foreign specie moneys in the money terms and gold of the United States, prepared for the Treasury Department by the director of the United States mint,” with which you have heretofore been furnished, and the Table of Equivalents.

*Seventhly.* A currency certificate is not required when the invoice is made out in foreign currency contained in the table of equivalents fixed by the laws of the United States, and hereto annexed, unless the said currency has been debased since the date of the act of Congress determining its value, and also in cases where the invoice is made out in a depreciated currency, which is issued and circulated under the authority of any foreign government. In such cases special instructions will be given to consuls in countries so situated.

*Eighthly.* When the postal regulations of the countries will permit,

you will pre-pay the postage on your letters transmitting invoices to consuls at ports of shipment or to the collectors of customs. You will keep a separate account of the postages paid on these letters, and enter the amount as a separate item in your postage and miscellaneous account with this department, stating the number of invoices which you have transmitted during the quarter, and also the number of letters sent to collectors of customs and to consuls at ports with invoices, and the amount of postage thereon.

*Ninthly.* Inquiry having been repeatedly made of this department whether invoices of goods require the consular verification, which goods are duty free when imported into the United States from any port or place other than the British North American Provinces, you are instructed that the law excepts only invoices of goods entitled to free entry under the reciprocity treaty with Great Britain: consequently, all invoices, with this exception, are to be verified in the manner required by the first section of the act of March third, eighteen hundred and sixty-three.

*Tenthly.* Consuls are instructed that the declarations attached to the invoices are to be in the English language, but they are to take care that the signers thereof are made fully to understand their purport.

*Eleventhly.* Appended to this circular are the forms of declaration and the form of certificate, which are required to be followed by all consular officers; also a form of receipt, to be filled and signed by the master of a vessel receiving invoices for delivery to collectors of customs. This receipt is to be indorsed, numbered, and filed in the consulate. Parcels containing these forms have been sent to all consuls; others will be transmitted whenever they are required, if seasonable application is made to the department.

WILLIAM H. SEWARD.

---

An act to prevent and punish frauds upon the revenue, to provide for the more certain and speedy collection of claims in favor of the United States, and for other purposes.\*

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That from and after the first day of July, eighteen hundred and sixty-three, all invoices of goods, wares, and merchandise imported from any foreign country into the United States shall be made in triplicate, and signed by the person or persons owning or shipping said goods, wares, or merchandise, if the same have actually been purchased, or by the manufacturer or owner thereof, if the same have been procured otherwise than by purchase, or by the duly authorized agent of such purchaser, manufacturer, or owner; and said invoices shall, at or before the shipment thereof, be produced by the consul, vice-consul, or commercial agent of the United States nearest the place of shipment for the use of the United States, and shall have indorsed thereon, when so produced, a declaration signed by said purchaser, manufacturer, owner, or agent, setting forth that said invoice is in all respects true; that it contains (if the goods, wares, and merchandise mentioned therein are subject to ad valorem duty,

---

\* See Statutes at Large, vol. xii., pp. 737, 738; also Session Statutes of the thirty-seventh Congress, Sess. III., pp. 737, 738.

and were obtained by purchase) a true and full statement of the time when and the place where the same were purchased, and the actual cost thereof, and of all charges thereon; and that no discounts, bounties, or drawbacks are contained in said invoice but such as have actually been allowed thereon; and when obtained in any other manner than by purchase, the actual market value thereof at the time and place when and where the same were procured or manufactured; and if subject to specific duty, the actual quantity thereof; and that no different invoice of the goods, wares, or merchandise, mentioned in the invoice so produced, has been or will be furnished to any one. If said good, wares, or merchandise have been actually purchased, said declaration shall also contain a statement that the currency in which said invoice is made out is the currency which was actually paid for said goods, wares, or merchandise by the purchaser. And the person so producing said invoice shall at the same time declare to said consul, vice-consul, or commercial agent at the port in the United States at which it is intended to make entry the said goods, wares, or merchandise; whereupon the said consul, vice-consul, or commercial agent, shall indorse upon each of said triplicates a certificate, under his hand and official seal, stating that said invoice has been produced to him, with the date of such production, and the name of the person by whom the same was produced, and the port in the United States at which it shall be the declared intention to make entry of the goods, wares, or merchandise therein mentioned. And thereupon the said consul, vice-consul, or commercial agent shall deliver to the person producing the same one of said triplicates, to be used in making entry of said goods, wares, or merchandise; shall file another in his office, to be there carefully preserved; and shall, as soon as practicable, transmit the remaining one to the collector of the port of the United States at which it shall be declared to be the intention to make entry of said goods, wares, or merchandise. And no goods, wares, or merchandise imported into the United States from any foreign place or country after said first day of July, eighteen hundred and sixty-three, shall be admitted to an entry unless the invoice presented shall in all respects conform to the requirements hereinbefore mentioned, and shall have thereon the certificates of the consul, vice-consul, or commercial agent hereinbefore specified, nor unless said invoice be verified at the time of making such entry by the oath or affirmation of the owner or consignee, or the authorized agent of the owner or consignee thereof, certifying that the said invoice and the declaration thereon are in all respects true, and were made by the person by whom the same purports to have been made, nor except as hereinafter provided, unless the triplicate transmitted by said consul, vice-consul, or commercial agent to the collector shall have been received by him. And if any such owner, consignee, or agent, of any goods, wares, or merchandise, shall knowingly make, or attempt to make, an entry thereof by means of any false invoice, or false certificate of a consul, vice-consul, or commercial agent, or of any invoice which shall not contain a true statement of all the particulars hereinbefore required, or by means of any false or fraudulent document or paper, or of any other false or fraudulent practice or appliance whatsoever, said goods, wares, and merchandise, or their value, shall be forfeited and disposed of as other forfeitures or violation of the revenue laws: *Provided*, That where, from a change of the destination of any such goods, wares, or merchandise, after the production of the invoice thereof to the consul, vice-consul, or commercial agent, as hereinbefore provided, or from other cause, the triplicate transmitted to the collector of the

port to which such goods, wares, or merchandise were originally destined, shall not have been received at the port where the same actually arrive, and where it is desired to make entry thereof, said goods, wares, and merchandise may be admitted to an entry on the execution by the owner, consignee, or agent of a bond, with sufficient security, in double the amount of duty apparently due, conditioned for the payment of the duty which shall be found to be actually due thereon. And it shall be the duty of the collector of the port where such entry shall be made immediately to notify the consul, vice-consul, or commercial agent, to whom such invoice shall have been produced, to transmit to such collector a certified copy thereof; and it shall be the duty of such consul, vice-consul, or commercial agent to transmit the same accordingly without delay; and said duty shall not be finally liquidated until such triplicate, or a certified copy thereof, shall have been received; *Provided*, That such liquidation shall not be delayed longer than eighteen months from the time of making such entry: *And provided, further*, That when, from accident or other cause, it shall be impracticable for the person desiring to make entry of any goods, wares, or merchandise, to produce, at the time of making such entry, any invoice thereof, as hereinbefore required, it shall be lawful for the Secretary of the Treasury to authorize the entry of such goods, wares, or merchandise, upon such terms and in accordance with such general or special regulations as he may prescribe. And the Secretary of the Treasury is hereby invested with the like powers of remission in cases of forfeiture under the revenue laws: *And provided, further*, That the provisions of this act shall not apply to countries where there is no consul, vice-consul, or commercial agent of the United States; nor shall anything herein contained be construed to require for goods imported under the reciprocity treaty with Great Britain, signed June fifth, eighteen hundred and fifty-four, any other consular certificate than is now required by law. And this act shall be construed only to modify and not repeal the act of March first, eighteen hundred and twenty-three, entitled "An act supplementary to and to amend an act entitled 'An act to regulate the collection of duties on imports and tonnage,' passed March second, one thousand seven hundred and ninety-nine, and for other purpose;" and the form of oaths therein set forth shall be modified accordingly: *And provided, further*, That the provisions of this act shall not apply to invoices of goods, wares or merchandise imported into any port of the United States from any place beyond Cape Horn or the Cape Good Hope until the first day of January, eighteen hundred and sixty-four.

Approved March 3, 1863.

DECLARATION TO BE MADE BY THE PURCHASER, MANUFACTURER, OWNER, OR DULY AUTHORIZED AGENT OF SUCH PURCHASER, MANUFACTURER, OR OWNER, WHERE MERCHANDISE HAS BEEN ACTUALLY PURCHASED, AND TO BE INDORSED ON OR ATTACHED BY TAPE AND SEAL TO EACH OF THE TRIPPLICATE INVOICES.

I, A B, of ———, do solemnly and truly declare that I am (the purchaser, manufacturer, owner, or the duly authorized agent of the manufacturer, purchaser, or owner, as the case may be) of the goods, wares, or merchandise, in the within invoice mentioned and described; that the said invoice is in all respects true; that, as to all the goods, wares, and merchan-

dise therein mentioned, it contains a true and full statement of the time when, and the place where, the same were purchased, the actual cost and quantity thereof, and of all charges thereon; that no discount, bounties, or drawbacks, are contained in said invoice, except such as have been actually allowed thereon; that the currency in which said invoice is made out is the currency which was actually paid for the said goods, wares, and merchandise, and that no different invoice thereof has been or will be furnished to any one. I further declare that it is intended to make entry of the goods, wares, and merchandise mentioned in said invoice at the port of \_\_\_\_\_, in the United States of America.

(Signed in triplicate.)

Dated at \_\_\_\_\_, this \_\_\_\_\_ day of \_\_\_\_\_, 18—.

DECLARATION TO BE MADE BY THE OWNER OR MANUFACTURER, OR DULY AUTHORIZED AGENT OF SUCH OWNER OR MANUFACTURER, WHERE GOODS HAVE BEEN PROCURED OTHERWISE THAN BY PURCHASE, AND TO BE INDORSED ON OR ATTACHED BY SEAL AND TAPE TO EACH OF THE TRIPPLICATE INVOICES.

I, A B, of \_\_\_\_\_, do solemnly and truly declare that I am (the owner or manufacturer, or the duly authorized agent of the owner or manufacturer, as the case may be) of the goods, wares, and merchandise, in the within invoice mentioned and described; that the said invoice is in all respects true; that it contains a true and full statement of the actual market value of said goods, wares, and merchandise, at the time and place, when and where, the same were procured or manufactured, of the actual quantity of said goods, wares, and merchandise, and of all charges thereon; that no discounts, bounties, or drawbacks are contained in said invoice, except such as have been actually allowed thereon; and that no invoice different from the one now produced has been or will be furnished to any one. I further declare that it is intended to make entry of said goods, wares and merchandise at the port of \_\_\_\_\_, in the United States of America.

(Signed in triplicate.)

Dated at \_\_\_\_\_, this \_\_\_\_\_ day of \_\_\_\_\_, 18—.

CERTIFICATE OF CONSULAR OFFICER TO BE INDORSED ON OR ATTACHED BY SEAL AND TAPE TO EACH OF THE TRIPPLICATE INVOICES.

I, A B, consul \_\_\_\_\_, do hereby certify that at \_\_\_\_\_, on this \_\_\_\_\_ day of \_\_\_\_\_, A. D. 18—, the within invoice numbered \_\_\_\_\_, in which are mentioned and described certain, (here insert a general description of the kind of merchandise mentioned in the invoice,) amounting, with the charges thereon, to the gross sum of \_\_\_\_\_, was produced to me by (name of the person,) the (owner or otherwise) of the goods, wares, and merchandise therein mentioned, who thereupon declared that it was intended to make entry of said goods, wares, and merchandise at the port of \_\_\_\_\_, in the United States of America. I do further certify that I am satisfied that the person making the declaration hereto annexed is the person he represents himself to be; that he is a credible person, and that the statements made in the said declaration are true.

Witness my hand and seal of office at \_\_\_\_\_, the day and year aforesaid.

(Signed.)

(SEAL.)

\_\_\_\_\_  
\_\_\_\_\_ of the United States.

RECEIPT OF MASTER OF VESSEL FOR INVOICES TO BE DELIVERED TO THE COLLECTOR OF CUSTOMS AT THE PORT OF ENTRY.

[Place. Date.]

I acknowledge the receipt of a package of invoices made up and sealed with the consular seal of the consul at this port, directed to the collector at \_\_\_\_\_, which I promise to deliver on the entry of the [ship or other vessel,] under my command, at the said port of \_\_\_\_\_.

(Signed.)

A B,

Master of (ship or other vessel named.)

### TABLE OF EQUIVALENTS.

RATES OF FOREIGN MONEY OR CURRENCY FIXED BY LAW.

		Fractional parts of the currency.		Act passed.
Ducat of Naples.....	\$0 80	100 grani	.....	May 22, 1846.
Franc of France and Belgium .....	18.6	100 centimes	.....	May 22, 1846.
Florin of the Netherlands.....	40	100 "	.....	May 22, 1846.
Florin of the southern States of Germany.....	40	60 kreutzers	4 pfennings	May 22, 1846.
Florin of Austria.....	48½	60 "	4 "	May 22, 1846.
Florin of Trieste.....	48½	60 "	4 "	May 22, 1846.
Florin of Nuremberg .....	40	60 "	4 "	May 22, 1846.
Florin of Frankfort .....	40	60 "	4 "	May 22, 1846.
Florin of Bohemia.....	48½	60 "	4 "	May 22, 1846.
Florin of the city of Augsburg.....	48½	60 "	4 "	May 22, 1846.
Lira of the Lombardo and Venetian kingdom.....	16	100 centesimi	100 millesimi	May 22, 1846.
Livre of Leghorn.....	16	20 soldi	12 denair	May 22, 1846.
Livre tournois of France.....	18½	.....	.....	Mar. 2, 1799.
Lira of Tuscany.....	16	20 soldi	12 denair	May 22, 1846.
Lira of Sardinia.....	18.6	4 reali	20 soldi	May 22, 1846.
Livre of Genoa.....	18.6	20 soldi	12 denair	May 22, 1846.
Milrea of Portugal .....	1 12	1,000 reas	.....	Mar. 3, 1842.
Milrea of Madeira.....	1 00	1,000 reas	.....	Mar. 3, 1843.
Milrea of Azores .....	83½	1,000 reas	.....	Mar. 3, 1843.
Marc banco of Hamburg.....	35	16 shillings	12 pfennings	Mar. 3, 1843.
Ounce of Sicily .....	2 40	30 tari	20 soldi	May 22, 1846.
Pound sterling of Great Britain ..	4 84	20 shillings	12 pence	July 27, 1842.
Pound sterling of Jamaica .....	4 84	.....	.....	.....
Pound sterling of British provinces of Nova Scotia New Brunswick, Newfoundland, and Canada .....	4 00	20 shillings	12 pence	May 22, 1846.
Pagoda of India .....	1 94	36 fanams	48 jittas	Mar. 3, 1801.
Pagoda star of Madras .....	1 84	36 fanams	48 jittas	Mar. 2, 1801.
Real vellum of Spain .....	5	34 maravedis	.....	Mar. 2, 1799.
Real plate of Spain.....	10	34 maravedis	.....	Mar. 2, 1799.
Rupee company .....	44½	16 annas	12 pice	Mar. 3, 1843.
Rupee British India.....	44½	16 annas	12 pice	Mar. 3, 1843.
Rix dollar (or thaler) of Prussia and the northern States of Germany.....	69	30 groschen	12 pfennings	May 22, 1846.
Rix dollar of Bremen.....	78½	72 grotes	5 swares	Mar. 3, 1842.
Dollar thaler of Bremen of 72 grotes	71	72 grotes	5 swares	Mar. 3, 1842.
Rix dollar (or thaler) of Berlin .....	69	30 groschen	12 pfennings	May 22, 1846.
Rix dollar (or thaler) of Saxony.....	69	30 groschen	12 pfennings	May 22, 1846.
Rix dollar (or thaler) of Leipsic.....	69	30 groschen	12 pfennings	May 22, 1846.
Rouble, silver, of Russia .....	75	100 kopecks	.....	Mar. 3, 1843.
Specie dollar of Denmark.....	1 05	6 marks	16 skillings	May 22, 1846.
Specie dollar of Norway.....	1 06	6 marks	16 skillings	May 22, 1846.
Specie dollar of Sweden .....	1 06	48 skillings	12 ore	May 22, 1846.
Tale of China .....	1 48	10 mace	100 candareens	Mar. 2, 1799.

## POSTAL INTELLIGENCE.

## THE NEW POSTAL ACT.

WE give below an official copy of the act relating to the Post-office Department passed at the third session of the thirty-seventh Congress, approved March 3, 1863, which goes into operation July 1, 1863 :

AN ACT TO AMEND THE LAWS RELATING TO THE POST-OFFICE DEPARTMENT.

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That the Postmaster-general shall have power to appoint and commission all postmasters whose salary or compensation for the preceding fiscal year shall at the time of such appointment have been ascertained to be less than one thousand dollars per year; and in all other cases the President shall appoint. The person appointed postmaster shall reside within the delivery of the office to which he shall be appointed.

SEC. 2. *And be it further enacted,* That the Postmaster-general, all postmasters and special agents, and all persons employed in the General Post-office, or in the care, custody, or conveyance of the mail, hereafter appointed or employed, shall, previous to entering upon the duties assigned to them, or the execution of their trusts, and before they shall be entitled to receive any emoluments therefor, in addition to the oath of office prescribed by the act of July two, eighteen hundred and sixty-two, respectively take and subscribe the following oath or affirmation before some magistrate, and cause a certificate thereof to be filed in the General Post-office: "I, A. B., do swear (or affirm, as the case may be) that I will faithfully perform all the duties required of me, and abstain from every thing forbidden by the laws in relation to the establishment of the Post-office and post roads within the United States; and that I will honestly and truly account for and pay over any moneys belonging to the said United States which may come into my possession or control; so help me God." Every person who shall be in any manner employed in the care, custody, conveyance, or management of the mail, shall be subject to all pains, penalties, and forfeitures for violating the injunctions or neglecting the duties required of him by the laws relating to the establishment of the post-office and post roads, whether such persons shall have taken the oath or affirmation above prescribed or not.

SEC. 3. *And be it further enacted,* That no mail matter shall be delivered by the postmaster until the postage due thereon shall have been paid; and no box at any post-office shall be assigned to the use of any person until the rent therefor has been paid for at least one-quarter, for which the postmaster shall give a receipt, and keep a record thereof in his office, which record shall be delivered to his successor.

SEC. 4. *And be it further enacted,* That every postmaster shall keep a record in his office of all postage stamps and envelopes, and of all postal

books, blanks, or property received from his predecessor in office or from the Post-office Department, or from any of its agents, and also of all payments in money for postages, and all payments for box rents, and of all other receipts on account of any part of the postal service, and of any other transactions which shall be required by the Postmaster-general, and these records shall be preserved and delivered over to his successor in office, and shall be at all times subject to examination of any special agent of the department.

SEC. 5. *And be it further enacted*, That whenever, by reason of the presence of a military or naval force near any post-office, unusual business accrues thereat, the Postmaster-general is hereby required to make a special order allowing proportionately reasonable compensation to the postmaster, and for clerical service, during the period of such extraordinary business.

SEC. 6. *And be it further enacted*, That it shall be the duty of postmasters to render a quarter-yearly account to the Postmaster-general, under oath, in such form as the latter shall prescribe, of all emoluments or sums by them respectively received for boxes or pigeon holes, or other receptacles for letters or papers, and by them charged for to individuals; or for the delivery of letters or papers at or from any place whatever; and of all emoluments, receipts, and profits that have come to their hands by reason of keeping branch post-offices; and no postmaster shall hereafter, under any pretence whatever, have or receive or retain for himself, in the aggregate, more than the amount of his salary. And the Postmaster-general is further authorized to require, by a form to be prepared by him, a sworn statement to accompany or following the quarterly account of any or all postmasters to the effect that such postmaster has in such account truly stated the entire amount of postages, box-rents, and all other charges and emoluments collected or received by him at his office during such quarter; and that he has not knowingly delivered, or permitted to be delivered, to any person any mail matter on which the postage had not been paid at the time of delivery; and that such quarterly account exhibits truly and faithfully the entire receipts of his office which have been collected thereof, and the entire sum which could have been by due diligence collected thereof, as he verily believes, and that the credits he claims are just and true, as he verily believes; and any false swearing therein shall render him liable to the pains and penalties of perjury.

SEC. 7. *And be it further enacted*, That the Postmaster-general is hereby authorized to regulate periods during which undelivered letters shall remain in any post-office, and the times such letters shall be returned to the dead letter office, and to make regulations for their return to the writers from the dead letter office, when he is satisfied they cannot be delivered to the parties addressed. He is authorized also to order the publication of the list of non-delivered letters at any post-office, in his discretion, by writing, posted in a public place or places, or in any daily or weekly newspaper regularly published within the post-office delivery having the largest circulation within such delivery; and where no daily paper is published within the post-office delivery, such list may be published in any daily newspaper of any adjoining delivery having the largest circulation within the delivery of the post-office publishing [the] list; but in no case shall compensation for such publication be allowed at a rate exceeding one cent

for each letter so advertised; and no such publication shall be required except where the Postmaster-general shall decide that the public interest requires it: *Provided*, That letters addressed to parties foreign born may be published in a journal of the language most used by the parties addressed, if such be published in the same, or an adjoining delivery.

SEC. 8. *And be it further enacted*, That dead letters containing valuable enclosures shall be registered in the department; and when it appears that they can neither be delivered to their address, nor to the writers, the contents thereof, so far as available, shall be included with the receipts of the Post-office Department, and the amount thereof shall be shown in the annual report, and shall be subject to reclamation by either the party addressed, or by the sender, for four years from registry thereof, careful account being kept of the same. All other letters deemed of value or of importance to the party addressed, or to the writer, and which it appears cannot be returned to either destination, shall be disposed of as the Postmaster-general shall direct.

SEC. 9. *And be it further enacted*, That the Postmaster-general may provide by regulation for the disposition, for the benefit of the Department, of printed matter which remains in any post-office, or in the Department, not called for by the party addressed; but the postmaster shall notify the publisher of any newspaper or periodical of the fact when any subscriber shall refuse to take the same from the office, or shall neglect to call for the same for the period of one month, which notice may be sent free under the regulation to be provided by the Postmaster-general.

SEC. 10. *And be it further enacted*, That the action of the Post-office Department respecting foreign dead letters shall be subject to conventional stipulations with the respective foreign administrations.

SEC. 11. *And be it further enacted*, That letter-carriers shall be employed at such post-offices as the Postmaster-general shall direct for the delivery of letters in the places respectively where such post-offices are established; and for their services they shall severally receive a salary, to be prescribed by the Postmaster general, not exceeding eight hundred dollars per year: *Provided*, That, on satisfactory evidence of their diligence, fidelity, and experience as carriers, the Postmaster-general may increase their respective salaries from time to time to any sum not exceeding one thousand dollars, at offices where the income from postages on the local letters shall yield a sum more than sufficient to pay all expenses of the carrier system at such offices; each of the said carriers shall give bond, with sureties, to be approved by the Postmaster-general, for the safe custody and delivery of all letters, packets, and moneys received by him.

SEC. 12. *And be it further enacted*, That whenever the Postmaster-general shall have perfected the carrier system in any postal district so as, in his judgment, to justify him therein, he is authorized to make delivery, within any prescribed postal district, of mail matter by letter carriers, as frequently as the public convenience in such district shall require, and shall make all proper regulations for that purpose.

SEC. 13. *And be it further enacted*, That the Postmaster-general is authorized, when, in his judgment, the public interest or convenience may require it, to establish one or more branch post-offices, and also pillar boxes, or other receiving boxes for the safe deposit of matter for the mails and for delivery; and in case of such establishment of a branch office, the person in charge thereof shall be appointed, and his salary fixed, as in

the case of a letter carrier, and the like bond required: *Provided*, That the post officer in charge of the branch office may also be a depository for the sale of stamps, to be delivered to him for that purpose by the postmaster of that postal district in sums not at any time to exceed one-half of the penalty of his bond.

SEC. 14. *And be it further enacted*, That all expenses for the letter-carriers, branch offices, and receiving boxes, or incident thereto, shall be entered and reported in a separate account from the ordinary postal expenses of such post-office, and shall be shown in comparison with the proceeds of the postages on local mail matter at each office, in order that the Postmaster-general may be guided in the expenditures from that branch of the postal service by income derived therefrom; and all such expenses shall be paid out of the income of the post-office at the districts in which they are incurred.

SEC. 15. *And be it further enacted*, That the postmaster of any office where letter-carriers are employed may contract with the publishers of any newspapers or periodicals, and with the publishers of any circulars, for the delivery by postal-carriers, within his postal district, of any such publications not coming through the mails, at rates and upon terms to be agreed upon, such arrangement and terms being equally open to all like publishers, but such contract shall have no force or effect until approved by the Postmaster-general. The Postmaster-general may also provide by regulation for the delivery by such carriers of small packets other than letters or papers, and not exceeding the maximum weight of mailable packages; but such packages must be prepaid by postage stamps at the rate of two cents for each four ounces or fraction thereof.

SEC. 16. *And be it further enacted*, That no postmaster shall receive to be conveyed by the mail any packet or package which shall weigh more than four pounds, except books published or circulated by order of Congress.

SEC. 17. *And be it further enacted*, That upon the following mailable matter the postage must be prepaid at the time of mailing, by stamps, unless otherwise expressly provided in this act:

First. Upon all domestic letters, whether passing through the mails or collected or delivered by postal agents or carriers.

Second. On all transient printed matter.

Third. On all seeds, cuttings, bulbs, roots, and scions; all pamphlets, books, book manuscripts, and proof-sheets, maps, prints, engravings, blanks, flexible patterns, samples, and sample cards, phonographic paper, letter envelopes, postal envelopes, paper, and photographic representations of different types.

Fourth. Upon all other things in the mail not otherwise herein provided for.

SEC. 18. *And be it further enacted*, That upon the following mailable matter the postage shall be paid before delivery for not less than one-quarter nor more than one year; and such payment for a term may be made either at the mailing office or at the office of delivery. If the term commences at any other time than at the beginning of a quarter, and also for the next following quarter; otherwise the postage shall be collected thereon as on transient matter:

Upon regular weekly, tri-weekly, semi-weekly, and daily publications,

and all other regular publications, issued from office of publication at stated periods and sent to regular subscribers.

SEC. 19. *And be it further enacted*, That mailable matter shall be divided into three classes, namely: first, letters; second, regular printed matter; third, miscellaneous matter.

SEC. 20. *And be it further enacted*, That the first class embraces all correspondence, wholly or partly in writing, except that mentioned in the third class. The second class embraces all mailable matter exclusively in print, and regularly issued at stated periods, without addition by writing, mark, or sign. The third class embraces all other matter which is or may hereafter be by law declared mailable; embracing all pamphlets, occasional publications, books, book manuscripts, and proof sheets, whether corrected or not, maps, prints, engravings, blanks, flexible patterns, samples, and sample cards, phonographic paper, letter envelopes, postal envelopes or wrappers, cards, paper, plain or ornamental, photographic representations of different types, seeds, cuttings, bulbs, roots, and scions.

SEC. 21. *And be it further enacted*, That the maximum standard weight for the single rate of letter postage is one-half ounce avoirdupois.

SEC. 22. *And be it further enacted*, That the rate of postage on all domestic letters transmitted in the mails of the United States, and not exceeding one-half ounce in weight, shall be uniform at three cents; and for each half ounce, or fraction thereof of additional weight, there shall be charged an additional rate of three cents, to be in all cases prepaid by postage stamps plainly affixed to such letter.

SEC. 23. *And be it further enacted*, That the rate of postage on all letters not transmitted through the mails of the United States, but delivered through the post-office or its carriers, commonly described as local or drop letters, and not exceeding one-half ounce in weight, shall be uniform at two cents, and an additional rate for each half ounce or fraction thereof of additional weight, to be in all cases prepaid by postage stamps affixed to the envelop of such letter; but no extra postage or carrier's fee shall hereafter be charged or collected upon letters delivered by carriers, nor upon letters collected by them for mailing or for delivery.

SEC. 24. *And be it further enacted*, That the domestic letter rate of postage is established for all mailable matter which is wholly or partly in writing, or is so marked as to convey any other or further intelligence or information than is conveyed by the original print in case of printed matter, or which is sent in violation of law or regulations of the Department touching the enclosure of matter which may be sent at less than letter rates, and for all matter introduced into the mails for which no different rate is provided by law: *Provided*, That book manuscripts and corrected proofs passing between authors and publishers may pass at the rate of printed matter: *And provided, further*, That publishers of newspapers and periodicals may print or write upon their publications sent to regular subscribers the address of subscribers and the date when the subscription expires, and may enclose therewith receipts for payment and bills for subscription thereto.

SEC. 25. *And be it further enacted*, That on all matter not enumerated as mailable matter, and to which no specific rates of postage are assigned, and which shall nevertheless be mailed, the rate, if the same shall be forwarded, is established at the rate of letter postage.

SEC. 26. *And be it further enacted*, That if any matter on which by

law the postage is required to be prepaid at the mailing office shall reach its destination without such prepayment, double the prepaid rates shall be charged and collected on delivery.

SEC. 27. *And be it further enacted*, That the Postmaster-general is authorized to provide by uniform regulation for transmitting unpaid and duly certified letters of soldiers, sailors, and marines in the service of the United States to destination; and all other letters which from accident or neglect appear to have been deposited for mailing without prepayment of postage, where, in the latter class, the writer is not known, or cannot be promptly advised of his default; but in all cases of letters not prepaid, except certified soldiers' and naval letters, the same shall be charged with double rates of postage, to be collected on delivery.

SEC. 28. *And be it further enacted*, That when any writer of a letter on which the postage is prepaid shall endorse in writing or in print upon the outside thereof his name and address, with a request that the same be returned to him if not called for or delivered within any number of days, (not to exceed thirty days,) any such letter shall not be advertised nor treated as a dead letter at the office addressed, but shall be returned as requested, charged with the proper postage at the prepaid rate, to be collected on the return delivery; and if not then delivered, shall be treated as a dead letter.

SEC. 29. *And be it further enacted*, That the postage on returned dead letters, not registered as valuable, shall be three cents for the single rate; on returned dead letters, registered as valuable, double rates shall be charged.

SEC. 30. *And be it further enacted*, That all letters directed to any person not found at the office addressed may be forwarded to any other office where he may be found, with additional charge of postage therefor.

SEC. 31. *And be it further enacted*, That the Postmaster-general shall have authority to pay, or cause to be paid, a sum not exceeding two cents each for all letters conveyed in any vessel or steamboat, not employed in carrying the mail, from one port or place in the United States, or from any foreign port to any port within the United States, subject to such regulations as the Postmaster-general may prescribe. But all such letters shall be deposited in the post-office at the port of arrival, for mailing or delivery; and if for delivery within the United States shall be rated with double rates of postage, which shall cover the fee paid to the vessel. No fees shall be allowed for letters collected by a carrier on a mail route.

SEC. 32. *And be it further enacted*, That, for the greater security of valuable letters posted for transmission in the mails of the United States, the Postmaster-general is authorized to establish a uniform plan for the registration of such letters on application of parties posting the same, and to require the payment of the postage, as well as a registration fee not exceeding twenty cents on every such letter or packet, to be accounted for by postmasters receiving the same in such manner as the Postmaster-general shall direct: *Provided, however*, That such registration shall not be compulsory, and it shall not render the Post-office Department or its revenue liable for the loss of such letters or packets, or the contents thereof; and provision shall be made by regulation for a return receipt to the writer, showing to whom and when such registered letter was delivered, which receipt shall be received in the courts as prima facie evidence of such delivery.

SEC. 33. *And be it further enacted*, That the maximum standard weight for the single rate of postage on matter classed as printed matter, and also on that classed as miscellaneous matter, is four ounces avoirdupois, subject to the exceptions in the next following section provided.

SEC. 34. *And be it further enacted*, That the rate of postage on transient mailable matter of the second class, and also on all miscellaneous matter of the third class, (except circulars and books,) shall be two cents for each four ounces or fraction thereof contained in any one package to one address; and such postage shall in all cases be fully prepaid by stamps, plainly affixed to the wrapper thereof. Double these rates shall be charged for books. Unsealed circulars not exceeding three in number shall pass at the single rate of two cents, and in that proportion for a greater number, adding one rate for three circulars, or less number thereof, directed to one address. No extra postage shall be charged for a card printed or impressed upon an envelop or wrapper. These rates must in all cases be prepaid by stamps.

SEC. 35. *And be it further enacted*, That the rate of postage upon mailable matter of the second class, issued once a week or more frequently from a known office of publication, and sent to regular subscribers, shall be as follows: Upon newspapers and other periodical publications, each not exceeding the standard weight of four ounces, and passing through the mails or post offices of the United States between any points therein, the rate of each quarter of the year shall be: for publication issued once a week, five cents; issued twice a week, ten cents; issued three times a week, fifteen cents; issued six times a week, thirty cents; issued seven times a week, thirty-five cents; and in that proportion, adding one rate for each issue more frequent than once a week. For weight exceeding four ounces, and not exceeding eight ounces, an additional rate shall be charged; and on the same scale, an additional rate for each additional weight of four ounces or fraction thereof; and such postage must be prepaid for a term not less than one quarter nor more than one year, at either the office of mailing or delivery, at the option at the subscriber, of which payments a record shall be made and preserved in the post-office where paid; and no such publication shall be delivered from the office until such payment is made; but the publishers of weekly newspapers may send to each actual subscriber within the county where their papers are printed and published one copy thereof free of postage.

SEC. 36. *And be it further enacted*, That the rate of postage upon mailable matter of the second class, issued less frequently than once a week, from a known office of publication, and sent to regular subscribers, shall be as follows: Upon newspapers, magazines, and other periodical publications, each not exceeding the standard weight of four ounces, and passing through the mails or post-offices of the United States between any points therein, the rate for each such paper or periodical shall be one cent, and an additional rate of one cent for each additional weight of four ounces or fraction thereof; *Provided*, That the Postmaster-general may provide by regulation for the transportation of small newspapers in packages at the same rate by the standard weight of the package when sent to one address; and the rates herein provided must be prepaid at either the office of mailing or of delivery, at the option of the subscriber, for a term not less than one quarter nor more than one year, except that newsdealers may pay the postage upon their packages as received at

the same rates pro rata as yearly or semi-annual subscribers who pay postage quarterly in advance.

SEC. 37. *And be it further enacted*, That publishers may enclose in their publications sent to regular subscribers the bills for subscription thereto without any additional charge for postage, and may write or print upon their publications, or upon the wrappers thereof, the name and address of the subscribers thereto, and the date when the subscription will expire; but any other enclosure or addition in writing or in print shall subject the same to letter postage, which shall be collected before delivery thereof.

SEC. 38. *And be it further enacted*, That the Postmaster-general may from time to time provide by order the rates and terms upon which route agents may receive and deliver at the mail car or steamer packages of newspapers and periodicals delivered to them for that purpose by the publishers, or any news agent in charge thereof, and not received from, nor designed for delivery at, any post-office.

SEC. 39. *And be it further enacted*, That the Postmaster-general has authority to prescribe by regulation the manner of wrapping and securing for the mails all matter not charged with letter postage, nor lawfully franked, so that the same may be conveniently examined by postmasters; and if not so wrapped and secured, the same shall be subject to letter postage. He may also provide by regulation for ascertaining by furnished lists, by affidavit or otherwise, whether publishers send or have sent their publications unpaid through the mails to other than regular subscribers.

SEC. 40. *And be it further enacted*, That postmasters, at the office of delivery, are authorized, and it shall be their duty, to remove the wrappers and envelopes from printed and other matter not charged with letter postage, nor lawfully franked, for the purpose of ascertaining whether there is upon, or connected with, any such printed matter, or in such package any matter or thing which would authorize or require the charge of a higher rate of postage thereon.

SEC. 41. *And be it further enacted*, That the Postmaster-general may require an affidavit in form, to be prescribed by general regulation, to be taken by any publisher, or any clerk, agent, or servant of such publisher of any paper or periodical, which by the terms of this act, may be sent to regular subscribers without pre-payment of postage at the mailing office, to the effect that neither he nor any other proprietor, clerk, agent, or employe, within his knowledge, has sent, or caused or permitted to be sent, through the mails, without pre-payment by postage stamps, any copies of such paper or periodical, (naming it,) except the same were sent to bona fide and regular subscribers thereto. And if it be ascertained that such papers or periodicals have been thus unlawfully sent, with the knowledge or consent of such proprietors, or of the agent or clerk in charge of that business, or if such affidavit, when required by the Postmaster-general, or by a special agent of the Post-office Department, shall be refused, the person guilty of such offence, or refusing such oath, shall be liable to a fine of fifty dollars in each case, to be recovered by suit before any court of competent jurisdiction, one half of which when recovered shall be paid to the informer.

SEC. 42. *And be it further enacted*, That authority to frank mail matter is conferred upon and limited to the following persons: First, the President of the United States, by himself or his private secretary; sec-

ond, the Vice President of the United States; third, the chiefs of the several executive departments; fourth, such principal officers, being heads of bureaus or chief clerks of each executive department, to be used only for official communications, as the Postmaster general shall by regulation prescribe; fifth, Senators and Representatives in the Congress of the United States, including delegates from Territories, the Secretary of the Senate and Clerk of the House of Representatives, to cover correspondence to and from them, and all printed matter issued by authority of Congress, and all speeches, proceedings, and debates in Congress, and all printed matter sent to them—their franking privilege to commence with the term for which they are elected and to expire on the first Monday of December following such term of office; sixth, all official communications addressed to either of the executive departments of government by an officer responsible to that department: *Provided*, That in all such cases the envelop shall be marked "official," with the signature thereto of the officer writing the communication. Seventh, postmasters have also the franking privilege for their official communications to other postmasters: *Provided*, That in all such cases the envelopes shall be marked "official," with the signature of the writer thereto, and for any and every such endorsement of "official" falsely made the person making the same shall forfeit and pay three hundred dollars; eighth, petitions to either branch of Congress shall pass free in the mails; ninth, all communications addressed to any of the franking officers above described, and not excepted in the foregoing clauses, must be prepaid by postage stamps. The franking privilege hereinbefore granted shall be limited to packages weighing not exceeding four ounces, except petitions to Congress and Congressional or executive documents, and such publications or books as have or may be published, procured, or purchased by order of either House of Congress, or a joint resolution of the two Houses, which shall be considered as public documents and entitled to be franked as such; and except also seeds, cuttings, roots, and scions, the weight of the packages of which may be fixed by regulation of the Postmaster-general.

SEC. 43. *And be it further enacted*, That all publishers of periodicals, magazines, and newspapers which shall not exceed sixteen ounces in weight shall be allowed to interchange the publications reciprocally free of postage: *Provided*, That such interchange shall be confined to a single copy of each publication.

SEC. 44. *And be it further enacted*, That this act shall be in force and take effect from and after the thirteenth day of June, eighteen hundred and sixty-three.

SEC. 45. *And be it further enacted*, That all acts and parts of acts in consistent with the provisions of this act are hereby repealed.

## NAUTICAL INTELLIGENCE.

## COENTIES REEF.

In November, 1860, a contract was entered into by the city authorities with the New York Submarine Engineering Company, for blasting and removing this reef to a mean depth of twenty feet at low water. The company commenced operations in May, 1861, and completed one-half the work to the satisfaction of the Street Department in the following October. During the season of 1860 the company's engineers were actively engaged for the government, under the orders of General BURNSIDE, in North Carolina, but they have now resumed the work on the reef. In 1861 the sloop, diving bell, etc., were surrounded by strong booms moored on the reef, which would, it was supposed, afford ample protection to the men and machinery employed. During that season, however, numerous steamboats, sailing vessels, etc., came in collision with the boom, during both day and night, causing serious damage, loss, and delay, and on one such occasion the foreman of the work received an injury from which he died in a few days.

In consequence of such unlooked for casualties and dangers, the company has been compelled to forego the great facilities offered by the diving bell, and in place of booms, which, in the collisions referred to, were broken up, have adopted the use of spar buoys by way of notice to vessels passing the reef, by one of which the sloop, with machinery, etc., is moored—the sloop showing lights at night.

Notwithstanding these precautions, we learn that the schooner "Howard" recently came in collision with the sloop, doing serious damage, and carrying her down, with buoy and anchor, nearly to Governor's Island, entailing great expense on the contractors.

Similar difficulties were encountered by the parties who contracted to remove Diamond Reef. It would seem, indeed, that contractors for such works are entirely at the mercy of careless navigators.

When the work on Coenties Reef was commenced there was no more than fourteen feet upon it at low water, and considering the great importance of rendering that part of the East River practicable for navigation at all times of the tide, we shall be glad to learn that more care is observed by parties in charge of passing vessels during the present operations, and that increased facilities and protection will be afforded by the city and harbor authorities to the contractors while trying faithfully to perform their difficult task.

Deprived, by reason of the danger to human life in the collisions referred to, of the use of the diving bell in which drilling the rock for blasting was carried on, the New York Submarine Engineering Company must, we learn, rely entirely on Prof. MAILLEFERT'S method of blasting for breaking down the rock, which entails, however, a largely increased expenditure of gunpowder.

## THE BOOK TRADE.

*The Pentateuch and Book of Joshua Critically Examined.* By the Right Rev. JOHN WILLIAM COLENSO, D.D., Bishop of Natal. New York: D. APPLETON & Co.

*The Gentle Skeptic; or, Essays and Conversations of a Country Justice on the Authenticity and Truthfulness of the Old Testament Records.* Edited by the Rev. C. WALWORTH. New York: D. APPLETON & Co. London: 16 Little Britain.

The bulky Monarch of the seas, buoyant as blubber and an immaculate digestion can make him, amuses himself with clumsy gambols in the Arctic Ocean, and now and then, to vary the fun, opens his mouth sportively, engulfs a million or so of the minute *Clio Borealis*, shuts his serene jaw, and swims on in unperturbed majesty. So might the Gentle Skeptic swallow up at a mouthful poor Bishop COLENSO, his silly books, and all his adherents, merely by way of pastime, or as an appetizing pill before breakfast. We are so tired of the weak JOHN WILLIAM, and his feeble lucubrations, that it tries our patience to see the religious world rise and rush to extinguish him with their biggest fire-engines, when all that is necessary is just to snuff out his little light gently, with the thumb and finger. We shall therefore make no further reference to the matter, except to say that the "Gentle Skeptic" was not written as an answer to Bishop COLENSO, and that we place the two in combination, simply because the former, in its comprehensive grasp of the whole question of Biblical truth, utterly refutes, quashes, and annihilates the African bishop.

The "Gentle Skeptic" emanates from a Roman Catholic source; a fact which only augments our admiration at its being so learned, so scriptural, and so liberal. Here and there through the book, appear sentiments which cannot meet with the concurrence of a Protestant mind, and which are almost inevitable to an author writing from such a stand-point; yet in these remarks there is nothing bigoted or assuming, but only such a polite statement of opposite opinion, as one gentleman might make to another, without arrogance and without offense. As for the manner of the book, it is entirely unexceptionable; the style is charming; clear, decisive, and comprehensive, with just a sufficient mixture of lighter matter to keep one entertained as well as instructed. The chapter upon miracles is nearly coincident in its main arguments with the one on the same subject in Dr. BUSHNELL's grand work on "Nature and the Supernatural;" and the one on "Inspiration," deserves especial consideration as being an exponent of the views of some of the most profound and devoted among Bible students, and as furnishing, in our own opinion, the only truthful, tenable, and satisfactory view of the question. As a whole, the book is certainly one of the most perfect, and deserves to be one of the most popular of its kind; it is learned without pedantry, solid, without heaviness, steadfast, without stubbornness, and sprightly, without frivolity. We give it our most hearty and sympathetic approval; and commend it not only to the "fresh, intelligent, live young men of the country," for whom it purports to be especially designed, but to every man or woman who loves to read noble truths admirably treated.

*Life in the Open Air, and Other Papers.* By THEODORE WINTHROP, author of "John Brent," etc, etc. Boston: TICKNOR & FIELDS.

This is announced as the last volume of WINTHROP's works, since the tales, sketches, and poems still remaining among his manuscripts were never fully prepared by him

for publication, and will therefore never be given to the world. The present volume contains, in addition to "Life in the Open Air," the sparkling little novelette called "Love and Skates," published more than a year ago in the "Atlantic Monthly," and the "New York Seventh Regiment Papers," which excited such general interest upon their appearance two years ago. There are also several fragmentary pieces, and the book closes with an enthusiastic article upon Mr. CHURCH's magnificent picture of the "Heart of the Andes." To say that a book is issued by TICKNOR and FIELDS has become equivalent to asserting in detail the paramount excellence of print, paper, and binding, and the volume before us presents the additional attraction of a fine portrait of the author, and a woodcut of Mount Katahdin, taken from an original sketch by Mr. CHURCH.

*Lilian.* Boston: TICKNOR & FIELDS's.

We should be glad to say nothing whatever of "Lilian," for the simple fact that we look upon it as the production of a very young person. To mention one of the least, among the many internal evidences to that effect—it seems to us that anything as old as a full-fledged chippie-bird, ought to know that spring flowers, summer fruits, and autumn crops are not found in a high state of perfection at the same day in any gardens; unless it be in the Hesperides, which are not now open to the American public. This is an insignificant error, certainly, but it indicates a slight want of experience. Not having been born grown-up ourselves, like Adam and Eve and a few modern sages, we feel a pitying tenderness for youthful deficiencies, and are quite willing to admit with Mr. PRY, that "youth is a fault that time soon remedies." The book is surely a pretty, ladylike, well-bred book, behaving with propriety upon all occasions, and proving itself to be of gentle blood; but the story is very sentimental; brimful of moonlight and catastrophe; and it flits briskly about from ball-room brilliancy to convent gloom, from Indian wigwam to Roman sarcophagus, with a romantic alacrity fatiguing to the middle-aged mind. We cannot dissociate it mentally from a dish of early peas with which we were once regaled. Through a laudable pride in her garden, and the harmless ambition to be a little in advance of the rest of the world, the good housewife was somewhat premature in presenting them. There was nothing to be said against them; they were quite sweet enough, and almost too tender for comfort; but the general impression with regard to them may be best understood by the remark of a young hero of seven. "Father," in solemn tones, "would these have been peas if they had lived to grow up?"

*Good Thoughts in Bad Times, and Other Papers.* By THOMAS FULLER, D.D. Boston: TICKNOR & FIELDS, 1863.

Out of the past there comes to us the voice of one who, being long dead, yet speaketh. More than two centuries have gone by since THOMAS FULLER's eloquence charmed King CHARLES and his courtiers, and since his powerful pen helped to calm the tumults consequent upon a terrible civil war. Yet after all this time, human nature with its necessities and capacities, its temptations and escapes, is still so like its former self, that the words of this noble old divine go as straight to the heart as though he were now among us. FULLER was gifted with one of the most wise, genial, and lovable natures that man has ever possessed, and his writings are but an impress of himself. They are witty, original, quaint; full of saintly humility, cheerful courage, and exquisite humour. His name and praises are a fruitful theme, for to us he has been a most cherished friend from childhood; but nobody's words can give so just an idea of him as his own, and we refrain from further comment to leave room for two

or three extracts. The style of the book is particularly adapted to quotation, as the "Good Thoughts" are written principally in short and disconnected paragraphs.

"Scripture observations.

"1. Matthew, 13: 8. Lord, in the parable of the four sorts of ground whereon the seed was sown, the last alone proved fruitful. There the bad were more than the good; but amongst the servants, two improved their talents, or pounds, and only one buried them. There the good were more than the bad. Again, amongst the ten virgins, five were wise and five foolish; there the good and the bad were equal. I see that concerning the number of the saints in comparison to the reprobates, no certainty can be collected from these parables. Good reason, for it is not their principal purpose to meddle with that point. Grant that I may never rack a Scripture simile beyond the true intent thereof, lest, instead of sucking milk, I squeeze blood out of it."

"8. Matthew, 1: 7,8. Lord, I find the genealogy of my Saviour strangely checkered with four remarkable changes in four immediate generations.

"1. Roboam begat Abia; that is, a bad father a bad son.

"2. Abia begat Asa; that is, a bad father a good son.

"3. Asa begat Josaphat; that is a good father a good son.

"4. Josaphat begat Joram; that is, a good father a bad son.

"I see Lord, from hence, that my father's piety cannot be entailed; that is bad news for me. But I see also, that actual impiety is not always hereditary; that is good news for my son."

In another place he tells us that, hearing a "Passing Bell," he stopped and prayed for the dying person, but afterwards discovered that he had died some hours before. "However," he adds, "my heart thus poured out was not spilt upon the ground. My prayers, too late to do him good, came soon enough to speak my good will. What I freely tendered God fairly took according to the integrity of my intention. My prayers I am sure are returned into my own bosom, and the party I hope is in Abraham's."

*The Conscript; a Tale of War.* By ALEXANDER DUMAS, author of "The Count of Monte Cristo," etc., etc. Philadelphia: T. B. PETERSON & BROTHERS. Price \$1 50.

We have been agreeably surprised in reading this volume, to find it decidedly less martial than its name would indicate. War has ceased to be a diverting topic, and authors must wait till the millenium before they can expect to amuse the people of these United States by fictitious details of bloody battles. "The Conscript" is, in truth, a simple, natural pleasant story of peasant life; the chief characters are Conscience and Bastien, both good in their way. The former is the hero of the tale, thoughtful and wise; the latter is a generous, reckless, witty soldier-dandy, whose heart, in spite of the hardening effect of camp life, and the appalling tightness of his belt, remains big and tender to the last. It is a pity that the vivacity of the original has not been more uniformly preserved in the translation, but as it is, the book is readable and entertaining, and is issued in very good style.

*What to Eat, and How to Cook It; containing over One Thousand Receipts.* By PIERRE BLOR, late Editor of the "Almanack Gastronomique," of Paris, and other Gastronomical Works. New York: D. APPLETON & Co.

Monsieur BLOR stands very high in the catalogue of the great men of gastronomic art. Indeed we place but one before him; and that one is the *chef de cuisine*, who could cook eggs in five hundred ways, and whose simplest sauce for boiled chicken required thirty-two ingredients, and cost nineteen dollars and a quarter. We are sure

that after a careful perusal of the following receipt for "Sauce Espagnole," our readers will readily admit that Monsieur BLOZ stands very close to his illustrious competitor. "Spread half a pound of butter in the bottom of a stew-pan, lay in it lean ham, veal, partridge, wild rabbit, pheasant, or fowl of any kind, four ounces of each, one carrot cut in slice, one onion with a clove stuck in it, half a turnip, and a sprig of thyme; let it simmer, etc., then add two tablespoonfuls of flour, a wine glass of white wine, salt, pepper, a clove of garlic, a sprig of parsley, one clove, one bay-leaf, and two mushrooms cut in pieces; simmer, etc." To appalled housekeepers, we would state that there are many simpler receipts, said to be extremely healthy, and to blend gastronomy with economy; supposed, in short, gracefully to combine the maximum of health and the minimum of wealth. To all patriotic Americans we commend the omelet à la Washington, which the author asserts was "a favorite dish to the father of his country, and was often served on his table when he had a grand dinner." It is impossible for us to endorse this statement, as we were never present upon those occasions, but the American archives are still extant, and may be consulted at leisure by inquiring patriots. To epicures we would briefly say, that their love of novelty may be completely satisfied in the receipts under the heads of "Fox," "Skunk," "Ostrich," and "Snails." In addition to the "one thousand receipts," there are many directions which every housekeeper will appreciate, with regard to the buying and keeping of provisions, and a whole regiment of bills of fare, ranging from a washing-day dinner to an alderman's feast.

*Lecture on the Symbolic Character of the Sacred Scriptures.* By REV. ABIEL SILVER, Minister of the New Jerusalem Church, New York. New York: D. APPLETON & Co.

The above is a Swedenborgian book, which purports to elucidate the science of correspondences; a somewhat mystical subject to our minds, but probably clear enough to satisfy the followers of SWEDENBORG.

We are obliged to omit other notices of new publications intended for this number

---

#### PAMPHLETS RECEIVED.

*Castles Heir.* A Novel in Real Life. By MRS. HENRY WOOD, author of "The Channings," "Verner's Pride," etc. Illustrated. 2 vols. Price 50 cents. T. B. PETERSON & BROTHERS, Philadelphia.

*Appleton's Railway and Steam Navigation Guide for June.* Price 25 cents. New York: D. APPLETON & Co., 443 and 445 Broadway.

*The Crisis.* D. APPLETON & Co. An essay suggested by the peculiar situation of our country, containing many statements which we cannot endorse, and yet written in a style that will command many readers.

*Astronomical and Meteorological Observations,* made at the United States Naval Observatory during the year 1861. Published by authority from the Hon. Secretary of the Navy. Washington: Government Printing Office.

*Union Foundations.* A Study of American Nationality as a Fact of Science. By Captain E. B. HUNT, Corps of Engineers United States Army. New York: D. VAN NOSTRAND, 192 Broadway

THE  
MERCHANTS' MAGAZINE

AND  
COMMERCIAL REVIEW.

Established July, 1839.

EDITED BY

WILLIAM B. DANA.

VOLUME XLIX.

JULY, 1863.

NUMBER I.

CONTENTS OF No. I., VOL. XLIX.

ART.	PAGE
I. SHIP CANALS AND RAILROADS. CHICAGO CONVENTION.....	9
II. PAPER MONEY—THE LESSONS OF HISTORY.....	16
III. COMMERCIAL LAW. No. 4. SALES OF PERSONAL PROPERTY..	22
IV. LEGAL TENDER UNITED STATES NOTES .....	32
V. COMMERCIAL CHRONICLE AND REVIEW. Reduction of Capital— Increased Value of Stocks—Large Investments—Conversions into 5-20's —Commissions—Absorption of Capital—Dearness of Interest—Sum of Conversions—Import of Stocks to Sell—Reaction—Payment of Five Per Cent Deposits—Limit of Greenbacks—Interest-Bearing Legal Tender— Court of New York—Capital <i>vs.</i> Money—Government Stocks—7-30's not Paid in Gold—Gold Payments—Irregularity—Exports—Imports—De- cline in Breadstuffs—Fall in Goods—Lessened Demand for Bills—Specie Shipments—Exchange Rates—Gold Receipts—Currency in California— Greenbacks not Circulated—Remitted .....	45
<b>JOURNAL OF BANKING, CURRENCY, AND FINANCE.</b>	
City Bank Returns the Past Month. New York Banks. Boston Banks .....	51
Philadelphia Banks. Bank of England.....	52
Finances of New York City .....	53
National Banking Associations .....	57
Southern Postal Revenues. Appropriations of the Last Session of Congress...	61
<b>COMMERCIAL REGULATIONS.</b>	
Decisions of Treasury Department under the Tariff Act of July 14, 1862. Flax Yarn—Certain Books and Tracts—Width of Silk Velvets—American-Grown Cotton—Cotton Bagging—Crape Trimmings—Bar Iron, Rolled or Ham- mered—Button Staff—Cream of Tartar .....	62
Frauds upon the Revenue, etc. ....	66
<b>POSTAL INTELLIGENCE.</b>	
The New Postal Act.....	74
<b>NAUTICAL INTELLIGENCE.</b>	
Coenties Reef.....	83
<b>THE BOOK TRADE.</b>	
Notices of New Publications in the United States.....	84