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THE HOUSE OF HAPSBURG IN AMERICA.

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A CASTLE built in the beginning of the eleventh century on an eminence overlooking the river Aar, in the Canton of Aargau in Switzerland, called the Castle of Hapsburg, was the residence of the Counts of that name. The member of the family who built this castle was Bishop of Strasburg, and he doubtless enjoyed many a day in the vicinity in pursuits and pastimes which the bishops of the present age do not deem quite consistent with their sacred functions, and which, to say the least, could contribute but slightly to the welfare of the flock. Some attempt to trace this family back to the Old Romans, and while no one doubts that it had an ancestry somewhere, even anterior to their day, yet the accuracy of the genealogy given may be questioned. The line is, however, traced with probability to the seventh and with certainty to the eleventh century; but the particular person of this house whose fame reached such a pitch of eminence as to make it known throughout the civilized world, was born in the year 1218 of our era, and is known in history as RUDOLPH of Hapsburg.

Our eccentric statesman, JOHN RANDOLPH, of Roanoke, is said to have replied to some members of the House of Representatives, who talked much of the advantage to posterity of their schemes of legislation, with the sarcastic question: "What has posterity ever done for us, that we should do so much for it?" This solecistic sarcasm contains much truth when applied to the subject of this sketch, for, great as is the deserved fame of RUDOLPH of Hapsburg, derived from his personal deeds and those of his ancestry, yet its lustre is augmented a hundred fold by the wonderful history of his posterity.

RUDOLPH's father followed the standard of the Emperor FREDERIC II., to whom he was distantly related. He finally caught the contagion of his time and determined to sail for the Orient. He called together his sons and said to them: "Be mindful that the Counts of Hapsburg did

not attain their height of reputation and glory by fraud, insolence and selfishness, but by courage and devotion to the public weal. As long as you follow their footsteps, you will not only retain, but augment, the possessions and dignities of your illustrious ancestors." He embarked at Marseilles with thirty barons in his train for Ptolemais, found on his arrival that a truce had been concluded with the Saracens, and, dying at Askalon, in 1240, his mortal remains found their resting place in the Holy Land.

RUDOLPH, by his own judicious management, extended his paternal inheritance on the Upper Rhine, and in the Swiss Cantons. His uprightness, his courage, and his infallible tactics as a military leader, created a demand for his services as protector of free cantons or cities, or as umpire in cases of dispute. His generosity, frankness, and contempt of etiquette when some higher purpose rose to view, made him a general favorite. As Count of Kyburg, a castle near Zurich, he had neglected to pay homage to the Abbot of ST. GALL, who claimed its lordship. The prelate marched with a force to exact this duty. RUDOLPH was ready with knights and infantry to repel the attack, when a messenger in his friend's in Alsace informed him that the citizens of Basle, headed by their bishop, had, at the close of a tournament, massacred several of his relatives. He called his confidential followers and addressed them to the following effect: "I am drawn by my interests in one direction, and by the entreaties of my friends in another. I have refused homage to the Abbot for these fiefs, because they are my inheritance from my uncle. But if a man has two powerful enemies, he should be reconciled to one of them. If you agree with me that it is nobler to avenge injuries done to friends, than to pursue one's private advantage, let us make peace with the Abbot." They favored the measure and proposed an arbitration. He replied: "There is no need of arbitration. The business must be settled at once, and I will be my own mediator." He rode with six attendants to the Abbot's camp, where he found the latter and his associates at dinner. His frank, gallant and noble bearing captivated them all, the quarrel was at once settled, and he was invited to dine with his enemy. He related at the table the sad issue of the tournament at Basle, and declared that he was compelled to neglect other considerations in order to avenge himself on these people and their Italian bishop. Such was the effect of his address, that the force which in a few hours would have met him in deadly conflict, became his allies. They compelled the citizens of Basle to deliver hostages in pledge of satisfaction, and concluded a truce of twenty-four days, and there, encamped under the walls of the city, they were waiting the expiration of the time. One night at midnight, RUDOLPH's nephew, FREDERIC of Hohenzollern, came to his tent with intelligence that the Electoral College of the Empire had made him King of the Romans. At first he deemed this a joke and an insult, but finally, satisfied of its truth, he gladly accepted the proffered dignity. The tidings spread. The people of Basle opened their gates, saying that they had "made war against the Count of Hapsburg and not against the Roman king;" and the bishop made the not very reverent exclamation: "Sit firm, Lord God, or RUDOLPH will seize thy throne.*"

* *Sede fortiter, Domine Deus, vel locum RUDOLFUS occupabit tuum.*

Various circumstances had determined the election of an insignificant Count over mighty kings. WERNER, Archbishop elect of Mentz, had made a journey to Rome, in order to receive confirmation and his pallium at the hands of the Pope. RUDOLPH had protected him by an escort through the Alps, then infested with robbers, and on his return magnificently entertained him. The prelate, deeply impressed with this behavior, resolved to reward it. Being one of the imperial electors, he had now the opportunity. RUDOLPH had marked personal qualities to recommend him. He was perhaps the greatest strategist of his age. He is supposed to have re-introduced pontoon bridges, which had been unknown from ancient times. His just, generous and noble traits fitted him to deal with that state of anarchy which had resulted from a virtual interregnum of more than twenty years—a state of things which contemporaries have aptly described in the words of Scripture: "In those days there was no king in Israel, and every one did that which was right in his own eyes." The other two spiritual electors were privately brought over to the views of the Cardinal Archbishop of Mentz. Other motives might control the temporal electors, and others were offered. RUDOLPH had six unmarried daughters. Such a possession has sometimes proved a fortune, and sometimes a source of torment. In this instance it was the former. Two of the electors were in a condition to form matrimonial alliances with the new candidate for the imperial dignity. RUDOLPH's friend and relative, FREDERIC of Hohenzollern, took it upon him to urge these views to the electors, who were also influenced by the fear that in the other candidates they were in danger of finding masters rather than correctors of existing abuses. They declared for RUDOLPH, and the electors of Brandenburg and Bavaria immediately married daughters of the Emperor.

ORTOCAR, King of Bohemia, at the time the most powerful monarch in the Empire, was of course displeased. During the long period of anarchy, he had by usurpation added to his kingdom of Bohemia and Moravia, the duchy of Austria, with Styria, Carinthia and Carniola. These lands had been declared by FREDERIC II. vacant fiefs of the Empire, hereditary in the Emperors. They embraced a tract extending from the spine of the Carpathians on the north, through the Alps, to the Adriatic on the south. He was called upon to restore these lands and do homage for his own hereditary kingdom. This would have been humiliating on any supposition, much more so, if it is true, as maintained by some, that RUDOLPH had once been in ORTOCAR's service as master of his horse. The king refused compliance, and insulted the new emperor. He declared that the election of a man who had once been excommunicated by the Pope—for such was RUDOLPH's case—was unlawful. But, beaten in battle, the haughty sovereign yielded his claim to the other states, and consented to do homage for Bohemia, but besought that it might be in secret in the imperial tent. His request was granted, and he repaired thither all glittering in gold, and found the emperor in plain clothes—and the clothes revealed the men. In the midst of the ceremony, the sides of the tent were raised, so as to exhibit the proud ORTOCAR on his knees before his late despised rival. The wound was too deep to heal. The King of Bohemia soon broke the peace and fell in battle.

Thus the founder of that house which at the present day still reigns over the Austrian Empire, a scion of which has just been transplanted to

our own Continent, was established upon the throne of those lands which formed the nucleus of that Empire. His right was no more called in question. The whole empire felt his healing touch. His son ALBERT succeeded him in Austria, but not immediately on the imperial throne; for, unlike his father, he was of harsh and imperious temper and manners. He was, however, still raised to the throne of the Empire on the death of his father's immediate successor, ADOLPHUS of Nassau. It was in the reign of this ALBERT that the three forest Cantons of Switzerland—Uri, Schwitz, and Unterwalden—struck for independence, and gave rise to that marvelous history, which, as embodied in SCHILLER's tragedy of WILLIAM TELL, has thrilled so many hearts, but which would, to this day, be very unpalatable to the Hapsburgs. RUDOLPH himself had held the patronage of these Cantons, but he humored their love of independence, and did not interfere in the details of their government, which ALBERT attempting to do gave rise to the Swiss Confederation, now five centuries old, and a perpetual protest against European despotisms. He was assassinated in the year 1308, by a conspiracy headed by his nephew just as he was entering Switzerland to enforce his demand; and, seven years later, his son LEOPOLD was signally defeated by these Cantons in the battle of Morgarten.

Previous to the year 1457 the imperial dignity had been distributed among the reigning houses of the Empire; from that time it remained in the house of Hapsburg until 1504, when Austria itself assumed the rank of a hereditary empire. The house culminated in CHARLES V., who united in his own person Austria with its dependencies, the Netherlands and Franche Comté, Spain with her vast American possessions, and considerable territory in Italy, to all which was added the Imperial throne, at the age of nineteen years. His grandfather, MAXIMILIAN, was his predecessor, and governed the Empire at that interesting period when LUTHER's first movement broke its long though turbulent monarchy. CHARLES succeeded him in 1519. A prince more powerful and politic never sat upon a throne. He kept faith only when counseled by policy. He knew his contemporaries. FRANCIS I. had been his rival for the Empire, and was still his competitor for European power. HENRY VIII. of England was the only sovereign able to turn the balance in his favor. He trampled upon etiquette in order to visit Henry on his way to his own coronation. Wary and observing beyond his years, he perceived that WOOLSEY governed the English monarch and that ambition governed WOOLSEY; he accordingly promised the prelate that he should have the papal chair when it became vacant. The vacancy seemed distant, for Leo X. was still young, but he died soon. The promise, however, had served its end, and needed not therefore to be fulfilled, especially as the dignity could, as he thought, be more safely bestowed. Leo was succeeded, therefore, by ADRIAN BOYENS, Professor at Louvain, CHARLES' old tutor. He would have put down the Reformation at once, but he desired to hold it as a scourge over the Pope, and as a bait for the goodwill of the princes of the empire who favored the Reformers. His army in Italy seized the Pope's person, acting doubtless on his authority, but when he found the measure unpopular, he disavowed it, went in mourning, and ordered prayers for His Holiness' release. The Holy Father was soon at liberty, but the case was not decisive as to the efficacy of prayer. When he became ready to

put down the Reformation—that is, when it agreed with his plan to do so—he remorselessly seized the immediate successor of the very prince to whom he doubly owed his elevation—for the imperial dignity had first been offered to FREDERIC the Wise of Saxony, who declined it, and caused it to be given to the youthful CHARLES. He subjected the Elector to a mock trial at the gates of Wittenberg, before the infamous Duke of ALVA, and made his life depend upon the opening of the gates by the Elector's family, who were within. He saved his life indeed, but gave his dominions to the Protestant Prince MAURICE, who promised to be his supple tool. He seized the Landgrave of Hesse, the only prince on the Protestant side who did not yield, and held him a perpetual hostage. He governed the States of Germany as if they had been his hereditary dominions. MAURICE proved, indeed, too shrewd for him, and was the first to beat him at his own game of dissimulation. He knew that CHARLES could not be trusted. He saw the imperial plans through their disguise, and having won his confidence, he obtained the command of the army which was to have been used in enforcing the Interim,* that is in putting down the Reformation. MAURICE had, however, a private understanding with the Protestant Princes, and a secret treaty with HENRY II. of France, that the latter should enter Lorraine at the same instant that he should march against the Emperor. He managed so adroitly that CHARLES never entertained the slightest suspicion until he was within two hours march of Innsbruck, where His Imperial Majesty was quietly waiting and watching the progress of the Council of Trent, then in session on the other side of the mountains. Suffering from gout, and unable to ride, he escaped upon a litter, under cover of a dark and stormy night. He was thus borne through by-ways to the alpine village of Villach in Carinthia. Having narrowly escaped capture by his own army, he was, of course, ready to give the Protestants the free exercise of their religion by signing the treaty of Passau, which was brought to him in his mountain retreat. CHARLES never recovered from this shock. The Pope and the Catholic powers could not trust him; the Protestants of course could not; he made some ineffectual attempts to recover himself; but finally chagrin and the gout wrought together to bring him to the magnanimous resolution to resign his vast dominions and cares. On his accession to the Empire, he had given up Austria to his brother FERDINAND, and the Electors had appointed the latter to succeed him on the imperial throne. He tried several times to persuade his brother to relinquish this succession to his son PHILIP—the aggrandisement of his immediate family being his great motive, when the hope of his own was past—but when he found this impossible, and his imperious counsellors, gout and chagrin, pressed him sorely, he abandoned his honors and retired to the walls of a convent, where, like the dying wolf, he doubtless sought to find a balance against his many acts of arbitrary rapacity, in the many supposable ones which he had not committed. The review of the reign of this Hapsburg, and that of PHILIP II., has led the thoughtful student of history often to contem-

* CHARLES, assuming to control alike spiritual and temporal matters, got up a system of religious doctrine and church order, somewhere between those of the two parties, which was to be made obligatory until the final determinations of the Council of Trent could be known. This was called the "Interim."

plate with gratitude Europe's narrow escape from the scenes enacted on the narrower stage of the Netherlands, so finely portrayed by SCHILLER, and recently by our own MOTLEY. Even the reputation which his supposed austerity in the monastery of Yuste had won for him, has all been dissipated by the discovery of his correspondence, showing that even in that retreat, his time and faculties were divided between political scheming and gormandizing.

FERDINAND, by marriage with ANNE of Hungary, inherited that kingdom in 1526, together with Bohemia, Moravia, Silesia and Lusatia, and in this augmented dignity originated the title of Archduke, which still remains in the family. This extensive domain, with numerous additions, after various cessions and retrocession, continues in the family to this day. There is not in the whole civilized world another instance of so great diversity of character, language and religion crowded together within the same space. It is as if the period of the northern migrations had been a vast inundation, during which this whole range of country, permeated by the Danube, embracing the mountains and valleys of the eastern Alps, the Carpathians, the Giant and Pine mountains and Bohemian forests, had formed a series of innumerable eddies, in which this human drift of all kinds had been collected and whirled round until the waters subsided and left it all there, where it still lies not yet assimilated, nor likely to become so. The population of France, though as large as that of Austria, has become all French, with but slight mixture on the side of Germany and Italy. The two latter, though always under numerous independent governments, have each been one people in language and feeling, with a slight exception in eastern Prussia. In Germany and Italy independent sovereigns have striven to keep their subjects from becoming one, lest they should lose their thrones; but in Austria the one sovereign has made the most violent efforts, that too all in vain, to unite and harmonize his subjects.

Austria lay on the frontier of Europe, next to the Ottoman Empire. Its name, Oesterreich, the Eastern Empire, is significant. The germ of those dominions over which the Hapsburgs now reign, was formed in the time of CHARLEMAGNE, in the year 800, by a militia force which guarded the eastern frontier of his empire from the incursions of Asiatic tribes. Several centuries later it was increased by the territory above the river Enns, and became a duchy, around which continued, from time to time, to cluster the various lands which have finally made up the Austrian Empire, the whole taking the name which the little Margraviate had received as being the eastern limit of CHARLEMAGNE'S dominions.

Aggrandizement has been the motive of this family, just as of all other governments, both monarchies and republics, unless it be such as the Republic of San Marino, or the Duchy of Lichtenstein, which lie below the level where ambition figures. This idea is nowhere more active than in our own Republic, and none boast so loudly when traveling abroad of the extent, wealth and intelligence of their country as our own citizens. Each feels that he has a personal share in the toil and glory of this aggrandizement, while in Austria it belongs to the Hapsburgs, and the private person seldom feels his heart swell and expand with this thought.

The distinction, then, between the House of Hapsburg and any other sovereign power, is not to be sought in this desire for national aggrandizement, but in the principles and policy by which it is pursued. The

sovereigns of this family have been much governed by a policy of oppression and narrow-minded restrictiveness. Apparently changing with the changes in events, it has remained nearly unchanged. FERDINAND II. seemed more liberal than his brother CHARLES. We can scarcely doubt that he was so. But as a party to the treaty of Passau, he was moved by a feeling of jealousy of his brother's power, and by the necessity of the Elector MAURICE'S aid against the Turks in Hungary. As the bone in the wolf's throat was mercy to the lamb, so FERDINAND'S fears and necessities were liberality to the reformed party in the Empire. He received the Jesuits into his dominions, but did not adopt their counsels for the extermination of Protestantism. Similar causes dictated a similar policy until the opening of the thirty years war changed the aspect of things. The Protestant armies held the capital of Bohemia and threatened Vienna. Two hundred years had not killed out the seed sown by JOHN HUSS and his compeers. Indeed, the Protestants were the strongest party in Bohemia and the neighboring lands of Silesia, Lusatia, and Moravia, and were strong in the duchy of Austria itself, as also in Styria, Transylvania and Hungary, and were in open rebellion, already well-nigh triumphant. But by the battle of White Mountain, in 1620, Prague and all Bohemia fell into the hands of FERDINAND II., who but the year before had succeeded to his hereditary dominions and the imperial throne. This prince had been educated in the Jesuit College at Ingolstadt. His education but nourished the superstition of his nature. He gave the Jesuits the problem of bringing his Bohemian subjects back to the bosom of the church. They required the people to observe the church ritual. It was a short process of reduction to a common denominator, and the rule was quite distinct. Each family must appear in the church in an order to be regulated by their house numbers. To the charge of non-attendance they could plead that their number or their day was not that contained in the indictment, or something else equally decisive of their true religious state. Moreover, a military force accompanied the reformatory agents, and where submission could not be obtained, the scaffold settled the question. Confiscations and martyrdoms flung terror in all directions, and voluntary exiles deprived the kingdom of 30,000 of its best families, with all their servants and retainers, while their forfeited estates rewarded the agents of this desolation. As a still further reward, the Emperor endowed sixteen colleges for the Jesuits within his Austrian dominions. What body of men would not work well for such pay? The monarch rather than the missionary should be charged with the result. The Inquisition never acted with more rigor, nor was a policy more ruinous to a country's best interests ever pursued. Three-fourths of the people of Bohemia had been heretics, and their heresy was extinguished. Death was the lightest punishment inflicted. Far worse was the indiscriminate abandonment to the license of a soldiery who might gratify every lust and then turn their victims penniless upon the world to wander in hourly apprehension of further vengeance, forbidden to use their native language, to exercise their trades or professions, their marriages declared unlawful, and their children illegitimate. If any escaped the vigilance of these itinerant reformers in their first round—and this would doubtless occur from sheer weariness and satiety of the lusts of the agents—they had slight cause to congratulate themselves; for their tormentors might be expected to return with

appetites whetted to greater keenness. Bohemia had been perhaps, in the fourteenth and fifteenth centuries, more than any other land, the light of Europe, and its great light had been the University of Prague. FERDINAND gave this to the Jesuits, and its light was extinguished; and from being the first of Universities it has nearly lost its character as a seat of learning. This country had had a glorious history for more than two centuries before these events. Its written memorials were still to be found in many a house in the kingdom. All traces of this history were, so far as possible, obliterated, that the people might forget whose children they were, or rather what their fathers had done. Any monument of their former glory might become the rallying point of new aspirations, and none must therefore be left. Hence it has happened that the history of JOHN HUSS, JEROME of Prague, and JOHN ZISKA, had been, until within a few years, so imperfectly written. The flames which had consumed the bodies of the children, had destroyed also the memorials of their fathers' deeds. Few besides those which had already reached other countries, and were there preserved, escaped the fire. As printing was not yet known in the days of the Hussite war, these books were not greatly multiplied, and it is but recently that enough of these have been recovered to write this history with tolerable fullness. From the days of FERDINAND II., Bohemia has been scarcely known in the history of the world.

FERDINAND pursued the same general policy, though less vigorously in the rest of his dominions. He attempted to introduce it throughout the German Empire. He authorized the Catholic sovereigns of Germany to enforce their subjects' return to their own faith, as he had done. He published the so-called edict of restitution, requiring the restoration of all the ecclesiastical property which had been secularized since the peace of Passau. But he went too far. He awakened enemies who would otherwise have been his friends, or remained neutral. He aroused the apprehension of even Catholic sovereigns. The Catholic league headed by MAXIMILIAN of Bavaria, refused to sustain him, although he had rewarded this prince with the Palatinate which he had taken from the weak and unfortunate FREDERIC, son-in-law of JAMES I. of England. His grand plan was to exterminate protestantism, which he regarded as identical with rebellion. He looked upon any means necessary to the accomplishment of so beneficent a work as justified by the great end to be achieved. In attempting to negotiate with the electors of Saxony and Brandenburg, he represented the contest as not a religious one. In treating with Catholic France, he allowed the approaching war to be regarded as one demanded by the interests of the Church and depicted the common danger to France from the Huguenots, and the German empire from the Protestants. But his plans, if not fully penetrated, were still viewed with apprehension and even alarm. The German Catholic powers moved first. This emboldened the Protestants. They called upon FERDINAND in 1629 to convene a diet at Ratisbon. Here they insisted upon certain concessions, which, though humiliating, he granted, in the hope that his son would be immediately elected to succeed him on the imperial throne, CARDINAL RICHELIEU, jealous of the growth of the House of Hapsburg, sent thither an ambassador and outwitted His Imperial Majesty. The latter made the concessions, and *still* the diet was dissolved without his son's election.

At the very time that RICHELIEU was treating with FERDINAND, he was also closing a treaty with GUSTAVUS ADOLPHUS, King of Sweden, against the house of Austria, and in June, 1630, that wonderful man landed in Pomerania on the South shore of the Baltic. The Emperor despised, but soon learned to dread this new enemy; for before the close of 1631, all Bohemia was again in the hands of FERDINAND's enemies, the exiled nobles were returning and reclaiming their forfeited estates, the forced converts were resuming the forms of worship which they had been compelled to renounce, and this truest type of the Hapsburg family found himself involved in a war of which he was destined never to see the end. It had raged ten years, when instead of closing, its earnest realities were just about to commence. How little this man knew what trains he had set in motion! By reasonable moderation in 1620 he might have left his house in the enjoyment of a power and a splendor, nay, even a control in matters of religious faith, which his more liberal son would have loved in vain to establish in the peace of Westphalia, after 28 years more of the most desolating war that ever ravaged the extent of the German Empire. This war was the great theatre of the genius of GUSTAVUS ADOLPHUS, and his wise Chancellor OXENSTIERN—of Count TILLY, whose name is the best synonym for cruelty to the population of cities taken by siege—of WALLENSTEIN, not one of the greatest generals, but one of the most enigmatical characters, which has ever appeared as general. It was too a theatre for the display of the artful diplomacy of Cardinals RICHELIEU and MAZARIN. For this whole devastating and embittering struggle, FERDINAND II. was mainly responsible, and although MAXIMILIAN of Bavaria was head of the Catholic league, which generally co-operated with the Emperor, the latter was the soul of the war which began with his accession and continued 11 years after his death. The German Protestants have given the name of GUSTAVUS ADOLPHUS unious to their missionary societies formed to sustain feeble Protestant churches in Catholic lands. This is at least in bad taste; for GUSTAVUS was not the peaceful messenger of the glad tidings, but the martial defender of his party's rights. Neither party is at the present day disposed to put this question to the test of arms, but if they were so disposed, they could not rally under more appropriate names than those of GUSTAVUS ADOLPHUS for the one, and FERDINAND II. for the other.

These two men, were each in his way, equally devout. When the tide of a hard contested battle turned in his favor, the King of Sweden would drop upon his knees amid the unsettled dust and smoke and the bodies of the slain and return his fervent thanks to God for the victory. So FERDINAND, when in 1619 the Protestant forces, masters of Bohemia and Moravia and most of the duchy of Austria, were at the Gates of Vienna, with scarcely less than a certainty of its capture, BARTHOLOMEW VALERIUS, the Emperor's confessor, entered his private cabinet at the moment when he had finished his devotions, and FERDINAND said to him: "I have reflected on the dangers which threaten me and my family, both at home and abroad. With an enemy in the suburbs, sensible that the Protestants are plotting my ruin, I implored that help from God which I cannot expect from man. I had recourse to my Saviour, and said "Lord Jesus Christ, thou Redeemer of mankind, thou to whom all hearts are opened, thou knowest that I seek thy honor and not my own. If it be thy will that I,

in this extremity, should be overcome by my enemies, and be made the sport and contempt of the world, I will drink of the bitter cup. Thy will be done!" I had scarcely spoken these words before I was inspired with new hope, and felt a full conviction that God would frustrate the designs of my enemies."

His life was consistent with this prayer. He bore adversity with the fortitude of a saint. His arrogance in prosperity was but a different manifestation of the same feeling. An affected or real humility fostered by his educators, led him to admit the poor and even beggars to his presence, and that too though they might be infected with the plague. He got up entertainments for the poor and served them himself. He purchased Christian slaves from their African masters. He hired advocates at his own expense for the needy before courts of justice. And yet his was the age marked in the history of Germany above all others for cruelty in religious persecution, and he the man personally responsible for it. That a man of so mild and clement a natural disposition could cherish at the same time the cruel feelings which wasted the fairest lands of his Empire, is a mystery which can only be solved by studying the times, the strong antipathies and bitterness which arose from LUTHER and the Reformation, and the strong and thoroughly organized counter-movement directed by the Society of Jesus. In this, FERDINAND II. stands revealed. The reign of this monarch has been fully sketched, because he is a kind of type of his house since the Reformation, including even its present representative, FRANCIS JOSEPH I. The others have only been less marked and extravagant instances of that superstitious, narrow-minded and bigoted policy, which had its highest manifestation and received its great rebuke and final check in the German Empire in FERDINAND II. Since his days this policy has reigned only at home within the Austrian dominions, and even there has been more modest.

The reader is to understand that we picture persons, or at most dynasties and not Catholics or Catholic sovereigns in general. How have the liberal Catholics of Italy and of the whole continent of Europe regarded the policy of the House of Hapsburg, both at home and in the Italian peninsula? In 1848 the Grand Duke LEOPOLD of Tuscany promised his people a constitution and a liberal government and began the execution, when the house of Hapsburg forbade and stopped the movement. In the spring of 1861 we heard Dr. DOELLINGER, of Munich, who has very few equals among Catholic divines, lecture on the temporal power of the Pope. He is marked with the ultramontane school, and yet he remarked that of all the *possibilities* in regard to the future of Italy, the restoration of Austria's ascendancy was most undesirable.

(To be continued.)

THE LEGAL TENDER ACT.

BY ALBERT STICKNEY, ESQ.

THE Legal Tender Act of February 25, 1862, has been by several of the State courts pronounced constitutional. Very possibly the Supreme Court of the United States will also pronounce it constitutional. Yet even then, if men generally feel certain that the measure was an unwise one, and doubtful whether or not it was a constitutional one, any resort in the future to such means for providing Government funds might be prevented. The subject is not therefore, even though it is well nigh put at rest for the present by decision, devoid of interest for discussion.

The act provides that the Treasury notes therein authorized to be issued, commonly called Greenbacks, "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 as aforesaid," *i. e.*, interest on the public debt.

Is this act constitutional?

The 10th amendment to the Constitution reads thus: "The powers not delegated to the United States by the Constitution, nor prohibited by it to the States, are reserved to the States respectively, or to the people." This then is clear; the power, to be vested in the Congress of the United States, must be "delegated" to Congress by the Constitution.

Not as was the case with the Congress under the old confederation, there were given to Congress under the new Constitution all the powers which naturally belong to the legislative body of a genuine government. There are the powers "to raise armies," "to provide a navy," and lastly the power "to make all laws which shall be necessary and proper for carrying into execution" the other expressly granted powers. For the execution of these powers of a national government, raising armies, maintaining a navy, constituting courts, and others, money must be had. This power to pass a Legal Tender Act, if brought or attempted to be brought, under the power "to raise armies," must come under some of the powers to *raise money for the purpose* of raising armies. If brought, or attempted to be brought, under the power to "maintain a navy," it must come under some of the powers to *raise money for the purpose* of maintaining a navy. And these powers of *raising money* are specially defined and given. Under some of these *money powers*, then, must we find the power to pass this Legal Tender Act, or not at all. And if we do not find it at all under them, it does not exist.

These money powers given by the Constitution to Congress are these: "To lay and collect taxes, duties, imposts, and excises;" "to borrow money on the credit of the United States;" and "to coin money, regulate the value thereof, and of foreign coin." These are the only powers given to Congress, under the Constitution, for the purpose of raising money for carrying on the general Government. They will be considered, not in the order in which they are enumerated in the Constitution, but in the order which suits the course of argument here pursued.

The first one is the coinage power, reading in the Constitution "to coin money and regulate the value thereof." And this clause alone will be first considered.

At common law, before the Constitution was formed or dreamed of, coined metals had always been recognized as money; *i. e.*, metals weighed and stamped by the authorities having the power so to weigh and stamp them. Other articles, too, may have been at times legally or illegally considered to be money. That is immaterial to us at present. Coined metals were so considered. Courts of equity, when they decreed damages, in cases where courts of law would not decree them, always decreed damages in money. But it was necessary to have the standard of money uniform. The Constitution then did not touch the point of what should *be* money; coined metals already were so; nor did it give Congress power to touch the point of what should *be* money; but the Constitution gave Congress the power to coin what already was money; *i. e.*, to weigh and stamp the metals which, without any congressional action at all, were money already, and to regulate the value of them after they were so weighed and stamped. It is not then by virtue of the Constitution, or of Congressional legislation, that gold and silver coin *are* money, but *being* money, Congress has by the Constitution power to coin them and regulate their value after they are coined.

Nor is it by virtue of Congressional legislation that gold and silver are legal tender. Gold and silver, being at common law money, were at common law legal tender for contracts to pay money, and the payment of money was always decreed as damages by courts of law. The Constitution recognized this, and under the Constitution they still remained legal tender for contracts to pay money, and still remained the article in which courts were to decree damages. But of course the power must be some where to coin this money, and regulate the value at which it shall be legal tender, and at what rate courts of law shall decree its payment as damages, and this is the power given to Congress. Congress never in its legislation, whatever it may be said to have done, made gold and silver coin legal tender. Witness the titles of the acts it has passed. "An act *establishing a mint and regulating the coins* of the United States." The title of the act shows the intention of the legislation, and the act accomplished what the title showed the intention to be; and what the act accomplished Congress had the power to accomplish, and no more.

It seems clear then, if the preceding statement be correct, that under this clause of the Constitution no claim can be made as to the power of Congress to *make* paper money, or to do anything but "coin" money. But there is good authority for this statement. In the case of *HAGUE v. POWERS*, 39 Barb. 446, Judge SMITH in an opinion sustaining the constitutionality of the Legal Tender Act, says: "These two provisions construed together, most conclusively show, I think, that it was the purpose of the framers of the Constitution to give to the national Government exclusive control of the currency of the country, and to secure thereby one currency for the whole country, one national uniform currency. But that currency most evidently was to be a *metallic one*. * * * The national Government is to *coin* money, [the italics are in the original opinion,] *i. e.*, to fix the *national stamp* upon metals which are to be used as *money*. * * * The *money of the Constitution* was to be *hard money, metallic money*. It was to be *coined*."

Still although we may succeed in establishing as a point of constitutional construction, and it is nothing more, that the power to make

Treasury notes legal tender can not come under this power "to coin money," yet another position is often taken which deserves notice. It is often claimed that the power to create money, or as it is called, "the control of the currency," is an inherent attribute of sovereignty. This may be true. But the question then occurs, is Congress "sovereign?" By the term "sovereign," as in this argument used, must be understood a government not merely supreme in the exercise of those powers which it possesses, but unlimited in the number of those powers. But it is not of such a government that Congress is the legislative assembly. The United States Government is supreme in the exercise of its powers, but the number of those powers is not unlimited. They exist only when conferred by the Constitution, and because conferred by the Constitution. The question then is not whether the power to create currency is a power belonging to a sovereign government, but whether it is a power belonging to this constitutionally created Congress. Whether the founders of the Constitution ought to have given Congress the power to create a currency is very different from the question whether they have given it, and this last is one of interpretation merely. The power to provide punishments for crimes is certainly a sovereign power, if there be such an one. Yet no one claims that Congress has this power, except in a very few constitutionally defined cases. Our inquiry must be, not what are sovereign powers, but what are congressional powers; and not what are unconstitutional acts of Congress, but what are constitutional powers of Congress. Chief Justice REDFIELD in a note in the *American Law Register*, for January, 1865, in favor of sustaining the act, says, "It seems to us, upon any ground of a *priori* reasoning fairly conducted, it was very obvious no such power as to create a legal currency and legal tender out of their own bills of credit was given." But on what other ground of reasoning is the Constitution to be interpreted than "a *priori* reasoning fairly conducted?"*

Nor will any one claim that this act is an exercise of the power to "lay and collect taxes, duties, imposts, and excises." In so far as it made United States taxes payable in these Treasury notes, it might be an exercise of this power; for Congress when laying a tax can undoubtedly say in what these taxes shall be paid. But the point now under consideration is not the making these notes legal tender for dues to the Government, but legal tender for dues from one individual to another.

We come then to the power "to borrow money on the credit of the United States." And if the act in question, that is, the part of it making Treasury notes legal tender for private debts to private individuals, can be brought under this power, it will stand. If it cannot be so brought, it would seem that it must fall. And here some points will at once be admitted as now beyond question, and which will clear our ground before us.

Congress has undoubtedly power to issue United States securities. The power "to borrow" surely gives, as a "necessary means," the power to give

* Immediately following this quotation Judge R. gives an argument in favor of the validity of the act, on another ground, which is not at present alluded to. This quotation is made for the one purpose which it here serves, not for the purpose of attacking Judge R.'s argument.

to the lender a certificate of indebtedness. The word "borrow" must include obtaining money from a lender, and parting with a liability to repay it. No one would pretend that Congress could not issue or authorize to be issued a certificate of this liability and a promise to pay interest, at any rate they think best.

Congress has, too, the power to say that these securities shall be received in payment of debts due to the Government. They can make a tax or duty payable in anything they choose; in gold, silver, copper, or paper. *HAGUE v. POWERS*, 39 Barb. 450.

Congress might, too, as far as any constitutional law is concerned, say it would use these securities with which to pay all the Government's own debts to private or public parties; for, under the Constitution, the only way to obtain money is by "appropriations made by law." Congress need not appropriate money unless it please. They have the sole power, in their discretion, to order the payment of United States monies; and, as a mere point of law, independently of the justice of the matter, they need pay United States debts only at their pleasure, and in any thing that may to them seem good.

But all these are plain and legitimate performances of congressional powers. If Congress deem it necessary to obtain money by borrowing, no one doubts that they may by an act authorize an officer of Government to negotiate a loan, to engrave securities therefor, to issue them, to promise to pay interest on these securities, to determine their denominations, and generally to provide all means proper for effecting a loan. But when the "borrowing" has been provided for, the power of Congress ceases. They can go no farther. After the money is borrowed, and the security issued, and after Government has parted with all its property in the security to the individual who has loaned the money, is not the borrowing finished? Can Congress then, by legislation, constitutionally say at what price this private individual shall sell that security? The security is his. Government has no longer any right in it. Judge DENIO in an opinion, not yet printed in the Reports, in the case of *MEYER v. ROOSEVELT* in the Court of Appeals of New York, says, "Was it ever before supposed to be incident to the contract of loan, that the rights of other persons, strangers to the transaction, were to be controlled or affected?" Can such a piece of legislation be justly called a necessary means to the act of borrowing?

But suppose it granted that Congress can fix the price at which these securities shall be bought and sold. Can they do more than that? The authority to "borrow" means an authority to receive money from a voluntary lender, and to give him security therefor. Does it include the authority to affect the rights of third parties? When the money is obtained and the security parted with, is not the act complete? Is it even the same thing as regards those securities, to regulate their price in money, and to make them money? Is it a necessary means to this act of borrowing, to compel a private individual, not the lender, to lose part of the debts due him, by allowing contracts to be performed contrary to their terms? Judge DENIO, in the opinion before cited, says of this power of borrowing, and of the making Treasury notes legal tender, "But it is a step far beyond this to require that all persons shall receive them in payment of all manner of obligations. This has no natural relation to the

contract of borrowing." "Either the borrower or the lender may insist on any stipulation to which the other will consent, and when the former is a sovereign State, it may agree to any concessions on its own part not inconsistent with its constitutional limitations, and insist upon imposing any terms upon the lender which it may be thought expedient to require, and to which he will consent. The arrangement of these mutual stipulations embraces all which is material, or which can be appropriately attached to the contract of loan. A provision which is to *control other parties not connected with the transaction*, to their loss, though to the advantage of the lender, cannot be appropriate, for it is foreign to the nature of the transaction, and has never before been employed in connection with such arrangements. * * * * As to being *needful, requisite, or essential*, it is not so in any sense which would enable the Government to impose on the citizens who should have business relations with the holders of the securities, conditions which would only conciliate such holders."

But does this provision, making the notes legal tender, hinder depreciation, regulate the price at which the securities shall be bought and sold, or have any tendency so to do? All legislation tending to restrain and control the ordinary course of trade, to more than a very slight extent, is generally evaded. But suppose that any legislation Congress might adopt for that object could be strictly enforced, and suppose such legislation to be constitutional. We might then allow that Congress could pass an act providing punishment for any one selling United States securities below their par value. Or we might allow that Congress could pass an act imposing a tax on all sales made below their par value of United States securities; a tax equal in amount to the difference between the price and the par value of the bonds. These would be acts of legislation, whether wise or constitutional, it matters not at present, at least looking directly towards the point to be gained. Of such acts there would be no doubt of the object.

But what is the result, which, from the nature of the case, necessarily would be gained, and which, as facts have shown, actually has been gained by making Treasury notes legal tender? Of course, if these notes depreciated, they would be tendered in payment of all debts and obligations incurred before the passage of the act. This would be certain. What other result possibly could happen? Would the depreciation of the notes be prevented? Men buy corporation stock and pay for it its market price, and no more. Men buy a private individual's note, and pay for it its market price, and no more. And men buy a nation's note, and pay for it its market price, and no more. After they have bought it, they will pay a debt with it, provided they can gain anything by it. But that will not make them pay any more for it than its market value. If Government issue so many bonds, or manage its finances in any point whatever, in such a manner that the commercial world thinks the chances are about one in two that the bonds will be paid, men will give about fifty cents on a dollar for them. This it is that determines their market value, and not the fact that they can be used to discharge debts. Men will not give par for the note of an individual when they think the chances are doubtful whether it will be paid. Nor will they give par for a nation's note, when they think, for any reason, there is the same doubt. After they have bought

these Government notes, they will undoubtedly pay their debts with them, if they can; but they will not, for that reason, pay a dollar for an article that they can buy for fifty cents.

Moreover, what had been the fate of every other scheme of the kind? It had been tried in France and failed. It had been tried in the American Revolution and failed. And where had it ever succeeded?

It was certain, from the nature of the case, that Government bonds could not be hindered from depreciating simply by making Treasury notes legal tender. No other result could have been foreseen than the one which actually happened. Any intelligent merchant would have told Congress that this must be so. Any man, who had ever read a work on Political Economy, would have told Congress it must be so. Almost any school boy would have told them that it had been so. The paper would not, by being made legal tender, be hindered from depreciating, but creditors would thereby be deprived of their just dues. This last result was sure to follow, and it was sure that no other result would follow.

In the case of *HAGUE v. POWERS*, 39 Barb. 451, the court say, "If the argument is sound that Congress has power to authorize the issue of treasury notes, and to pay them out to public creditors, who will voluntarily receive them as a substitute for money, and that they are valid public securities, I cannot see why it does not follow, as a matter of course, that it has power, if the occasion will justify so extraordinary a measure, to declare their commercial value." It is as a measure to hinder depreciation, and, consequently, as a measure to the exercise of the power of borrowing money, that the legal tender act is often supported, and in this light alone we are now discussing it. If Congress intend to pass an act which shall be an exercise of the power to raise armies, it must provide some means necessary for the purpose of raising armies: it must provide for furnishing arms, or ammunition, or commissary stores, or quarter master's supplies, or for raising men. If Congress intend to pass an act in the exercise of the power to maintain a navy, it must provide for building dock-yards, making ship's guns, or iron plates, or something necessary for the purpose of maintaining a navy. It must be really fitted to accomplish the object which Congress has the power to accomplish. And if they pass a measure which depends for its validity on its hindering depreciation in United States securities, they must not pass a measure which very many men could have told them never would have that effect, which very many men could have told them never had had that effect when it had been tried, and which surely would have the effect of taking a certain amount of money from one individual and giving it to another, and no other. This act does not hinder depreciation. It could not hinder depreciation. It may be a certain convenience for Government to provide a paper currency for the country, and Government undoubtedly does raise a certain amount of money by the use of this legal tender. But it raises this money not by borrowing it, but by creating it; and this power of creating money never was given by the Constitution to Congress; and the framers of the Constitution, wisely judging that the exercise of this power by any branch of a government, was disastrous, not only did not give the power to Congress, but expressly prohibited it to the States.

A point of history may throw some light on our question. Consider what was the state of affairs under the articles of confederation, and what

money powers consequently then were necessary, and what was the state of affairs under the present Constitution, and what money powers consequently then became necessary. Under the old confederacy there was no executive; there was no judiciary. The confederacy might engage in war, and it was the very purpose of its creation that it should engage in war. Consequently it would need money. Could it lay taxes? No. "Charges of war, and all other expenses which shall be incurred for the common defence or general welfare, and allowed by the United States in Congress assembled, shall be defrayed out of a common treasury, *which shall be supplied by the several States.* * * * * The taxes for paying that proportion shall be laid and levied by the authority and direction of the legislatures of the several States, within the time agreed upon by the United States in Congress assembled." Then the articles continue: Congress shall have power "to ascertain the necessary sums of money to be raised for the service of the United States, and to appropriate and apply the same, to borrow money, or emit bills on the credit of the United States." The United States Congress then could ascertain the sums of money necessary to be raised, and the States were to raise the money, after Congress had determined the amount, if they so pleased. What could such a Government do? Or rather, what could such a deliberative council do, for Government there was none. They could not raise money by force. The only power they had, as far as raising money was concerned, was the power to *borrow*. Consequently it was a measure of absolute necessity to give them the power of *making* money; and this power was given to them. Without it they would have been penniless. With it they became bankrupt. And in consequence of the ruinous effects, which resulted from having no Government, with the power of *making paper money*, the founders of the Constitution determined to alter the policy, and have a real government, with the power of *raising money by taxes*. WASHINGTON, in his Farewell Address, said: "towards the payment of debts there must be revenue; to have revenue, there must be taxes." "Cherish public credit. One method of preserving it is to use it as sparingly as possible." And Mr. LANGDON said in the debates on the adoption of the Constitution, that he would rather reject the whole plan than retain the words "and emit bills of credit." What change then did they make?

In the first place they made a Government, instead of a persuading council; they created an executive and judiciary, as well as a legislature.

They gave to the legislature of this Government the power of "coining money"; not of making money, but of coining what already was money. They gave them, too, the powers to "raise armies," to "maintain a navy," to "provide for calling out the militia," and the ordinary powers of a strong general government. For the execution of these powers, of course a great amount of money would be necessary. And the Constitution states distinctly how this is to be obtained.

The first way indicated is "to lay and collect taxes, duties, imposts and excises" to any extent that Congress may deem necessary and wise; to the extent of all the property in the United States. Congress have under this clause the power to take every dollar of money, and every piece of property in the country, if they think it wise.

If Congress cannot raise enough money by this means, or do not deem

it wise to raise all the money they need in this manner, then there is the second way, viz: to "borrow" money.

Are not these two powers as great as can possibly be given to any Government, even in conceivable terms? Can greater power be given to a Government than the power to take every dollar of property in the country, and then in addition, to borrow all that any one in the world will lend them?

Here then are the two means given to Congress of providing funds for Government use: the one to *raise* money, and the other to *borrow* money. But where is the power to *create* money?

When in the preamble of the Constitution, the object of the formation of the Constitution is declared to be, "to provide for the common defence, promote the general welfare, and secure the blessings of liberty to ourselves and our posterity," it is not thereby intended, that for the furtherance of this object, every power is by the Constitution given, which, in the opinion of any of the officers or departments of the Government thereby created, may be adapted to the attainment of that object. Else what would be the use of adding anything to the preamble? Why should the Constitution go on and define any special powers at all? Or what would be the meaning of the clause stating that "the powers not delegated to the United States by the Constitution * * * * are reserved to the States respectively, or to the people?" But the preamble merely, in general terms, states the objects to be obtained, and the following parts of the same Constitution specifically provide the means for the attainment of those objects. The delegation of specific powers for the attainment of an object is always a strong presumption that no other powers are given.

It being then, without question, that money is needed and can be raised, for the purpose of carrying on the Government, it is also a fair supposition that, particular ways of raising money being given, they are the only ways given.

The framers of the Constitution expressly said, that all the powers of the general Government were to be found in that instrument; that no power not found there had any existence. Suppose, then, that the power to raise armies had never been given. No one would claim its existence. Suppose the power to maintain a navy had never been given. No one would claim its existence. Mere incidental subsidiary powers would not be specifically mentioned. Powers, which are merely necessary means for the exercise of more broad and general powers, would not be specifically delegated. No one expects it. But the great important powers of a Government would surely not be omitted, if they were meant to be conferred. These powers never are omitted. A man would as soon think of making a promissory note, and omitting the number of dollars which he was to pay.

Now consider a point of fact, that the issuing of a paper currency, so far from being an ingenious device of wise statesmanship, now first known to the world, or a useful and necessary means for borrowing money, always has been, and before the Constitution was formed, had been, at all times since there has been such a thing as financial history, the ordinary resort of a Government in financial troubles. Consider that the French revolutionists tried it, that our own confederacy tried it, that it was felt by all men to have been the greatest evil of the Revolutionary war, that, moreover, so far from considering the act of making legal tender the same thing as coining

money, or borrowing money, they had a special phrase for it, viz: "emit bills of credit," which they had always used to designate this ruinous measure, consider that this phrase had been used in the old articles of confederation, that it is used in the present Constitution, and then will any man deny that on principles of sound construction we must hold, that such a power if meant to be conferred, would have been enumerated specifically in the regular term of the time, as "emitting bills of credit," and that the power, would in those words have been inserted among the powers of Congress? Whereas, do we find it? And do we not know that so far from its being put into the Constitution, it was stricken out, after it had been put into the first draft of it?

But even if it be clearly made out that this Act of Congress does not hinder depreciation, it will still be claimed that the making Treasury notes legal tender inevitably causes a certain amount of them to be absorbed, and thus puts it in the power of Government to obtain a certain amount of money, by issuing them and giving them this quality. Undoubtedly, Government does raise money in this way. But in so doing, they do not raise the money by "taxing." They do not raise it by "borrowing." No one invests money in these legal tender notes which bear no interest. No one makes loans on them. Enough of them are taken up to use as currency. They are made money. The price of United States bonds remains what it would be were there no legal tender notes. Men give for them what they think them worth. The only effect produced is that we use Treasury notes instead of gold and silver for money. Government may get money by this means. So it might by seizing it without any legal process. The point is met by what has already been said, that the Constitution has provided ways of raising money, ample and sufficient. This way was one well known, universally designated by a particular phrase, had been used in the articles of confederation, in common speech, and actually is used in the Constitution itself, and yet this way of raising money is not mentioned among those authorized, but was proposed to be mentioned, and was left out. This can come in, as a necessary incident to the power of borrowing money, only in case it can be shown to be something directly auxiliary to the obtaining a loan. It cannot be shown to be anything of the kind. Undoubtedly this proceeding puts a few hundred millions into the hands of Government. But does it do it in a constitutional way? The old confederacy, being merely a league, having no power to act on individuals, being merely a persuader of State governments, needed such a power as the power to emit bills of credit. They could not get along without this ruinous make-shift. But under the Constitution, the state of things was entirely changed. Here was a powerful Government, with the power of taxing individuals, and the power of borrowing what it could not raise by taxing. What more could be asked? This put at the command of Government every cent in the country, and as much more as any one out of the country would lend them. Is there anything more that a Government could conceivably get? And this the Government has.

One effect this Legal Tender Act certainly has. It makes contracts and obligations performable in a manner utterly at variance with their letter, and the intent of their makers, and a portion of the property of creditors is by this Act arbitrarily transferred to their debtors. This effect it has, and this only. Are not the debts due a man as much his property as his real

estate, both in law and in common sense? And unless authority for this Act is given by the Constitution, is not its passage simply a "depriving of property without due process of law?" The Constitution says private property shall not be taken for public use, except with just compensation; but this is taking private property for private, use without any compensation. In some remarks in the *American Law Register* for February, 1865, some examples are given, of cases where great inconvenience results, from holding legal tender notes to be the equivalent of gold and silver. These examples are given by a writer who supports the constitutionality of the Act of Congress. He says: "It is easy to put cases not unlikely to arise, where the doctrine that coin and Treasury notes are for all purposes legally identical, and that judgement can only be for so many dollars, payable in whatever the law has made legal tender at the option of the debtor, would work positive injustice, where there exists great difference in their market value." But can any one put a case of a contract or obligation, made before the Act, where it does not work positive injustice? The writer says: "Suppose I leave \$1,000 in gold coin on special deposit, and my bailee converts it." Or suppose I left \$1,000 in convertible bank notes before anything but gold and silver were legal tender. Again, "suppose I loaned \$1,000 in gold, and the borrower agrees to return it in kind." Or, suppose I loan him \$1,000 in convertible bank bills, and he agreed before the Act to repay me, which was a promise to pay gold. Does the passage of the Act ever work anything but injustice, as far as it has any effect at all? The only effect it has, is on contracts made before the passage of the Act, and on all these, is not the effect one of injustice, and nothing else?

Arguments against the Legal Tender Act are, now-a-days, generally viewed by many men with distrust. They are supposed, generally, to be written with partisan motives, with a design to embarrass the Administration, and by that means to embarrass the Government. This paper is written under a firm conviction, that much injustice to private individuals would have been avoided, and that the financial position of the Government would have been much stronger to-day, had the Legal Tender Act not been passed, and that the passage of the Act was unconstitutional. Though it is too late now to undo what has already been done, and though a return to another policy must, to be safe, be very gradual, yet the temperate expression of honest thoughts on this subject may have some influence in case the nation should, at any future time, be placed in need of large amounts of money to meet its wants.

HON. THURLOW WEED.

BY MATTHEW HALE SMITH.

MR. WEED is one of the influential men in the Union, a WARWICK in politics, though far advanced in life, like the Law Giver of Israel on Nebo, his eye is not dim nor his natural force abated. His political home for years, has been at the Astor House, in the City of New York. He has occupied one room for a quarter of a century. It is on the lower floor near the ladies parlor. Around it clusters more influence than any room in the nation, except the President's room at the White House. Mr.

WEED seems never at rest. He flits in and flits out. He comes in and goes out as if driven by business which could not be stayed or resisted.

He passes away in the evening train and comes back with the early morning light. He walks into the dining-room; but before his presence is really noticed, he has concluded his meal and gone. His tone is subdued and low, speaking but seldom. A degree of quietness and even secrecy seems to mark all his movements. He walks about the corridors with a cat-like step, rarely speaking to any one, rarely being spoken to. Moving with so quiet and subdued a mien, that his presence at once attracts attention and causes visitors to ask: "Who is that gentleman?" He seldom speaks loud. He recognizes any civility, but rarely says anything. His resemblance to clergymen is so marked, that his opponents sometimes put "Rev." to his name. His figure is tall, he stoops slightly, his head inclines to one side after the manner of Mr. BUCHANAN. His rooms are the headquarters of the conservative elements of the land without regard to party. Few men of fame or position visit New York, without visiting him. He is keen, far-sighted and practical. Not what he wants to do, but what he can do, is the principle that guides him. When his party follow his lead it is successful; when it gets tired of following, weary of what it calls dictation, and disposed to be free, throws off—like RHOBOAM of old—the counsel of the wise, disaster follows. Without office emoluments or gifts to bestow, he has more influence in the great events of the day than any other man. A telegraph comes to him in cypher, he takes the night train for Washington; before his arrival is fairly announced, he is back to his old quarters. In like manner he is summoned to Albany, and is closeted with the powers that be. Plans for reorganizing the rebel States—the conservative movement for conducting the next Presidential campaign—influences that agitate Congress, and knock into pie the well known schemes of politicians—who shall be senator or foreign minister—who shall go into the Cabinet, and who shall stay out, are agitated and perfected in the little chamber which forms the New York room of THURLOW WEED. More than once a distinguished Cabinet officer has reached New York at an early hour in the morning, before the people were astir, remained quietly all day in consultation with the astute Statesman, and left at night with the great metropolis profoundly ignorant of the visit.

He began his public career as an editor in Rochester. He bought the half of an interest in a small paper and worked it up to a paying success. The Anti-Masonic excitement was abroad. Mr. WEED admitted into the columns of his weekly some articles denouncing the arrest and death of MORGAN. This, with an article which he wrote himself, stirred society to its depth and brought ruin to his craft. As he had sunk the little craft, with that justice that has ever marked his career, Mr. WEED bought out his partner's interest and resolved to start an independent paper in Albany. He became early and intimately attached to WILLIAM H. SEWARD. The two formed a mighty power. The one earned laurels on the field, the other wore them; and for thirty years the pair have guided the legislation of the nation and disposed of its patronage at will. Mr. SEWARD, when Governor of the State, was riding with a stage driver, that he might enjoy his segar. Curious to know who his quiet puffing companion was, JOHNNY said, "Captain, what are you?" "Guess," was the reply. "A farmer?"

"No." "A merchant?" "No." "A minister?" "No." "Well what then?" "Governor." "Governor of what?" "Of this State." "I guess not." "Inquire at the next tavern." Driving up Mr. SEWARD asked the proprietor, "Do you know me?" "Yes!" "What is my name?" "SEWARD." "Am I Governor of New York?" "No, by thunder, THURLOW WEED is."

Mr. WEED's power is in his heart no less than in his brain. He never forgets, deserts, nor neglects a friend, however humble or unfortunate. He is as polite and considerate to an illiterate breakman or to a domestic as he is to a member of Congress. There is not a boy or man on the Hudson River or New York Central Roads, that does not love him. One of the conductors said that Mr. WEED could send a glass vase to Galena by the railroad boys without having it broken. "They would carry it in their hands for the old man and quarrel for their turns." He pays liberally for all favors and has a strange way of attaching men to him. His private munificence to the lowly and indigent is unbounded, and thousands of eyes moisten at the mention of his name. No amount of exposure or inconvenience will keep him from befriending one whom he wishes to serve. He has been known to wait hours at night in the Central depot to meet some friend from the interior who had asked to see him there.

A single incident will illustrate Mr. WEED's kindness of heart. While busily engaged on a pressing matter in his rooms, a Senator sent in his card. "Tell him I am very much engaged, but will see him" naming the hour. The card of a Governor was sent in, to which he gave a similar reply. Soon a knock was heard at the door. "Open the door, George," he said to his companion. The door was opened; a negro man stood outside, trembling. Mr. WEED knew him well. He knew that nothing but stern necessity drew him to his door. In his tender tones he bade him come in; pushed aside his paper, heard his story, gave him twenty minutes of his precious time, gave him a little money, granted his request, which was better than all, and sent him on his way rejoicing. He had no time for a Senator or a Governor; had time and money for an indigent negro, who at the same time was a fugitive slave. He is one of the best conversationalists in the country. His eye kindles, his face glows, and though at times slow to talk, acts with power. His life touches the highest and the lowest. None can fail to be impressed with its wonderful volume, so noble in its faculties, so infinite in its resources. In the nation he will always remain a power. So wise, practical, with such unbounded political knowledge, few are willing to oppose him or offend him. The "Old Man wants it," is enough to carry almost any measure. Few men have been as loved in their own home. Few men are as valued in the realms of private friendship. The poor find in him a constant friend and adviser, one who does deeds as well as give words. His coolness, his bravery, his kindness of heart, his liberality, his disinterestedness, are household words with his friends. A power in the State, his highest honor is in the warm love of those who know him best.

NATIONAL FINANCE WITH LEGAL TENDER.

PROFESSOR GOLDWIN SMITH, }
LONDON, ENGLAND. }

SIR,—I have read in the newspapers of New York a letter of yours on the Finances of the United States, copied from the London *Daily News*, that I trust will attract the attention of our people and Government, coming, as it does, from one so conspicuous in science and so friendly to our nation as yourself. Without doubt you are correct in your conviction that the financial administration is the weak point in this country. It was the weak point prior to the rebellion, and has been ever since the birth of the nation. Some of us have long been aware of this, and have taken every convenient opportunity to impress the truth upon government and people; but truth in political economy is of unaccountably slow growth every where; and here, especially, it is thoroughly opposed and kept down by an unreasoning and unconquerable prejudice in favor of what is absurdly called "paper money," as if the promise to pay a thing could be the thing itself.

You think the root of the mischief here is the Legal Tender Act. Pardon me for differing with you on this point. It seems to me the Legal Tender Act is neither root nor trunk, but a mere off-shoot of a false principle, having its root or source on your side of the water, in the pet bank of your country, the Bank of England. I mean no disrespect to you or your opinions in this statement, but I wish to place the responsibility for the false system, under which not only the finances of this country but of the commercial world are suffering, where I think it belongs. The establishment of that Bank was the opening of an era of debt in the world that is needless, endless, and boundless, and our nation is but fulfilling the financial destiny assigned to it by that institution.

It was, as you are aware, the beginning of the public debt of Great Britain; a debt that was paid, paradoxical as it may appear, in the capital of the nation when the same was contracted. No other capital but that of Great Britain paid the cost of the war in which it was consumed, and the delivery of the capital was its payment. But the sophistical scheme of false banking re-established the debt for the benefit of mere currency makers, men who loaned no capital to the Government at all, but added so much *price* to the *value* which the Government received and agreed to pay for their currency obligations. It is a scheme that transmutes from money into debt all the exchanges it touches, and piles upon commercial communities a huge mass of needless individual indebtedness, over and above the sum of the false currency it manufactures. Value pays for value, and service for service, but a debt currency pays for nothing, it merely postpones the payment needlessly that with a currency of money would be made at once.

No one is paid for his goods or his services in a bank note or check; one simply gives credit to the promise of a bank instead of the promise of some other debtor, and gets his pay by parting with the promise for value received. It is a false principle that discards capital, which is the object of exchange in money, its element of payment and of wealth, to

substitute therefor mere debt as the medium of exchange, which, in the dual nature of money, is precisely that element which of itself makes no payment and is no wealth. A medium of exchange may be made of promises, or of paper, or iron, or copper tokens, but so far as it lacks intrinsic value it is not the object of exchange, and so far it is poverty in the place of wealth:

The false principle is the formation of a "deposit" in pretended banking by discounting a debt out of itself; creating so much additional debt and making it currency. The credit given by a bank to its customer, which is not the transfer of a prior credit, but which increases the loan and the "deposits" in one and the same transaction, is no deposit, and no banking; there is no value received; it is currency making out of debt, and, to the extent of its convertibility into coin, it depreciates the value of money, and expels an equal sum of capital from the community that originates it in pure loss.

None but a wealthy or thriving community ever did, or ever can maintain this costly and wasteful system of currency making. Strangely enough, the industry, wealth, and general prosperity which support the system are supposed to be its results; but it has never been introduced in any of our new States or frontier settlements, where capital was scarce, without crippling the energy and industry of the people, and bringing about in the end almost universal bankruptcy. True, the credits it has created have enabled individuals to purchase goods at inflated prices on credit from the Atlantic cities, which they could not pay for, and this, by a sort of involuntary robbery, has transferred some capital from the older cities to the interior States and outlying settlements; but this has been but a wretched pittance of compensation for the suspension of business, check of production, confusion and violation of contracts, broken fortunes and broken hearts, that have followed its operations with the certainty of death. It would be instructive to trace its history in the experience of nearly all our Western States, but especially of Illinois and Arkansas.

Banking is a very proper, honest, and useful business; it is dealing in money and exchange, and in loanable capital. There cannot be too much of it because it will regulate itself. It is borrowing of those who have capital to lend, and lending to those who have capital to borrow. But currency making is another thing; it is not a proper, necessary, or useful business; it is unnecessary, and as unprofitable to any community as counterfeiting, because it creates *price* without *value*, and the false price must be paid in precreated value for imports, while it checks the exports of merchandise, forcing money abroad instead, until the excess of the supplies of merchandise at length compels the holders to yield to the price and demand of foreign markets. Beyond our own borders it does not raise the price of our exportable commodities a dime, while its irresistible effect is to raise the price of imports, stimulate increased supplies, and, as I have said, drive our money abroad in dead loss, because of its degraded value.

Now, the immediate cause of the suspension of money payments, and of the present ridiculous condition of our currency, with the expansion of debt under false prices, was, and is, the operation of this false principle following the negotiation of the so-called $7\frac{3}{16}$ loan with the corporate banks in the autumn of 1861.

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The approach of the rebellion, evident in 1860, with the repudiation of Southern debts, which broke the merchants of the North, and the open rupture in the attack on Fort Sumter, in April, 1861, had so destroyed general confidence in credits and in trade, and reduced the available assets of the banks and their liabilities, that the currency of the loyal States fell below the natural money measure. This appreciated the value of money and depreciated the relative value of merchandise, until money became more valuable than merchandise. The foreign exchanges were turned thereby largely in favor of this country, so that we gained probably \$80,000,000 of gold and silver in the year 1861. The banks were thus placed in a condition, not merely of ease as to their liabilities, but of anxiety to lend their credit and maintain their dividends. They had what they call money to lend, although those of the loyal States, to whom alone my argument applies, owed, payable on demand in gold and silver, the sum of \$420,000,000, with probably \$80,000,000 on hand to pay it with.

No official statement of the condition of the banks having been made at Washington, since January, 1861, it is not easy to determine what portion of the large excess of specie imported and mined here in that year went into their coffers, as applicable to the payment of their liabilities; but the general distrust caused private hoarding among those who were unfamiliar with banks, and, among the friends and customers of those institutions, the transfer of large sums from general to special deposits, which amount to the same thing, so it is not probable that the specie reserves available for their demand liabilities of \$420,000,000 exceeded \$80,000,000, to which should be added, say \$80,000,000 of coin outside of the banks and free of hoards, making the whole circulating medium to consist of a debt currency of \$340,000,000, and money \$160,000,000 (\$500,000,000,) this sum of five hundred millions being less than belonged to our capital in real money, as is evident from the state of the exchanges, with the rapid influx of specie and the rapid efflux of merchandise in exchange. I need not inform you that money goes where it has the most exchange value, with no more reference to the so-called "balance of trade" than iron, or wheat, or any other exchangeable commodity.

Because of this reduction of currency and excess of unemployed capital the rent of capital was low, and loanable capital and bank debt were begging customers at 3 to 4 per cent per annum. In this condition of financial affairs the Government came into the market for a loan of \$150,000,000 offering $7\frac{3}{10}$ per cent interest per annum. Can you doubt that the banks could have borrowed this sum for the Government at a much lower rate than this? But to have done so would have produced less profit to them immediately; they were for grasping the whole $7\frac{3}{10}$ per cent at once, and the want of scientific knowledge, with the indolence of those having charge of the negotiation on the part of the Government, threw the whole matter into the hands of the managers of the chartered banks upon their own terms. Accordingly, without borrowing a dime of capital, they undertook to lend the Government one hundred and fifty millions of dollars when they had not one hundred and fifty cents to do it with.

As I have said, they already owed a demand debt of \$420,000,000, with only \$80,000,000 of money on hand to pay it. They were the custodians of this money, not its owners. It belonged to their prior creditors,

whose forbearance was due to the favorable condition of the foreign exchanges, and consequent absence of any export demand for money. Creditors for nearly five times its amount were authorized to check upon it at sight when the banks authorized the Government Treasurer to check upon it nearly twice over again, besides ; and they maintained that they were not increasing the currency because they paid the Treasurer's checks in gold. You will see the fallacy of this statement in the fact that their demand liabilities, which constitute the bank currency, were raised from \$420,000,000 to \$570,000,000, against the same sum of money in reserve as before.

The Government bonds thus granted to the banks formed the fund out of which they were themselves discounted ; debt was increased by debt, not by capital transferred, and the "deposits" thus created, say in round numbers \$150,000,000, to the credit of the Government Treasurer, was so much currency over and above all the pre-existing currency, money, capital, and wealth of the country ; in a word, it was so much fiction. It matters not in what form or by what instrument a bank deposit circulates, whether in note or check or money itself, it forms part of the fund offered like money in exchange against the whole circulating capital of the country, which determines the relative value of money and of other capital.

Doubtless some portion of the loan was retaken by capitalists who checked upon their own pre-existing deposits without increasing the currency, but more of it was taken by persons who obtained bank discounts for the purpose ; besides, the Government had issued directly from the Treasury \$20,000,000 of its own notes—greenbacks—so I am quite sure that the sum of \$150,000,000 was added to the currency of the country without capital by the financial operations of the banks and the Government in the summer and autumn of 1861. No one can be so dull as to suppose there was any more capital in the country because of this currency making.

The money demanded as the equivalent for circulating the capital of the country is never a fixed amount ; it must vary with the aggregate of capital offered in exchange against it ; an approximate estimate is all that we can obtain from the best statistics ; but when sterling exchange remains for any considerable period at \$4.86-66 to the pound, *i. e.*, 9½ per cent premium on the Spanish dollar valuation of \$4.44-44, which nominal premium is the true par, if we can then know the amount of the bank liabilities we can determine the natural volume of the currency with considerable accuracy.

I suppose the natural volume of the currency of the loyal States to have been something more than \$500,000,000 in the fall of 1861, but if we assume \$500,000,000 to have been the true amount, the \$150,000,000 then added depreciated the value of money here 23 per cent, equal to a premium on the gold dollar of 30 per cent. To have maintained the equation of international values it would have been necessary for us to export \$150,000,000 of gold and silver. As soon, therefore, as that fictitious credit to the Government began to circulate and act upon prices, our exports of merchandise were checked and our imports stimulated ; of course a foreign demand for specie took place, which it was obvious the banks could not meet, and they broke, as every intelligent bullionist knew they would when they undertook the Govern-

ment loan upon this false principle, for they were being called upon to pay \$150,000,000 of *value* that nobody ever possessed.

Now this principle is the system of the Bank of England, and whenever that bank aids or influences the creation of credits, used as money, in excess of the true money measure, it either breaks to save the debtors of the kingdom, or the debtors break to save it, and you have in England the "commercial crisis."

One may read ADAM SMITH's account of that bank, FRANCIS' history, and nearly every other history, without discovering this principle in its formation; in other words, without discovering that it was formed by making a spurious currency, and without capital, except perhaps £72,000 which may or may not have been expended when the bank went into operation. A simple balance sheet presented in LAWSON's history of banking will show the truth of this statement to any tyro in accounts beyond a peradventure.

Two years after its establishment the bank failed, the real cause of the failure being plausibly concealed by the recoinage of the silver of the kingdom to which it was attributed, no one caring to notice that the bank notes had expelled an equal amount of coin, which was sent to Flanders, leaving so much additional debt to pay and so much less money to pay it with—so much embarrassment in the place of so much wealth, a double power of bankruptcy to which the advocates of this system are persistently blind. One who has nothing is poor, but one who has nothing and is in debt besides is doubly poor, which latter condition is the currency principle of the Bank of England. Such a currency cannot exist without plundering individuals of so much capital in the payment of the fictitious price it creates for imports, and leaving them in debt an equal amount besides.

Here is the balance sheet that I find in LAWSON's history. It was presented at the bar of the House of Commons, December, 1696, by order of the House, the bank being then under suspension of payment, as I have just said, two years after its establishment :

DEBTOR.		£.	s.	d.
To sundry persons for sealed bills standing out.....		893,800	0	0
To sundry persons on notes for running cash.....		764,196	10	6
To moneys borrowed in Holland		300,000	0	0
To interest due on bank bills standing out		17,876	0	0
To balance.....		125,315	2	11
		<hr/>		
		2,101,187	13	5
CREDITOR.				
By tallies in several Parliamentary funds.....		1,784,576	16	5
By one-half year's deficit of fund £100,000 per annum.....		50,000	0	0
By mortgages, pawns, and securities.....		230,946	15	2
By cash.....		35,664	1	10
		<hr/>		
		2,101,187	13	5

The youngest clerk who ever balanced a set of books will see at a glance that the bank owed the whole sum of its assets except the balance of £125,315 2s. 11d. This covered its whole capital and contingent fund. For two years it had done an extremely profitable business, paying eight

per cent *pér annum* dividends. It is very possible that the whole £72,000 paid in was expended in procuring the charter, the granting of which was strongly opposed in Parliament, where bribery, it is said, was not unknown, so that it began without a penny of capital, and after paying dividends had accumulated the balance above mentioned. Yet the bank boasted of having loaned to the Government and paid into the exchequer, before the time stipulated in the charter, a capital of £1,200,000. He must possess a necromantic skill in accounts who can discover any such capital in these figures. Why this balance sheet is not produced by FRANCIS in his apparently exhaustive history of the Bank of England, and why he should say that *twenty-five per cent* of the subscription was paid down, leaving it to be understood that the payment was on account of the £1,200,000 of capital, it is difficult to conceive. The subscribers, however, were to advance to the Government £1,500,000, of which £300,000 was to be returned, having nothing to do with the capital of the institution, and this without doubt is the "moneys borrowed in Holland" according to the balance sheet. FRANCIS may have mistaken it for a payment on account of the capital.

MICHAEL GODFREY, the first Deputy-Governor, sets this matter of capital at rest. Writing in 1695, he says: "Some find fault with the bank because they have not taken in the whole £1,200,000 which was subscribed, for they have called in but £72,000, which is more than they now have occasion for. But, however, they have paid into the exchequer the whole £1,200,000 before the time appointed by act of Parliament, and the less money they have taken in to do it with so much the more they have served the public, for the rest is left to circulate in trade, to be lent on land, or otherwise to be disposed of for the nations service."

This is a precious piece of sophistry which sets at naught the teaching of the nursery, that one cannot eat his cake and have it too. Its acceptance as truth then and now is a remarkable evidence of the depth of credulity among intelligent men. The truth is the bank had no capital, unless the £72,000 was unexpended after procuring the charter. The Government loaned the bank as much as the bank loaned the Government, which was nothing at all. The bank handed into the exchequer its own notes in exchange for tallies—mere memorandums of unfulfilled contracts—paper and notched faggots exchanged against each other. The scheme was a manufacture of currency virtually out of nothing, that is, without value received. The effect upon prices was exactly the same as if so much gold had been produced and thrown upon the market, but here was no gold or other value produced, and the price it created was therefore paid out of pre-existing gold and silver, the precreated money capital of the nation.

The bank borrowed no capital and loaned no capital; it simply loaned memorandums of indebtedness on which the people subsequently loaned their capital to the Government, and paid interest, or £100,000 annuity, on their own capital thus loaned for the benefit of the Bank of England. The people, not the bank, loaned the capital to the Government, but the bank held all the securities and took all the profits.

ADAM SMITH supposed that an excess of convertible paper currency could not be circulated, because the excess would at once return upon its issuers for redemption. This is one of his errors, and the more surpris-

ing because of the experience of France with LAW's banking sixty years before the "Wealth of Nations" was written. For four years the inflation continued there, until general prices advanced four-fold, indicating a four-fold expansion of the currency, and yet the currency did not return upon the bank for redemption to any inconvenient extent until a few weeks before its doors were closed in hopeless insolvency, although money was rushing out of the country all the time. It is a question of confidence on the part of the people; if they prefer the paper to money, and do not call upon the bank for payment, there is no difference in effect between an inconvertible and a so-called convertible currency, and, as we see in the example of France, it is easily possible to press upon a credulous community as much convertible as an intelligent people will bear of an inconvertible currency. We have not yet, at any time, with our inconvertible currency reached the degree of inflation that existed in France with their convertible currency in 1719-20, after three to four years operation of LAW's, and the Royal Bank, which failed in 1720.

The philosophic action of this spurious currency is to degrade the value of the whole volume of money or currency to the extent of its increase. The whole convertible sum of this increase and degradation then runs away, and brings returns in *price* not in *value*. In other words, the excess of currency thus thrown off is wholly absorbed in the false price of imports, because the exports will command only the price determined by the demand measured by the currency of foreign countries. ADAM SMITH overlooked this inevitable result of local inflation, and supposed that the specie expelled by what he calls "paper money" was sent abroad at its normal value, and necessarily commanded an equivalent value in the imports, but it is never so. The reason of the shipment of money is because it is cheaper than merchandise to the exporter, and when it is cheapened naturally by an excess of production, the excess is a clear addition to the wealth of the country in the capital it commands in the imports, precisely like an excess of wheat, or beef, or copper, or any other form of capital that can only be exported when it is cheapened by supply to an exportable value. But when money is cheapened to an exportable value without any excess of production, in other words, by making "paper money," the gold and silver sent abroad is taken from precreated capital, and might as well be plunged into the sea so far as any benefit accrues to the nation that exports the money, simply because it is sold and exported at the degraded, and not the natural value. You will observe it is the whole volume of the currency that is degraded in value, and only the amount of the degradation that is expelled, so that the whole amount of specie thus exported is lost in the abnormal price of imports.

Now the people of the United States are thorough dupes of the Bank of England; they believe in "paper money" more than they believe in democracy, and so favor privileged legislation in the matter of currency. It makes no difference to them who or what issues the note; if it is handsomely engraved and "convertible," they circulate it in preference to gold, having no conception that they are lending their capital upon it for nothing, and, in the case of bank notes and bank credits, paying interest on their own capital thus loaned for the benefit of bank stockholders into the bargain. Virtually every bank note, or bank debt on account, payable on demand, is a legal tender; the man who should refuse to accept it

would be ostracised—sent to Coventry; he could do no business unless the note were discredited by some competent authority. It is a forced loan even from myself and others who see through the iniquity and falsehood of the thing; we cannot help ourselves; we must accept and circulate bank notes, pay interest on our own capital, and deal with the banks upon their own terms, or do nothing.

The notes issued directly by the national Treasury—greenbacks that form two-thirds of the legal tender—have the advantage of costing no interest to the public, but the public know nothing and care nothing for the advantage. There is not intelligence enough upon the subject in Congress to see the saving to the industrious classes, and the National Bank Act, which is a copy essentially of the principle of the Bank of England, imposes a needless cost of interest upon the public for the currency it authorizes. Public writers and professors are busy here writing down the “greenbacks,” that the banks may have the profit of the circulation in their place. It is doubtful if they know who pays it.

There is an important advantage in all the national currency, whether furnished directly by the Treasury or through National Banks, as compared with that furnished by the State Banks, namely this: the national currency being public debt, directly or indirectly, forms a fund with which goods are bought and sold as for cash, relieving a vast amount of embarrassment in individual indebtedness. Whereas the State Bank currency requires to be fed with individual indebtedness. Goods must be sold on credit to make notes for the banks to discount into currency, and their system accordingly forces nearly the whole traffic of the country through debt and credit. But this again is unheeded; people care nothing about it.

The one idea here is that without a paper currency we should have no money and do no business. It is a common remark that there is not gold and silver enough in the world to do the business of the United States; and the notion prevails that “paper money” is capital, so that the more we have of it the more business we have. Accordingly it has come to be considered a sort of patriotic duty for every one to encourage the utmost extension and circulation of bank and Government notes, and of bank credits. If there be such a thing as blind ignorance here upon any subject, it is the most dense upon this subject of “paper money;” and if there be an unpopular man in the nation it is the bullionist. Thus we drive away capital, the only employer of industry, and substitute debt, the embarrassment of capital and industry, in its place. But we work hard and cover our foolish losses with a surplus still.

Under these circumstances you may readily conceive that the Legal Tender Act is a matter of small practical importance. Theoretically it is an act in violation of contracts; it is *ex post facto*, unconstitutional, and the essence of injustice; but its repeal would make no practical difference in our currency, or in the condition of the national finances. Even in satisfaction of a judgment and execution no court or individual declines to accept a check or current bank notes. Legal tender is seldom thought of, and never demanded except in bank settlements at the Clearing-House, and the repeal of the act could only tend to a further inflation of the currency by removing all check upon bank discounts and currency making. There is a possible ultimate restraint upon the making of fictitious

credits by banks, in the legal tender requirement, but as the legal tenders amount to three times as much as the specie by which the currency was formerly regulated, we must expect three times as much currency as under the specie requirement before the restraint can operate. Still it is something, and better perhaps than no restraint at all.

The Bank of England system enlists the strongest motive to human exertion—self interest—in the business of damaging the capital of the country by expanding the currency and degrading the value of money. The more mischief of this sort they can do the greater is the profit of the corporators. Instead of furnishing capital to the people, as the people generally suppose, it is using their capital and charging them interest upon it, their money capital meanwhile being forced abroad in pure loss to them for the benefit of foreign producers. But our people like it, and exhibit a democratic spirit of independence in ignoring the science which teaches the folly of it.

Asia gets the benefit of this folly of America and Europe, and the precious metals are driven to the East nearly as fast as they are taken from the bowels of the earth, because there they escape the contact and depreciation of "paper money." If America and Europe obtained an equivalent value in return the benefit would be mutual, but it is not so.

Thankful for your friendship to my country, and for your earnest support of the democratic principle in its present terrible conflict with barbarism here, I am glad of the opportunity to contribute something to your knowledge of our institutions, and to explain to you the evil nature of our financial system, which is one of the two greatest evils and antagonisms that the democratic principle has yet to deal with in this country. The other is the tariff system of "protective" duties on imports, which by checking imports checks our exports to the same extent, and cripples the commerce and the industry that the energy and enterprise of our people would otherwise develop into much additional and enduring wealth. Both are creatures of class or privileged legislation that are out of place in the institutions of the United States.

But we are a young nation. England is old. And we follow England with a weak subservience that our self-styled democrats are too ignorant to see, or too conceited to acknowledge. We did once set up for ourselves in politics in establishing a republican government, and did well; but we take no step in political economy until England pioneers and points out the road. From her we received our great anti-democratic institutions of slavery, protective tariff, and privileged banking for the manufacture of a currency of debt. From her we have learned to hate slavery and abolish it, and we expect to follow her lead already taken in establishing free trade. But until she moves to protect her capital against the encroachments of "paper money," we shall doubtless continue as blind as we are now, and know nothing of the difference in currency between capital and debt, and we shall go on sinking our capital by putting debt into its place.

If I could induce you to lend your pen and your influence to persuade your Government to change its great financial institution from a *debt-factory* to an honest bank, with the simple privilege of every honest banker to borrow and lend capital without limit, it would be something to repay me for much careful thought upon this subject, and I should feel

that I had taken a step to benefit England and my own country, and the commercial world.

With the highest regard, permit me to subscribe myself, your friend,

CHARLES H. CARROLL.

West Newton, Mass., February, 1865.

COMMERCIAL LAW.—NO. 20.

BANKRUPTCY AND INSOLVENCY.

(Continued from page 198, vol. 52.)

WHAT PROPERTY THE ASSIGNEE TAKES.

It has been already intimated, that what the bankrupt holds in the right of another does not pass to the assignee. If, therefore, the bankrupt has collected a debt for another, and has kept the sum so collected apart, it belongs, generally speaking, to him for whom it was collected. But if it is merged (or sunk) indistinguishably into the general assets of the bankrupt, the owner has only a claim for it, which must be proved like other debts. So, if the bankrupt sold goods for his principal, and they are not paid for, the principal can collect the whole debt, and sue for it in his own name. Or if the bankrupt has received payment of the goods, and has kept that payment apart, the owner, generally, could reclaim it; but not if it were merged in, and mingled with, his assets.

The insolvent laws generally exempt from their operation the same or similar property with that excepted by statute from attachment or levy. Among these is wearing-apparel; but under this clause in the national act, it was held that articles of jewelry belonging to the bankrupt passed to his assignee. In New York, however, it was held that jewelry and ornaments which belonged to the wife before marriage, or were given to her afterwards,—even if given by the husband, provided he was not then insolvent, and gave the articles in good faith,—belonged to the wife, and not to the assignee. In a case which occurred in Boston, Judge STORY differed somewhat from Judge BETTS, applying the principles of equity and trust to the question, and allowing to the wife only such things as the husband must be regarded as holding in trust for her. So as to gifts to the children of an insolvent; if made by himself, and in good faith, before insolvency, we know no reason why they should not remain the property of the children. If given by a stranger, there could be no doubt. An interesting case occurred before Judge STORY, in which the wife of a person who petitioned the court for the benefit of the bankrupt law was possessed of a watch of about the value of fifty dollars, presented to her by the petitioner, about ten years before the filing of the petition. She had likewise several mourning rings and pins, and a few other articles of jewelry, of the value of about twenty-five dollars, some of which had been given to her by friends, and others by the

petitioner, some years previous, and one mourning ring, of the value of about five dollars, given her by the petitioner nearly two years before filing the petition. The petition further stated, that his two sons, of the respective ages of seventeen and twenty years, had each a gold watch, of the value of about fifty dollars, which had been purchased about two years before with money given by a friend, and with about twenty-eight dollars given to each by the petitioner, out of his private cash. It was ruled by the court, that the watch of the wife, and any jewelry given to her by third persons before the marriage, or by her husband, either before or since the marriage, pass to the assignee as part of the property of the bankrupt, to which his creditors are entitled. But jewelry, as personal ornaments, and mourning rings, given to her by third persons since the marriage, as personal ornaments or memorials, belong to the wife for her sole and separate use in equity, and do not pass to the assignee under the bankruptcy for the benefit of the creditors. That the watches of the sons, under the circumstances stated in the petition, belong to them, as their property. But, nevertheless, if the petitioner was insolvent when he applied a part of his own money to purchase the same for his sons, he had no right so to do against the claims of the creditors; and that in equity, therefore, if the petitioner was so insolvent, the sons must account to the assignee for the amount of the money of the petitioner so paid towards the purchase of the watches. But if the petitioner was not then insolvent, and the donation on his part was made in good faith, and the donation was suitable to his rank in life, condition, and estate, then it was good, and not within the reach of the creditors, or in fraud of their rights under the bankruptcy.

A gift is not complete and effectual until there has been an assent to it on the part of the donee; and the same rule is generally applicable to a devisee. But where one devised real estate to a bankrupt, the bankrupt was not permitted to decline it; and the true reason is, that the assignee had become possessed of his right of acceptance.

After a party is decreed to be a bankrupt, it would seem that whatever comes to the bankrupt remains his own property. It is sometimes important to determine the moment of time *before* which what comes to the bankrupt goes to his assignee, and *after* which all that comes to him remains his own.

If the title to property, by devise or otherwise, falls upon him after the petition and before the decree, in England, it goes to the assignee, as much as if it fell before the petition. But our insolvent laws do not contain the same provisions as to decree, &c.; and it is probable that the time when the insolvent shall begin to hold as his own what comes to him will generally be determined by the phraseology of each statute, or the practice under it. The principle upon which this question must always be determined, can be no other than this: whatever falls to him before he is actually and completely an insolvent at law, goes to his assignee for his creditors; whatever falls to him after this point of time, remains his own.

If one partner of a firm becomes insolvent, this operates a dissolution of the partnership; and his assignee takes only his interest in the balance remaining after the debts are paid. To ascertain this, it is the common practice to permit the property of the firm to remain in the hands of the

other partners, for them to settle the affairs of the firm and render an account. But there is nothing to prevent an appraisal or agreement as to the value of the insolvent's interest, and a transfer of that for its value to the other partners. But such arrangement should not be made without the sanction of the court. And of course it would not be binding against the creditors, and in favor of the other partners, if it were made fraudulently, with their connivance or knowledge or reasonable means of knowledge. The assignee of the insolvent partner is said to have no right to take the property from the hands of the other partner or partners. But the solvent partners must have a right to hold the property needed to settle the concern. This subject has been alluded to in the chapter on the law of Partnership.

Where, after the petition, property fell to the wife of the bankrupt, in such a way as to give him the right of possessing it, in the final decree the "equity" of the wife's interest was regarded, and reasonable provision for her support was made out of this property. And when, at the time of the insolvency, the wife was possessed of an interest or estate in expectancy, to become hers in possession after the death of some person, and that death occurred some time after her husband's insolvency, the assignees were permitted to take the property for the creditors, when the death occurred; but the court made a proper provision for the wife.

An assignment in insolvency passes to the assignee the money of the insolvent which is in the hands of an attorney who has collected it for him.

It passes the possibility of estate or title, when that is connected with an interest; but not a naked possibility, as that of an heir, who expects to inherit, and probably will, but has no certain right. And the test in all such cases is, could the insolvent have made a transfer or assignment of his right; for if so, it passes to his assignee. Thus, an only son of an aged father has every reason to expect his inheritance; but his interest is not legally vested in him, and he cannot transfer it; and therefore the assignee does not take it, and if the father dies the day after the son is insolvent, the son takes it and keeps it. But if the father had property for his life only, to be his son's at his death by the original title, the son *must* have this, if he lives, and may transfer his right during the father's life; and therefore, if he becomes insolvent, his assignee then takes this *right*, and then takes the *property* at his father's death. And the assignee may sell this right and interest at once, and divide the proceeds among the creditors, and the purchaser of the right will take the property when the father dies.

An assignment in insolvency cancels and revokes any authority or power or lien which the insolvent had the power of revoking. Therefore, it does not revoke one which belonged to the agent or attorney as his own. As where the attorney had a vested right or interest in the authority; as if he had paid money for it, or on some good consideration had a right to execute the authority, and apply the proceeds to payment of a debt due from the principal.

Where there is no insolvent law, there is nothing to prevent a debtor from making a voluntary assignment of his property, in trust for his creditors; and to assign so much only as he pleases, and favor one creditor, or one class of creditors, at his own choice, and generally to constitute the trust upon such terms as he prefers. The mischiefs resulting

from this state of things led, as we have said, to the general introduction of insolvent laws. But these laws do not exist in all the States; and where they do not, the same questions, and the same diversity of decision may be expected which led to their adoption elsewhere. Thus, in some States, no assignment operated to the benefit of creditors who did not become parties to it; in others, their assent was presumed on the ground that it was for their benefit. And, generally, an assignment which provided for the absolute discharge of the assignor, was construed with much more strictness than one which provided only for the distribution of the property.

THE DISCHARGE OF THE INSOLVENT.

Among the insolvent laws of the several States, there is a great diversity in the kind and extent of relief or benefit which they give to the insolvent. In some, only his present assets are distributed, leaving future acquisitions liable to attachment. In some, the insolvent is discharged and protected from arrest or imprisonment. In some, the debtor is discharged, if this be voted by a certain proportion of his creditors. In some, the debtor is discharged, either if so voted, or without or against the will of his creditors, provided his assets pay a certain percentage of his debt.

The persons who are entitled to relief under the insolvent laws differ in the different States, as follows:

In California, Michigan, Ohio, Indiana, Louisiana, Missouri, Connecticut, New York, Massachusetts, Arkansas, and Rhode Island, any debtor, whether in or out of prison, may have the benefit of the insolvent laws.

In Delaware, Maryland, Tennessee, North Carolina, South Carolina, Georgia, Alabama, Mississippi, Illinois, and New Jersey, persons only are entitled to relief who are imprisoned on civil process. But in Maine, New Hampshire, Kentucky, and Virginia, the relief is confined to debtors charged in execution.

In Vermont, the only law resembling an insolvent act is one of the Legislature of 1855, forbidding voluntary assignments with a preference; but there is a constitutional provision, that the debtor shall not be continued in prison where there is not a strong presumption of fraud, after he has delivered up and assigned, *bona fide*, all his estate for the use or his creditors.

The provisions relating to the effect of the discharge vary, also, in different States. The statutes of Arkansas, New Jersey, North Carolina, Mississippi, Tennessee, Illinois, Georgia, Missouri, Connecticut, Pennsylvania and Ohio exempt only the person of the debtor from imprisonment. The statutes of California, Michigan, and Massachusetts provide for the discharge of the insolvent from liability for the debt itself, if his property be assigned and distributed among his creditors.

The laws of New York upon this subject differ in important respects from those of many of the States. We give a few of its provisions, as abridged from the statutes by Chancellor KENT. "The insolvent laws of New York enable the debtor, with the assent of two thirds in value of his creditors, and on the due disclosure and surrender of his property to be discharged from all his debts contracted within the State, subsequently to the passing of the insolvent act, and due at the time of the

assignment of his property, or contracted before that time, though payable afterwards. The creditor who raises objections to the insolvent's discharge, is entitled to have his allegations heard and determined by a jury. The insolvent is deprived of the benefit of a discharge, if, knowing of his insolvency, or in contemplation of it, he has made any assignment, sale, or transfer, either absolute or conditional, of any part of his estate, or has confessed judgment, or given any security with a view to give a preference for an antecedent debt to any creditor. The discharge applies to all debts founded upon contracts made within the State, or to be executed within it; and for debts due to persons resident within the State at the time of the publication of notice of the application for a discharge, or to persons not residing within the State, but who united in the petition for his discharge, or who accept a dividend from his estate."

If a bankrupt or insolvent, who can be discharged only by the assent or vote of his creditors, gives money to any one or more to obtain their assent, his discharge is void; and the assignees can recover the money from the creditor. And if he gives the creditor a bond, note, or promise, for the same purpose, the paper or promise is void, and so is the discharge. And it has been held that the discharge was void if money was given for it by some one for the bankrupt, but not by the bankrupt himself, nor with his authority or knowledge.

No certificate of discharge affects the claims of creditors upon co-debtors or sureties of the insolvent. Nor does it reach the liability of the insolvent for torts,—as slander, trespass, or the like; nor for claims for profits of land held by him without title; nor for debts due to him in any capacity or relation of trust, which were not proved before the assignee; nor, generally, for any debts which could not be, by law, proved before the assignee.

FOREIGN BANKRUPTCY OR INSOLVENCY.

The effect of proceedings in bankruptcy in a foreign state has been much discussed and variously determined. The principal question may be stated thus. Let us suppose that an English merchant, resident in England, becomes a bankrupt there; that he has also creditors in New York, and property there; and that after the proceedings in England, which certainly vest in his assignees all his property in that country, his creditors in this country attach his property in New York. Can the assignee in England set aside the attachment in New York, on the ground that the property in New York had passed to the assignee by force of the proceedings in England before the attachment?

After some fluctuation, the courts in England have settled down upon the rule, that the proceedings in bankruptcy in the country of the bankrupt's residence operate upon his assets all over the world. And in France and Holland, and, indeed, among the commercial states of Europe generally, the same rule prevails. It is based upon two principles. One is, that the system of bankrupt law should not be considered as local, but as universal, and that all the various parts of this system in different states should recognize each other, and by their union form a branch of what may be called the private law of nations. Another is, that the bankrupt law, when it sequesters the property of the bankrupt, and passes it over to his assignee, operates precisely like a grant, or sale, or other

transfer of the bankrupt himself, and should be regarded as his own act, done by him under compulsion of law.

In this country, in the earliest cases, it would seem that our courts were disposed to adopt the English rule. But this tendency soon disappeared; and although to this day wise men doubt whether the English rule is not the most reasonable and just, it seems to be admitted that the American rule is the very opposite of the English.

We hold in this country, that the bankrupt and insolvent law form a part of the law of nations in no sense and in no respect; that they not only derive all their force from the authority of the state which enacts them, but have no force whatever—no more than any other local and municipal law—beyond the limits of that sovereignty.

So, too, our courts hold that the cession of the bankrupt's assets to his assignee is not to be regarded as his own act; but rather as the result and effect of his civil death. He has, as a merchant, ceased to be. He has no longer anything to do with his property; and does not possess, and cannot exercise, any more right or power in respect to it than a mere stranger. And the principle on which his assets are to be gathered and distributed is the same which would be applied if he had died insolvent, and an administrator, instead of an assignee, had possession of his property. Hence it follows, that within the state where insolvency goes into effect, it operates on all the property, in the same way that insolvency declared by probate would operate on the effects of a dead man; that is, only within the state where it occurs; leaving creditors under other jurisdictions to get hold of other assets if they can.

Hence an English assignment under the bankrupt law would not defeat the attempt of a creditor in New York to get hold of the property of the bankrupt that was there, provided the English assignee had not previously, in person or by agent, got possession of it; but after the New York debts and claims are satisfied, the English assignee takes all the residue. It may be added, also, that the question and the difference refer to personal goods and chattels only; as real estate has always, in view of the law, a place, and is transferable only under the law of that place.

The English courts do not intimate that their bankrupt law can have any force, as law, abroad; or that any foreign law can have that force in England. But they hold that international comity requires that the tribunals in each state shall recognize this law, and the proceedings under it, in every other. But in this country, it is held that this would be an unreasonable and excessive stretch of comity; and that it is the duty of our courts to protect our citizens against interference with their rights or securities by a foreign law, which was made neither by us nor for us.

The English courts, indeed, have recently manifested a purpose—perhaps in consequence of the American decisions—to limit the operation of their rule to the proceedings under bankruptcy in states which admit the same rule. This is perfectly fair, but it tends to reduce this question of comity or justice into one of mere expediency, concerning which the courts and authorities of every country must judge for themselves, on their own facts.

This question is much more important in this country than it is in England, because the numerous States of the Union are, in the absence of a

national bankrupt law, foreign to each other, in this respect. And vastly more cases and questions, involving far greater amounts of property, arise under this question between our States, than can come under it in England, in reference to foreign bankrupt laws, or the operation of her own in foreign States. Thus, by force of the American rule, if a New York merchant becomes insolvent, a Massachusetts creditor may get security from the insolvent's property in Massachusetts, provided he can get hold of it by attachment before the New York assignee. Everybody agrees that the foreign assignee acquires such an interest in or right to the property, that, if he completes his title by taking possession *first*, no creditor can interfere with him.

There is a similar question, whether a discharge of the debtor under a bankrupt or insolvent law is a discharge of all his debts everywhere. And it has been decided in a similar way, that is, with a similar difference, in England and America. Here, however, this very interesting question is affected importantly by the clause in the national Constitution which prohibits the several States from passing laws which "impair the obligation of contracts"; but the questions which have arisen upon this subject are so nice and difficult, and the adjudication in respect to them is so various and irreconcilable, that it will be impossible to do more than give a very brief statement of what seems to be the result. And even this must be stated with some uncertainty.

The foundation of the whole is a distinction introduced by the Supreme Court of the United States, between the *right* of the creditor and his *remedy*. They say that a State statute which affects the *right* of a creditor is unconstitutional and void. But if it affects only his *remedy* for a breach of his right, it is not unconstitutional. Thus, a statute which exempts the person of a debtor from arrest or imprisonment, touches only the remedy, and is constitutional, although applying to previous debts. But if it discharges the debt, or relieves the property from attachment, or prevents a judgement or execution, or operates as a stay law, that is, a law to prevent process of law, it affects the *right* of the creditor and the *obligation* of the debtor, and is unconstitutional unless limited to debts subsequently incurred. And as a State may pass almost any law about *subsequent* contracts, because then people who make the contracts may know what obligations they assume, if a statute does not say whether it applies to the present or only to the past, it shall if possible be held to be intended to apply only to subsequent debts, because it shall be held to be intended to be constitutional rather than otherwise. But if it expressly covers all debts, whether subsequent or prior, equally, it is unconstitutional as to all subsequent debts. A State may, however, make partial exemptions, as of apparel, tools, or even of a homestead, to a reasonable extent. But the decisions even on this subject are not uniform.

The courts of the United States have held, that no State insolvent law or process can discharge the debts of the citizens of that State, so as to affect the citizens of another State, unless those citizens choose to come into the assignment. This, most of the State courts, if not all, deny. And therefore a citizen of New York, for example, whose Boston debtor has become insolvent, and who chooses not to come into the assignment, but to sue his debtor, brings his action in the Circuit Court of the United States, sitting in Boston; because, if he brought it in the State courts,

they would say the defendant was discharged, and would not sustain the action. It is, however, generally true, that a discharge by the insolvent law of a State in which the contract was made, and should be executed, and of which the debtor was a citizen at the time it was made, is valid in another State. Thus, if a Boston man received in New York the note of a New York man, made there and expressly payable there, and the promisor failed in New York and was discharged there, and the Boston man afterwards caught him in Boston and sued him there, the court of Massachusetts would hold that the defendant was effectually discharged from the debt.

COMMERCIAL CHRONICLE AND REVIEW.

THE PANIC—COMPARISON OF THE PRESENT PANIC WITH FORMER SPRING PANICS—ITS CAUSES—PRICES OF UNITED STATES PAPER AND GOLD—RATES OF DISCOUNT—FALL IN RAILWAY SHARES—DECLINE IN MERCHANDISE—FALLING OFF OF IMPORTS—RATES OF EXCHANGE—PROBABILITY OF AN EARLY RECOVERY OF PRICES.

THE month through which we have just passed, has witnessed another Spring panic. A heavy fall in the premium on gold, an extensive depression in the prices of all commodities, a tight money market, and a number of heavy mercantile failures, are the features which have successively developed themselves during the month of March, 1865. The panic of the previous year was entirely dissimilar. The latter was simply caused by the sudden absorption by Government of some sixty millions of greenbacks; by resolutely hammering down gold certificates, and sterling exchange; and by the application of other and still more equivocal measures to the purpose of diverting capital from investments in the share market to investments in Government securities, and to the additional purpose, perhaps, of injuring the State banking system in order to make room for the National banking system. The fall in gold was from 184 to 165. Before this had produced any marked effect upon the prices of commodities, the means of the Treasury to still further depress the market were exhausted, gold went up to its former figure in little over a week, and the State banks crept out of their difficulty, though not without a fearful sense of the danger they had been in. The panic had no other permanent effect than to destroy the gold and silver mining bubbles of the day, transfer the capital invested in them to Government securities, and make people a little more careful for a few months.

The panic of March, 1863, was of even still less virulence. It was directly occasioned by the sale of some ten millions of gold by the Government, and lasted but a few days, knocking gold in three weeks from 171 to 140.

A comparison of the effect on the price of gold in paper currency by these successive Spring panics is interesting:

Spring panic of 1863, March 1st, 171; 6th, 150; 9th, 143; 26th, 140; April 2nd, 158

Spring panic of 1864, April 14th, 181; 19th, 166; 26th, 185.

Spring panic of 1865, March 1st, 201, and then running almost steadily down to 147 on the 24th, and up to 152 on the 31st.

Did there exist no other evidence of the fact, the remarkable periodicity of these crises would afford strong ground for believing that they were promoted by official action. The part that the Treasury played in 1863 and in 1864, in precipitating the revulsions of those years is well known, and the selection of this season of the year for such operations, is the best that could be made. This, with the Fall of the year, are the two most active seasons for the employment of currency. For a short period in both seasons an unusual amount of paper money is in demand to effect exchanges. This is shown in ordinary times by the extension and curtailment of bank circulation and discounts; but in these times it is exhibited in the rise and fall in the purchasing power of the currency; because the currency is fixed in amount, and promissory notes are in little use. The currency, therefore, at these seasons becomes temporarily of more value, and the prices of gold and other commodities fall. No better time could be selected for giving them an additional downward impetus. As between the Fall and the Spring, the latter is preferable, for in the former case havoc is played with the interests of myriads of small farmers, while in the latter it is only the large merchants, who suffer, who, though their capitals are larger in amount, as capitalists are fewer in number. An additional advantage consists in the fact, that at this season the Treasury is generally better filled with gold than at any other.

But whatever inference may be deduced from the singular felicity with which Treasury raids are favored at this time of the year, the causes of the present panic must be looked for as far below those of its predecessors, as its effects exceed theirs in importance. Political, financial, and commercial causes have all contributed to it, we think. More than any other, perhaps, it is owing to political causes.

People for a long while past—ever since the fall of Atlanta—have had their minds fixed upon an early return to peace, and a consequent fall in the premium on gold. Reasonable or unreasonable, this opinion has held resolute possession of men's minds, and has affected their commercial transactions. Then came the magnificent series of victories, which, commencing with the capture of Savannah, included the fall of Branchville, Charleston, Wilmington and Columbia, and the junction of SHERMAN'S and SCHOFIELD'S armies. The effect which these triumphs of the Federal arms produced upon the public mind was heightened by the political demonstration which took place in this city on the 6th of March, and which found a responsive echo in every part of the country. We refer, of course, to the jubilee of victory. Here then we find the principal cause which has contributed to the recent decline.

But financial and commercial matters have had something to do with it. We doubt if these victories had occurred in mid-summer, or if the seven-thirty loan had not been successful, that the victories would have had the effect we have seen. The rapid absorption of nearly \$160,000,000 by the Government, mainly through the seven-thirty loan, has had a prodigious effect. Very little of this money has been paid out again. But few greenbacks are to be seen. Then the withdrawal of a large amount of State bank notes from circulation preparatory to the conversion of the banks from the State to the National systems, has had some influence in making currency scarce. Add to these reasons, the almost entire cessation of any demand from importers for gold to pay duties with, caused partly by vague ap-

prehensions and partly by the late changes in the Tariff and Internal Revenue laws, and bearing in mind that at this season of the year circulating paper is in more active demand, and we see enough to have caused quite a respectable panic, had no political causes whatever existed.

But it is not likely that any very permanent impression will be made by the late decline. The end has not come yet. Ample time has almost universally been conceded by creditors. The latter class have never been so accommodating before. The crisis will probably blow over. The Treasury, frightened at the prospect of its loans falling in the market below par, has, it is said, commenced to buy gold in order to stiffen matters up again. The following table shows the course of U. S. securities during a falling market in gold :

PRICES OF UNITED STATES PAPER.

	6's, 1881.		5's, 1874.	5-20's.	10-40's.	1 year certif.	Gold.
	Reg.	Coup.					
March 1....	111	110 $\frac{1}{2}$	105	110 $\frac{1}{2}$	102 $\frac{1}{2}$	98 $\frac{1}{2}$	201
" 8,....	111	111 $\frac{1}{8}$	....	110 $\frac{3}{8}$	97 $\frac{5}{8}$	98 $\frac{3}{8}$	196
" 15,....	110	110	100	109 $\frac{3}{8}$	97	98 $\frac{1}{2}$	178 $\frac{1}{2}$
" 22,....	105	105	....	105	91 $\frac{1}{2}$	97	158
" 29,....	105	105	....	105	91 $\frac{1}{2}$	97	151 $\frac{1}{2}$

But let us now see what havoc this recent panic has created. Under the system of banking and the usury laws extant, the pressure is but partially seen in the following quotations for commercial paper :

RATES OF DISCOUNT, MARCH, 1865,

	March 1st to 15th.	March 15th to 31st.
Loans on call, Stock securities.....	6 a 7	7
do. Bond and Mortgage.....	7	7
Prime endorsed bills, 60 to 90 days.....	8 a 8 $\frac{1}{2}$	9 a 12
do. 4 to 6 months.....	8 a 9	9 a 12
First class single signatures.....	8 a 9	9 a 10 $\frac{1}{2}$
Other good bills.....	10 a 12	10 a 15

The fluctuation in the bank discount line will tell the story more plainly. These will be found in another part of this volume.

The principal railway shares have sustained the following decline :

PRICES OF RAILWAY SHARES.

	March 1.	8.	15.	22.	29
New York Central.....	113	106 $\frac{1}{2}$	106	93 $\frac{1}{2}$	84
Hudson River.....	113	112	109 $\frac{1}{2}$	98 $\frac{1}{2}$	96
Erie.....	73 $\frac{1}{2}$	65 $\frac{1}{2}$	64 $\frac{1}{2}$	59	45
Cleveland, Col. and Cin.....	150	....	....	130	....
Reading.....	113	110 $\frac{1}{2}$	106 $\frac{1}{2}$	96	89 $\frac{1}{2}$
Mich. So. & N. I.....	66 $\frac{1}{2}$	66	64 $\frac{3}{8}$	58	50
Illinois Central.....	118 $\frac{1}{2}$	117 $\frac{1}{2}$	92 $\frac{1}{2}$	98 $\frac{1}{2}$	93 $\frac{1}{2}$
Cleveland and Pittsburg.....	77 $\frac{1}{2}$	77	70	58	52
Chicago and N. W.....	34	33 $\frac{1}{2}$	31 $\frac{1}{2}$	23	21 $\frac{1}{2}$
Chicago and R. I.....	95 $\frac{1}{2}$	94 $\frac{1}{2}$	98	88 $\frac{1}{2}$	85 $\frac{1}{2}$
Fort Wayne.....	94 $\frac{1}{2}$	91 $\frac{1}{2}$	87 $\frac{1}{2}$	82 $\frac{1}{2}$	76 $\frac{1}{2}$

This exhibits a fearful decline, an average of over twenty per cent. during the month. The produce and merchandise markets show a corresponding state of affairs :

	March 1.	March 28.
Ashes, pots, 1st sort.....	\$11. a 11.25	Nominal.
Coffee, Rio, prime.....	21 a 21½	20½ a 21
Cotton mid. fair, upland.....	92 a 93	55 a 58
Flour, State, superfine.....	9.85 a 10.00	9.20 a 9.40
Hay, N. R. shipping.....	a 1.65	1.60 a
Nails, cut.....	8.50 a	a 7.50
Petroleum, crude 40 a 47 gravity.....	43 a	33 a
Pork, prime mess, new.....	35.00 a 35.50	26.00 a 27.00
Tobacco, Kentucky lugs.....	10 a 13	8 a 10
Leather, oak (Sl.) light.....	48 a 52	47 a 51
Lumber, spruce, Eastern.....	23 a 27	Nominal.
Corn, white Southern.....	1.93 a 2.00	1.70 a 1.80
Wheat, white Genessee.....	2.50 a 2.65	2.25 a 2.40
Sheetings, brown, standard.....	52½ a	25 a

In the face of this heavy decline, merchants have held their own remarkably well. This is partly owing to the clemency of creditors, all of whom in common with their debtors, look to a speedy recovery of prices to the former level, and partly to the fact that in many businesses, but little credit is in vogue now-days. But in others, though no six, eight, or ten months notes are passed, yet short paper at 60 and 90 days is much in use and cramping on short credits is always more severe than on long ones. Many dealers have lost all the profits they had reaped during the war, and some have eaten into their original capital. The decline which follows a fall in gold from 234 in January, to 147 in March, is not likely to have produced but little loss. One-fourth of the wealth of many commercial houses has been swept away during the past six weeks.

The following table shows the imports of dry goods into this port and the gradual cessation of entries for consumption and consequent falling off in gold duties of which mention has already been made :

VALUE OF DRY GOODS ENTERED FOR CONSUMPTION IN MARCH, 1865.

	1864.	1865.
March 2.....	\$3,063,855	\$909,229
" 9.....	2,009,441	672,683
" 16.....	1,542,663	830,919
" 23.....	1,341,894	716,009
" 30.....	2,063,565	709,605
Total.....	\$10,021,418	\$3,838,535

WITHDRAWN FROM WAREHOUSE.

March 2.....	\$260,260	\$656,232
" 9.....	253,397	590,183
" 16.....	315,797	559,025
" 23.....	244,012	389,750
" 30.....	190,133	228,817
Total.....	\$1,263,499	\$2,424,007

ENTERED FOR WAREHOUSING.

March 2.....	\$511,695	\$400,548
" 9.....	153,972	470,398
" 16.....	517,967	268,962
" 23.....	369,392	104,659
" 30.....	760,683	238,497
Total.....	\$2,613,709	\$1,486,064

	1864.	1865.
Total entered for consumption.....	\$10,021,418	\$3,838,535
Add withdrawn from warehouse.....	1,263,499	2,424,007
	<hr/>	<hr/>
Total thrown on the market.....	\$11,284,917	\$6,262,542
Total entered for warehousing.....	\$2,613,709	\$1,486,064
Add entered for consumption.....	10,021,418	3,838,535
	<hr/>	<hr/>
Total entered at the port.....	\$12,635,127	\$5,324,599

The specie movement has been as follows :

SPECIE AND PRICE OF GOLD.

	1864.		1865.			
	Received.	Exported.	Received.	Exported.	Gold in Bank.	Prem. on gold.
Jan. 2,...	\$254,239	\$590,262	\$1,148,850	\$594,353	\$20,152,892	127 a 127½
" 9,...	.....	1,216,204	383,519	1,046,251	21,357,608	117½ a 121
" 16,...	279,801	1,985,057	50,268	329,833	20,211,569	97½ a 106
" 23,...	365,608	1,000,000	511,019	997,136	18,896,085	113½ a 120
" 30,...	324,864	668,747	.....	.....	.....	109 a 114½
Feb. 6,...	.....	662,616	.....	478,777	19,682,308	104½ a 109
" 13,...	363,198	1,219,808	.....	370,753	20,297,346	104 a 105½
" 20,...	.....	325,632	264,322	100,882	20,682,319	98½ a 99½
" 27,...	407,067	531,700	.....	148,536	20,092,388	96 a 98
March 5,...	512,358	629,803	.....	33,393	19,830,183	96½ a 101
" 12,...	.....	465,920	.....	20,015	20,737,838	86½ a 99
" 18,...	281,304	83,881	.....	108,157	22,256,596*	62½ a 91½
" 25,...	375,101	293,900	.....	164,440	22,006,524	47 a 67½
Total ...	.....	.....	.....	\$4,392,526	.....	.....

The rates of exchange have ruled as follows :

RATES OF EXCHANGE IN GOLD.

	London, 60 days.	Paris, 60 days.	Amsterdam.	Frankfort.	Hamburg.	Berlin.
Jan. 7	108½ a 109¾	5.18½ a 5.15	41¼ a 41¾	41¼ a 41½	36¾ a 36¾	72 a 72½
" 14	108½ a 109¾	5.18½ a 5.13¾	41¼ a 41¾	41 a 41½	36¾ a 36¾	72½ a 72½
" 21	108½ a 109¾	5.18½ a 5.13¾	41¼ a 41¾	41¼ a 41½	36¾ a 36¾	73 a 72½
" 28	108½ a 109¾	5.20 a 5.13¾	41 a 41¾	41 a 41½	36¾ a 36¾	72 a 72½
Feb. 4	108 a 109¾	5.21¼ a 5.15	41 a 41¾	41 a 41¾	36 a 36¾	71½ a 72
" 11	108½ a 109	5.23½ a 5.15	40¾ a 41½	40¾ a 41½	35¾ a 36¾	71½ a 72½
" 18	107 a 108¾	5.27½ a 5.20	40½ a 41¾	40½ a 41	35¾ a 36¾	71½ a 72
" 25	108 a 108½	5.27½ a 5.13¾	40½ a 40¾	40½ a 41	35¾ a 36¾	71½ a 72
Mch. 4	108 a 108½	5.27½ a 5.21¼	40¾ a 41¼	40¾ a 40¾	36¾ a 36¾	71½ a 71¾
" 11	107¾ a 108½	5.27½ a 5.22½	40¾ a 41¼	40¾ a 40¾	35¾ a 36¾	70¾ a 71½
" 18	109½ a 109¾	5.21¼ a 5.13¾	41 a 41¾	41 a 41¾	36 a 36¾	71½ a 72
" 25	109 a 109¾	5.20 a 5.15	41 a 41¾	40¾ a 41¼	36 a 36¾	71½ a 72

In regard to the probabilities of early recovery from the prevailing depression, the effect of whatever military successes may yet await us has undoubtedly been already discounted. The Treasury will soon be obliged to pay out a large portion of whatever amounts of currency it has succeeded in temporarily absorbing, though we believe the policy of the new Secretary to be in favor of reducing the redundancy all that he can, and we think he will succeed in carrying out this policy to a great extent. Goods meanwhile will be hammered without mercy, and when the urgent necessities of merchants have been relieved, the spring trade will fall off, and the demand for currency concomitantly cease. With a little further pressure, therefore, the general markets may be expected to gradu-

* Two new National Banks now first included in the totals.

ally recover, and as the summer is ushered in, something very like the old state of affairs may exist again. And particularly if peace occurs; for then, the end being known, we can see nothing to prevent another rise in prices. Meanwhile, between these two high tides of inflation, the past one and the future one, those who cannot live in such low tides as now prevail will be stranded; to float again, perhaps, upon the returning flood. Yet these great ebbs of currency will leave their mark upon every industry, and so gradually weaken the resources of dealers. Opportunities to make up for sacrifices that are now unavoidable may never occur. This should caution merchants and others to be more prudent. It is difficult to get out of the scrape now. To wind up might prove ruinous; to go on, as bad. Great prudence and great judgment is required. The return of peace will play as much immediate havoc with mercantile houses as the coming of war did. This is the compensation of forces. Mr. McCULLOCH has now the commercial destinies of this country in his hands. We trust he will act with wisdom and moderation, and show no favor to one interest more than to another—to the agricultural more than to the mechanical—or to either more than to the commercial. Let him remember that the merchant is just as much a producer as is the farmer, or the mechanic. With his success the country succeeds; with his failure the well-being of all must suffer.

JOURNAL OF BANKING, CURRENCY, AND FINANCE.

APPOINTMENT OF HON. HUGH McCULLOCH AS SECRETARY OF THE TREASURY—THE SEVEN-THIRTY LOAN—THE MONEY PANIC—TRUE PRINCIPLES OF MONEY AND BANKING—THE CURRENCY MUST NOT BE FIXED IN AMOUNT—IT MUST BE LEFT FREE—SPECIE PAYMENTS CALLED FOR—THE RIVAL BANKING SYSTEMS TO STAND ON THEIR OWN MERITS—RETURNS OF THE NEW YORK CITY BANKS—THE LEGAL TENDER RULE—RETURNS OF PHILADELPHIA BANKS—RETURNS OF BOSTON BANKS—THE BANKS OF ENGLAND AND FRANCE.

THE chief events of the month have been the appointment of Hon. HUGH McCULLOCH as Secretary of the United States Treasury, the taking of the seven-thirty loan to the extent of over twenty-five millions per week, and the money panic, to which reference has been made in another part of this volume.

Mr. McCULLOCH, unlike his predecessor, brings to the Treasury Department the experience of a practical banker, a faculty which, in these days of fiscal experiments, cannot be too highly rated. In addition to this, he enjoys the advantage of being intimately acquainted with the details of the department over which he now presides, having served as Comptroller of the Currency since that office was created. No man, coming into the office which he has, ever had so much to perform, so excellent an occasion on which to perform it, so many powerful tools to work with, and so many people to gratify by performing it successfully. This consists in no less than entirely remodelling the monetary system of the country. For this great mission Mr. McCULLOCH is well fitted, the time is apt, and the people ready to applaud its execution. But what is done must be done gingerly. A great deal remains to be undone before anything

can be done. Yet, pinch whose shoes it may, reform must go on, and the sooner it goes on the better. Mr. McCULLOCH probably knows that money is anything that is used for the purpose of exchanging values: that specie is money, bank bills are money, promissory notes are money, book credits are money; that these various kinds of money have various rates of circulation: that specie circulates more than any other kind of money, bank bills next, promissory notes next—having but the faculty of circulating two or three times on the average,—and that book credits circulate less than all, seldom possessing the faculty of more than a single circulation. That if left to itself the quantity and the kinds of money needed by society will adjust themselves to the demand: that in times of security and peace, time-notes and credits will be largely used, and specie and bank notes very little used: and that, in times of war and danger, specie and bank notes will be largely used, and time-notes and credits scarcely used at all. That though in war or other times of insecurity, more quickly circulating paper may be employed for money than at other times, it does not follow that the amount of it should be fixed and unalterable, because the wants of society change from moment to moment, and the demand for currency, with which to supply those wants, changes as often as the wants do. That, consequently, any currency which is fixed in amount—no matter if it is only fixed for an hour at a time—and not free to come into existence, and to be demonetized, whenever required, is an evil. It is an evil, because the demand for it being varied every moment, the value of it must vary every moment, and continual fluctuations in the prices of commodities must be the result. It matters not if such a currency be made of paper or gold or what not. If not left free to ebb and flow, it must continually fluctuate in purchasing value. If gold could not be melted or exported or imported or coined at pleasure, the same effects would ensue with gold as with paper currency.

All this Mr. McCULLOCH is well aware of. Not that such knowledge follows as a matter of course from the fact of his having been appointed the Secretary of the Treasury; for Mr. CHASE did not know it, and neither did Mr. FESSENDEN. But Mr. McCULLOCH knows it, and the people of this country, and particularly the mercantile community who suffer most from its being ignored, earnestly ask him to recognise these important elementary truths of political economy in the practical operations of the Treasury. The time has now passed when any excuse existed, if any ever did exist, for the use of a fixed currency. The currency should be free, and to be free it must either be of some substance capable of being demonetized or shipped abroad at pleasure, and *vice versa*, or it must be convertible at pleasure into such a substance. We all know that this means specie. In plain words, we want specie payments again. No doubt but that in the present state of diminished credit several hundred millions of United States Treasury notes, even if inconvertible, would continue to be used as currency, and need not, therefore, be withdrawn from circulation. But we would have this left entirely free to itself. If the people desired to use them, well and good. If not, they should be left free to use what currency they deemed best.

With this great reform all minor difficulties that now attend the system of banking in this country would vanish. The rival systems would find their

respective levels, and a good deal of that gloom would be dispelled which now hangs over the future of banking in the United States.

The frequent changes of banks, from the State system to the National, deprive the statements, at least for a time, of much of the value which they formerly possessed.

NEW YORK CITY BANKS.

NEW YORK BANKS. (*Capital, Jan., 1864, \$69,494,577; Jan., 1865, \$69,658,737.*)

Date.	Loans.	Specie.	Circulation.	Net Deposits.	Clearings.
Dec. 24, ..	\$203,512,093	\$20,600,441	\$3,383,346	\$153,805,909	\$593,336,137
" 31, ..	199,444,969	19,662,211	3,283,832	147,442,071	471,039,253
Jan. 7, ..	195,044,687	20,152,892	3,183,626	147,821,891	535,056,671
" 14, ..	189,686,750	21,357,608	3,074,029	148,931,299	538,780,682
" 21, ..	187,060,586	20,211,569	2,979,851	146,068,355	611,194,907
" 28, ..	169,502,630	18,174,316	2,906,194	143,842,230	656,828,378
Feb. 4, ..	185,639,790	19,682,308	2,868,646	152,703,316	663,814,434
" 11, ..	185,515,904	20,297,346	2,821,996	156,711,166	584,179,409
" 18, ..	186,365,126	20,682,319	2,855,982	156,150,634	518,305,222
" 25, ..	183,534,735	20,092,378	2,739,333	153,948,481	481,028,121
March 4, ..	186,569,665	19,830,183	2,720,666	153,009,588	511,361,387
" 11, ..	188,120,890	20,737,838	2,741,684	152,134,448	412,302,453
" *18, ..	211,486,651	22,256,596	4,662,505	174,479,367	635,736,233
" 25, ..	207,677,503	22,066,524	4,457,162	166,965,508	604,796,728

The Clearing House has introduced an excellent feature in requiring the banks to state the amount of Legal Tender they have on hand.

The following are the weekly returns of the New York City banks from the commencement of this rule :

March 11....	Legal Tender.....	\$26,713,408
" 18....	Do.	33,645,014
" 25....	Do.	35,295,156

The following are the returns of the Philadelphia banks :

PHILADELPHIA BANKS.

PHILADELPHIA BANKS. (*Capital, Jan., 1863, \$11,740,080; 1865, \$13,315,720.*)

Date, 1865.	Loans.	Specie.	Circulation.	Deposits.	Legal tenders.
Jan. 2, ...	\$48,059,403	\$1,803,583	\$2,793,463	\$39,845,963	\$14,524,175
" 9, ...	49,250,629	1,781,108	2,978,035	41,001,803	15,297,223
" 16, ...	49,833,799	1,750,669	3,228,785	43,121,208	17,003,905
" 23, ...	49,755,716	1,792,891	3,606,051	40,186,513	15,939,598
" 30, ...	50,056,584	1,773,266	4,010,192	59,822,860	15,572,893
Feb. 6, ...	50,269,473	1,702,776	4,393,173	38,496,337	14,000,852
" 13, ...	49,511,683	1,629,957	4,660,697	37,340,531	14,295,547
" 20, ...	48,639,386	1,569,223	4,866,771	37,141,900	13,922,954
" 27, ...	48,992,272	1,498,644	5,077,436	39,011,100	15,398,502
Mar. 6, ...	49,228,540	1,389,264	5,446,021	38,391,622	15,200,287
" 13, ...	49,297,223	1,422,736	5,906,791	38,655,908	15,487,335
" 20, ...	48,976,280	1,323,274	5,609,276	38,673,804	15,796,783
" 27, ...	50,255,294	1,350,968	5,736,660	39,117,258	16,866,146

CHANGES IN CAPITAL STOCK.

Feb. 27, \$14,485,450 | Mar. 6, \$14,494,050 | Mar. 13, \$14,495,550

The following are the returns of the banks of Boston, except those which have reorganized under the National law. They make no returns. Their circulation

*The items, except specie, would all show a decrease for the week but for the addition of two new National Banks, now first included in the totals.

is, however, included in these figures. With the other National Banks, they number about thirty institutions.

BOSTON BANKS.

BOSTON BANKS. (<i>Capital, Jan., 1863, \$38,231,700; Jan., 1865, \$22,350,000.</i>)					
Date. 1865.	Loans.	Specie.	Circulation.	Deposits.	
January 2.....	\$46,312,701	\$3,434,323	\$7,766,888	\$23,036,775	
" 9.....	33,707,472	2,903,469	7,803,528	16,772,600	
" 16.....	33,444,460	2,862,939	7,529,229	15,926,720	
" 23.....	33,160,490	2,797,093	7,126,253	16,058,310	
" 30.....	33,025,868	2,659,568	6,792,950	16,343,192	
February 6.....	25,609,695	2,245,510	6,581,880	12,641,033	
" 13.....	23,609,664	2,087,995	6,346,912	11,031,733	
" 20.....	23,533,879	2,039,669	5,094,370	10,621,322	
" 27.....	22,872,774	1,932,769	6,278,194	9,789,000	
March 7.....	22,825,217	1,877,323	5,843,974	9,961,545	
" 14.....	21,224,401	1,700,714	5,580,219	9,435,578	
" 21.....	21,206,180	1,524,401	5,435,928	9,393,224	
" 28.....	20,952,000	1,426,700	5,279,700	8,958,800	

The following are the returns of the Bank of England :

THE BANK OF ENGLAND RETURNS (IN POUNDS STERLING).

Date. 1865.	Circulation.	Public Deposits.	Private Deposits.	Securities.	Coin and Bullion.	Rate of Discount.
Dec. 7....	20,118,116	6,468,544	12,666,764	28,726,674	13,840,691	7 per ct.
" 14....	19,669,832	7,161,719	12,267,474	28,301,603	14,122,711	6 "
" 21....	19,669,007	7,694,616	12,927,807	29,326,027	14,307,760	6 "
" 28....	19,810,455	8,601,125	13,040,643	30,708,083	14,100,974	6 "
Jan. 4....	21,007,215	8,500,269	13,874,977	32,332,904	13,933,592	6 "
" 11....	21,012,778	4,445,535	16,174,166	30,957,880	14,097,390	5½ "
" 18....	21,223,848	4,186,614	14,658,015	29,292,273	14,168,227	5½ "
" 25....	20,614,794	4,836,799	14,553,933	29,173,458	14,317,215	5 "
Feb. 1....	20,998,478	5,541,452	14,447,994	30,040,983	14,461,224	5 "
" 8....	20,743,805	6,252,892	13,814,063	29,908,102	14,511,611	5 "
" 15....	20,399,763	6,572,512	13,969,659	30,007,199	14,553,871	5 "
" 22....	20,101,978	6,665,364	14,140,885	29,910,491	14,600,233	4½ "
Mar. 1....	20,381,080	6,854,409	14,158,331	30,424,108	14,801,367	4½ "
" 8....	20,281,455	7,677,728	13,904,702	30,949,096	14,758,607	4½ "

This shows, for the week ending March 8th, a withdrawal of £253,629 from the private deposits, and an addition of £524,987 to the private securities, as compared with the previous week. The decrease in coin and bullion is £42,760. The principal feature in the London market is a dullness in the Government funds (British), and a decline of consols to 88½, in expectation of gold shipments having to be made to this country. In view of the recent fall in gold on this side, and the probability of the shipment of five-twenties, held in Europe, to this market, in order to realize at the present handsome profit, the expectation of gold shipments to this country may not be well founded.

BANK OF FRANCE.

	Loans.	Cash and Bullion.	Circulation.	Deposits. Interest.
December 8	fr.566,921,053	fr.355,640,597	fr.722,291,475	fr.178,968,028
" 15	586,521,733	351,562,024	739,383,125	161,270,492
" 22	561,603,376	364,008,378	721,487,475	153,193,515
" 29	597,157,830	359,969,767	726,212,275	171,321,867
January 5	690,129,259	330,071,913	790,526,625	190,488,131
" 12	677,690,909	314,771,593	806,325,675	153,188,384
" 19	667,121,414	318,170,064	817,443,275	142,120,960
" 26	642,779,237	322,119,477	808,283,925	139,123,008

February	2	651,375,290	318,454,492	812,425,525	143,430,627	4½
"	9	636,303,905	339,240,543	805,966,575	153,039,752	4
"	16	604,140,057	354,573,163	801,601,175	139,995,788	4
"	23	584,895,098	371,630,673	785,025,125	160,235,834	4
March	2	569,812,574	381,455,854	772,377,175	192,866,298	4
"	9	544,367,920	410,774,986	773,243,825	166,985,971	3½

An increase of one hundred millions of francs in the stock of coin and bullion, and a decrease of one hundred and fifty millions in the discount line, within two months, are the principal features of this exhibit. They testify to a depression in commerce which is really painful to contemplate. The stock of coin and bullion now exceeds one-half of the notes in circulation. In consequence of this plethora, the rate of interest has been lowered to 3½ per cent.

THE NEW TARIFF.

We give below an official copy of the Tariff Act passed by Congress and approved March 3, 1865. It takes effect the first of April. To understand this law it will be necessary to refer to the tariff acts passed at the previous sessions of Congress and approved July 14, 1862, and June 30, 1864. The former may be found in vol. 47, page 157, (August, 1862,) and the latter in vol. 51, page 47, (July, 1864,) of the *Merchants' Magazine*. In transmitting the act, the Secretary of the Treasury accompanies it with the following circular giving a liberal interpretation to its provisions:

TREASURY DEPARTMENT, March 11, 1865.

SIR: I transmit herewith an act, amendatory of certain acts imposing duties on imports, approved March 3, 1865.

The second proviso in section 4 of this act does not repeal the 4th section of "the act to modify existing laws imposing duties on imports, and for other purposes," approved March 3, 1863. Vessels trading "to or from any port or place south of Mexico, down to, and including Aspinwall and Panama," will pay the tonnage duty of thirty cents per ton, only once a year.

The 9th section enacts "that this act shall take effect on and after the first day of April, eighteen hundred and sixty-five;" consequently, in the absence of any provision of law to the contrary, you will cause the rates of duty imposed by this act to be assessed only on such goods, wares, and merchandise as may be imported on or after the 1st proximo. Goods imported prior to the 1st proximo, whether under bond or otherwise, are not liable to the increased rates imposed by this act.

Applications for relief under the 13th section of this act must be made in the manner prescribed by articles 524, 525, 526, 527, 528, 529, and 530, of the General Regulations; as that section extends the relief provided by the 8th section of the act of March 28, 1854, to the cases specified in said 13th section.

I am, very respectfully,

HUGH McCULLOCH, Secretary of the Treasury.

OFFICIAL.

Laws of the United States passed at the second session of the Thirty-eighth Congress.

[PUBLIC—NO. 58.]

AN ACT amendatory of certain acts imposing duties upon foreign importations.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section six of an act entitled "An act to increase the duties on imports and for other purposes," approved June thirty, eighteen hundred and sixty-four, be amended so that paragraph second, third and fourth of section six of said act shall read as follows:

Second. On all manufactures of cotton, (except jeans, denims, drillings, bed tickings, gingham, plaids, cottonades, pantaloons, stuff, and goods of like description,) not bleached, colored, stained, painted, or printed, and not exceeding one hundred threads to the square inch, counting the warp and filling, and exceeding in weight five ounces per square yard, five cents per square yard; if bleached, five cents and a-half per square yard; if colored, stained, painted, or printed, five cents and a-half per square yard, and, in addition thereto, ten per centum ad valorem. On finer and lighter goods of like description, not exceeding two hundred threads to the square inch, counting the warp and filling, unbleached, five cents per square yard; if bleached, five and a-half cents per square yard; if colored, stained, painted, or printed, five and a-half cents per square yard, and in addition thereto, twenty per centum ad valorem. On goods of like description, exceeding two hundred threads to the square inch, counting the warp and filling, unbleached, five cents per square yard; if bleached, five and a-half cents per square yard; if colored, stained, painted, or printed, five and a-half cents per square yard, and in addition thereto, twenty per centum ad valorem.

Third. On all cotton jeans, denims, drillings, bed tickings, gingham, plaids, cottonades, pantaloons, stuffs, and goods of like description, or for similar use, if unbleached, and not exceeding one hundred threads to the square inch, counting the warp and filling, and exceeding five ounces to the square yard, six cents per square yard; if bleached, six cents and a-half per square yard; if colored, stained, painted, or printed, six cents and a-half per square yard, and in addition thereto, ten per centum ad valorem. On finer or lighter goods of like description, not exceeding two hundred threads to the square inch, counting the warp and filling, if unbleached, six cents per square yard; if bleached, six and a-half cents per square yard; if colored, stained, painted, or printed, six and a-half cents per square yard, and in addition thereto fifteen per centum ad valorem. On goods of lighter description, exceeding two hundred threads to the square inch, counting the warp and filling, if unbleached, seven cents per square yard; if bleached, seven and a-half cents per square yard; if colored, stained, painted, or printed, seven and a-half cents per square yard, and, in addition thereto fifteen per cent ad valorem. *Provided,* That upon all plain woven cotton goods, not included in the foregoing schedule, unbleached, valued at over sixteen cents per square yard, bleached, valued at over twenty cents per square yard, colored, valued at over twenty-five cents per square yard, and cotton jeans, denims, and drillings, unbleached, valued at over twenty cents per square yard, and all other cotton goods of every description, the value of which shall exceed twenty-five

cents per square yard, there shall be levied, collected, and paid a duty of thirty-five per centum ad valorem; *And provided further*, That no cotton goods having more than two hundred threads to the square inch, counting the warp and filling, shall be admitted to a less rate of duty than is provided for goods which are of that number of threads.

Fourth. On spool thread of cotton, six cents per dozen spools, containing on each spool not exceeding one hundred yards of thread, and in addition thereto, thirty per centum ad valorem; exceeding one hundred yards, for every additional hundred yards of thread on each spool or fractional part thereof in excess of one hundred yards, six cents per dozen, and thirty-five per centum ad valorem. On cotton thread or yarn when advanced beyond single yarn, by twisting two or more strands together, if not wound upon spools, four (4) cents per skein, or bank of eight hundred and forty (840) yards, and thirty per cent ad valorem.

Sec. 2. And be it further enacted, That from and after the day when this act takes effect, in addition to the duties heretofore imposed by law on the importation of the articles mentioned in this section, there shall be levied, collected, and paid the following duties and rates of duty, that is to say:

On brandy, rum, gin, and whisky, and on cordials, liquors, arrack, absynthe, and all other spirituous liquors and spirituous beverages, 50 cents per gallon of first proof and less strength, and shall be increased in proportion for any greater strength than the strength of first proof.

On spun silk for filling in skins or cops, 10 per centum ad valorem.

On iron bars for railroads or inclined planes, 10 cents per 100 pounds.

On wrought iron tubes, one cent per pound.

Sec. 3. And be it further enacted, That from and after this act takes effect, in lieu of the duties heretofore imposed by law on the importation of the articles mentioned in this section, there shall be levied, collected, and paid the following duties and rates of duty, that is to say:

On cotton, five cents per pound.

On illuminating oil and naphtha, benzine, and benzole, refined or produced from the distillation of coal, asphaltum, shale, peat, petroleum, or rock oil, or other bituminous substances used for like purposes, forty cents per gallon.

On crude petroleum, or rock oil, 20 cents per gallon.

On crude coal oil, 15 cents per gallon.

On tobacco stems, 15 cents per pound.

On ready made clothing of silk, or of which silk shall be a component material of chief value, 60 per centum ad valorem.

On quicksilver, 15 per centum ad valorem.

Sec. 4. And be it further enacted, That section fifteen of an act entitled "An act increasing temporarily the duties on imports, and for other purposes," approved July fourteenth, eighteen hundred and sixty-two, be, and the same hereby is, amended so as to impose a tax or tonnage duty of thirty cents per ton in lieu of "ten cents," as therein mentioned: *Provided*, That the receipts of vessels paying tonnage duty shall not be subject to the tax provided in section one hundred and three of "An act to provide internal revenue to support the government, to pay interests on the public debt, and for other purposes," approved June thirtieth, eighteen hundred and sixty-four, nor by any act amendatory thereof; *Provided*,

further, That no ship, vessel, or steamer having a license to trade between different districts of the United States, or to carry on the bank, whale, or other fisheries, or on any ship, vessel, or steamer to or from any port or place in Mexico, the British provinces of North America, or any of the West India Islands, or in all these trades, shall be required to pay the tonnage duty contemplated by this act more than once a year.

Sec. 5. *And be it further enacted*, That the term "statuary," as used in the laws now in force, imposing duties on foreign importations, shall be understood to include professional productions of a statuary, or of a sculptor only.

Sec. 6. *And be it further enacted*, That there shall be hereafter collected and paid on all goods, wares, and merchandise of the growth or produce of countries [east] of the Cape of Good Hope, (except raw cotton and raw silk as reeled from the cocoon, or not further advanced than tram, thrown, or organzine,) when imported from places west of the Cape of Good Hope, a duty of ten per centum ad valorem, in addition to the duties imposed on any such article when imported directly from the place or places of their growth or production.

Sec. 7. *And be it further enacted*, That in all cases where there is, or shall be imposed any ad valorem rate of duty on any goods, wares, or merchandise imported into the United States, and in all cases where the duty imposed by law shall be regulated by, or directed to be estimated or based upon the value of the square yard, or of any specified quantity or parcel of such goods, wares, or merchandise, it shall be the duty of the collector within whose district the same shall be imported or entered, to cause the actual market value or wholesale price thereof, at the period of the exportation to the United States, in the principal markets of the country from which the same shall have been imported into the United States, to be appraised, and such appraised value shall be considered the value upon which duty shall be assessed. That it shall be lawful for the owner, consignee, or agent of any goods, wares, or merchandise, which shall have been actually purchased or procured otherwise than by purchase, at the time and not afterwards, when he shall produce his original invoice or invoices to the collector, and make and verify his written entry of his goods, wares, or merchandise, as provided by section thirty-six of the act of March two, seventeen hundred and ninety-nine, entitled "An act to regulate the collection of duties on imports and tonnage," to make such addition in the entry to the cost or value given in the invoice as in his opinion may raise the same to the actual market value or wholesale price of such goods, wares, or merchandise, at the period of exportation to the United States, in the principal markets of the country from which the same shall have been imported, and it shall be the duty of the collector within whose district the same may be imported or entered, to cause such actual market value or wholesale price to be appraised in accordance with the provisions of existing laws, and if such appraised value shall exceed, by ten per centum or more, the value so declared in the entry, then, in addition to the duties imposed by law on the same, there shall be levied, collected, and paid a duty of twenty per centum ad valorem on such appraised value: *Provided*, That the duty shall not be assessed upon an amount less than the invoice or entered value, any act of Congress to the contrary notwithstanding: *And provided, further*, That the sections twenty-third and twenty-fourth of the act approved June thirtieth, eighteen hun-

dred and sixty-four, entitled "An act to increase duties on imports, and for other purposes," and all acts andirirups gin dut qeao fesaqtries to be assessed upon commissions, brokerage, costs of transportation, shipment, transshipment, and other like costs and charges incurred in placing any goods, wares, or merchandise on shipboard, and all acts or parts of acts inconsistent with the provisions of this act are hereby repealed.

Sec. 8. *And be it further enacted*, That so much of an act entitled "An act to authorize protection to be given to citizens of the United States who may discover deposits of guano," approved August eighteen, eighteen hundred and fifty-six, as prohibits the export thereof, is hereby suspended in relation to all persons who have complied with the provisions of section second of said act, for two years from and after July fourteenth, eighteen hundred and sixty-five.

Sec. 9. *And be it further enacted*, That this act shall take effect on and after the first day [of] April, eighteen hundred and sixty-five.

Sec. 10. *And be it further enacted*, That so much of sections thirty-nine, forty, forty-one, forty-two, forty-three, and forty-four of the act entitled "An act to regulate the [collection of] duties on imports and tonnage," approved March second, seventeen hundred and ninety-nine, as requires the branding or marking, and certifying of casks, chests, vessels, and cases containing distilled spirits or teas, be, and the same is hereby, revived, to be executed under such rules and regulations as shall be prescribed by the Secretary of the Treasury.

Sec. 11. *And be it further enacted*, That flax and hemp machinery and steam agricultural machinery, as designated in section 21 of the act, "to increase duties on imports and for other purposes," approved June thirtieth, eighteen hundred and sixty-four, may be imported free from duty for one year from the passage of this act.

Sec. 12. *And be it further enacted*, That in all proceedings brought by the United States in any court for due recovery as well of duties upon imports alone, as of penalties for the non-payment thereof, the judgment shall recite that the same is rendered for duties, and such judgment, interests, and costs shall be payable in the coin by law receivable for duties, and the execution issued on such judgment shall set forth that the recovery is for duties, and shall require the marshal to satisfy the same in the coin by law receivable for duties, and in case of levy upon and sale of the property of the judgment debtor the marshal shall refuse payment from any purchaser at such sale, in any other money than that specified in the execution.

Sec. 13. *And be it further enacted*, That the eighth section of the act of March twenty-third, eighteen hundred and fifty-four, "to extend the warehousing system by establishing private bonded warehouses and for other purposes," which authorized the Secretary of the Treasury, in case of the actual injury or destruction of goods, wares, or merchandise by accidental fire, or other casualty, while in warehouse under bond, &c., to abate or refund the duties paid, or accruing thereon, be extended so as to include goods, wares, or merchandise injured or destroyed in like manner, while in the custody of the officers of the customs, and not in bond; and also to goods, wares, and merchandise, so injured or destroyed, after their arrival within the limits of any port of entry of the United States, and before the same have been bonded [landed] under the *suspension* [supervision] of the officers of the

customs: *Provided*, That this act shall apply only to cases arising from and after its passage, and to cases where the duties have not already been paid.

Approved, March 3, 1865.

AMENDMENTS TO THE UNITED STATES INTERNAL REVENUE LAW.

[WE give the following official copy of the Internal Revenue act approved March 3, 1865. The notes are inserted as the readiest mode of pointing out the nature of the several amendments.]

(OFFICIAL COPY.)

AN ACT to amend an act entitled 'An act to provide internal revenue to support the Government, to pay interest on the public debt, and for other purposes,' approved June thirtieth, eighteen hundred and sixty-four.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the act entitled 'An act to provide internal revenue to support the Government, to pay interest on the public debt, and for other purposes,' approved June thirtieth, eighteen hundred and sixty-four, be, and the same is hereby, amended as hereinafter set forth, namely:

That *section four be amended by striking out the word 'five' and inserting in lieu thereof the word 'ten.'

That †section eight be amended by striking out, after the words 'within each of which the,' the words 'Secretary of the Treasury, whenever there shall be a vacancy, or the public interest shall require, shall appoint, with the approval of the said commissioner, one assistant assessor, who shall be a resident of the district of said assessor,' and inserting in lieu thereof the words 'assessor, whenever there shall be a vacancy, shall appoint, with the approval of said commissioner, one or more assistant assessor[s], who shall be a resident of such assessment district.'

That ‡section fourteen be amended by striking out the word 'fifty,' and inserting in lieu thereof the words 'twenty five.'

That §section twenty-five be amended by inserting after the words 'four hundred thousand dollars,' the words 'and not exceeding one million of dollars, and one-eighth of one per centum on all sums above one million of dollars;' by inserting after the words 'reasonable charges for,' the word 'advertising;' and by

* This increases the number of revenue agents to ten.

† This amendment vests the appointment of assistant assessors in the assessor, and provides for one or more assistants in each division, when necessary.

‡ The assessed penalty for failure to make return is reduced to twenty-five per cent.

§ Collectors are allowed commissions on the total amount collected, at the rates of three per cent on the first hundred thousand dollars, one per cent on the next three hundred thousand dollars, one-half of one per cent on the next six hundred thousand dollars, and one-eighth of one per cent on all sums above one million dollars. The five thousand and ten thousand dollar limitations are stricken out, so that statements of expenses will be unnecessary, unless additional allowance is asked for. Collectors are also allowed their reasonable charges for advertising in the same manner as for stationery.

striking out all of the first proviso ; and by striking out the word ' further,' in the second proviso.

That *section twenty-six be amended by striking out the word ' apportionment,' and inserting in lieu thereof the word ' appointment.'

That †section twenty-eight be amended by striking out all after the enacting clause and inserting in lieu thereof the words, ' That each of said collectors shall, within twenty days after receiving his annual collection list from the assessors, give notice, by advertisement published in each county in his collection district, in one newspaper printed in such county, if any such there be, and by notifications to be posted up in at least four public places in each county in his collection district, that the said duties have become due and payable, and state the time and place within said county at which he or his deputy will attend to receive the same, which time shall not be less than ten days after such notification. And if any person shall neglect to pay, as aforesaid, for more than ten days, it shall be the duty of the collector or his deputy to issue to such person a notice, to be left at his dwelling or usual place of business, or be sent by mail, demanding the payment of said duties or taxes, stating the amount thereof, with a fee of twenty cents for the issuing and service of such notice, and with four cents for each mile actually and necessarily traveled in serving the same. And if such persons shall not pay the duties or taxes, and the fee of twenty cents and mileage as aforesaid, within ten days after the service or the sending by mail of such notice, it shall be the duty of the collector or his deputy to collect the said duties or taxes, and fee of twenty cents and mileage, with a penalty of ten per centum additional upon the amount of duties. And with respect to all such duties or taxes as are not included in the annual lists aforesaid, and all taxes and duties the collection of which is not otherwise provided for in this act, it shall be the duty of each collector, in person or by deputy, to demand payment thereof, in the manner last mentioned, within ten days from and after receiving the list thereof from the assessor, or within twenty days from and after the expiration of the time within which such duty or tax should have been paid ; and if the annual or other duties shall not be paid within ten days from and after such demand therefor, it shall be lawful for such collector, or his deputies, to proceed to collect the said duties or taxes, with ten per centum additional thereto, as aforesaid, by distraint and sale of the goods, chattels, or effects of the persons delinquent as aforesaid. And in case of distraint, it shall be the duty of the officer charged with the collection, to make, or cause to be made, an account of the goods or chattels distrained, a copy of which, signed by the officer making such distraint, shall be left with the owner or possessor of such goods, chattels, or effects, or at his or her dwelling, or usual place of business, with some person of suitable age and discretion, if any such can be found, with a note of the sum demanded, and the time and place of sale ; and the said officer shall forthwith cause a notification to be published in some newspaper within the county wherein said distraint is made, if there is a newspaper published in said county, or to be publicly posted

* The amendment to section 26 is merely verbal.

† Under section 28, as amended, the penalty of ten per cent for non-payment, so far as the annual taxes are concerned, attaches only upon failure to pay within ten days after demand, instead of upon failure to pay at the advertised time.

up at the post office, if there be one within five miles, nearest to the residence of the person whose property shall be distrained, and in not less than two other public places, which notice shall specify the articles distrained, and the time and place for the sale thereof, which time shall not be less than ten nor more than twenty days from the date of such notification, [and] the place proposed for sale not more than five miles distant from the place of making such distraint. And *in any case in which any person, bank, association, company, or corporation required by law to make return to the Commissioner of Internal Revenue shall refuse or neglect to make such return within the time specified, the amount of circulation, deposit, and capital, or either, shall be estimated by the proper assessor or assistant assessor, and shall be certified by him to the Commissioner. And in all cases in which the person, bank, association, company, or corporation required by law to make payment of taxes to the Commissioner shall neglect or refuse to make such payment within the time required, the Commissioner shall certify the amount of tax due by such person, bank, association, or corporation, with all the penalties, additions, and expenses accruing to the collector of the proper district, who shall collect the same by distraint and sale, as in other cases. And † the same proceedings may be had to enforce the collection of taxes which have already accrued and which still remain unpaid. And ‡ if any person, bank, association, company, or corporation liable to pay any duty shall neglect or refuse to pay the same after demand, the amount shall be a lien in favor of the United States from the time it was due until paid, with the interests, penalties, and costs that may accrue in addition thereto, upon all property and rights to property; and the collector, after demand, may levy, or by warrant may authorize a deputy collector, to levy upon all property and rights to property belonging to such person, bank, association, company, or corporation, or on which the said lien exists, for the payment of the sum due as aforesaid, with interest and penalty for non-payment, and also of such further sum as shall be sufficient for the fees, costs, and expenses of such levy. And in all cases of sale, the certificate of such sale by the collector shall have the same effect as is prescribed by the one hundred and nineteenth section of the act to which this is an amendment. And || all persons and officers of companies or corporations are required, on demand of a collector or deputy collector about to distraint or having distrained on any property and rights of property, to exhibit all books containing or supposed to contain evidence or statements relating to the subject or subjects of distraint, or the property or rights of property liable to distraint for the tax so due as aforesaid: *Provided*, That in any case of distraint for the payment of the duties or taxes aforesaid, the goods, chattels, or effects so distrained shall and may be restored to the owner or possessor, if prior to the sale payment of the amount due or

* This authorizes the assessor or assistant assessor to make the assessment in case of failure to make the return required by section 110; and the next sentence provides for collection of the tax by distraint.

† Taxes heretofore due and unpaid may be collected in the same manner as those hereafter accruing.

‡ Every tax is made a lien from the time it is due, and collectors are authorized to distraint upon securities.

|| All books containing evidence relating to property, or rights to property, liable to distraint, must be exhibited to the collector upon demand therefor.

tender thereof shall be made to the proper officer charged with the collection of the full amount demanded, together with such fee for levying, and such sum for the necessary and reasonable expense of removing, advertising, and keeping [the] goods, chattels, or effects so distrained, as may be prescribed by the Commissioner of Internal Revenue; but in case of non-payment or tender as aforesaid, the said officer shall proceed to sell the said goods, chattels, or effects, at public auction, and shall and may retain from the proceeds of such sale the amount demandable for the use of the United States, with the necessary and reasonable expenses of distraint and sale, and a commission of five per centum thereon for his own use, rendering the overplus, if any there be, to the person whose goods, chattels, or effects shall have been distrained: *Provided, further,* That there shall be exempt from distraint the tools or implements of a trade or profession, one cow, arms, and provisions, and household furniture kept for use, school books, and apparel necessary for a family.

That *section thirty-eight be amended by striking therefrom the words 'thirty-five,' and inserting in lieu thereof the words 'thirty-six.'

That †section forty be amended by inserting after the words 'appointment of a successor' the words: '*Provided,* That in case it shall appear to the Secretary of the Treasury that the interest of the Government shall so require, he may, by his order, direct said duties to be performed by such other one of the said deputies as he may in such order designate.'

That ‡section fifty-two be amended by inserting before the words 'That all assessors,' the words 'And be it further enacted;'; by inserting after the word 'deputies,' the words 'revenue agents;'; and by striking out after the word 'charged' the word 'and,' and inserting in lieu thereof the word 'or.'

That §section fifty-three be amended by inserting after the word 'distiller,' where it first occurs, the words 'before distilling any spirits,' by striking out after the word 'any,' and preceding the words 'still or stills,' the word 'additional;'; by striking out after the word 'used,' and preceding the words 'shall be erected,' the words 'as aforesaid,' and inserting in lieu thereof the words 'for distilling;'; and by inserting after the words 'shall be erected,' the words 'or used.'

That ¶section fifty-four be amended by striking out the words 'the same,' and inserting in lieu thereof the words 'and owning the same, and owning the build-

* The amendment to section 38 is merely verbal.

† In case of a vacancy in the office of collector, the Secretary of the Treasury may designate a deputy collector to act as collector.

‡ Revenue agents are authorized to administer oaths, and the authority of assessors, collectors, assistant assessors, deputy collectors, and inspectors, is extended to all cases where oaths are required.

§ The amendments to section 53 are merely verbal.

¶ Section 54 as amended reads as follows: 'That the application in writing made by any person for a license for distilling, as aforesaid, shall state the place of distilling, the number and capacity of the still or stills, boiler or boilers, and the name of the person, firm, company, or corporation using and owning the same, and owning the building used as a distillery, and the land on which the same is located, and if the building or land is leased, the terms and conditions of the lease; and any person making a false statement in either of the said particulars shall forfeit and pay the sum of three hundred dollars, to be recovered with costs of suit.'

ing used as a distillery, and the land on which the same is located, and if the building or land is leased, the terms and conditions of the lease ;' and by striking out the word 'one,' and inserting in lieu thereof the word 'three.'

That *section fifty-five be amended by inserting after the words 'said duties shall be a lien,' the words 'on the spirit distilled and ;' and by adding at the end of the first proviso the words † 'except when made and used in the manufacture of vinegar or acetic acid, in which case the duties shall be collected on the basis of the actual proof.'

That ‡section fifty-six be amended by adding at the end of the section the following words, to wit : 'and in all sales of spirits hereafter made, where not otherwise specially agreed, a gallon shall be taken to be a gallon of first proof, according to the standard set forth and declared for the inspection and gauging of spirits throughout the United States.'

That §section fifty-seven be amended by striking out the words 'twenty-five,' in the last proviso, and inserting 'fifty' in its place ; and by adding to the said proviso the following words, 'and distilled from apples or peaches, shall pay one dollar and fifty cents per gallon.'

That ¶section fifty-nine be amended by striking out the words 'so inspected and,' and also 'forthwith,' in the last clause of the first sentence ; and by adding to the said sentence, after the word 'warehouse,' the words 'before the day prescribed by law for making return of the same ;' and ¶¶ by striking out the words 'one hundred,' and inserting in lieu thereof the words 'three hundred.'

That **section sixty-one be amended by striking out after the words 'and all,' the words 'refined coal oil,' and inserting in lieu thereof the words 'distilled or refined coal-oil, distillate benzoine or benzole ;' also by inserting after the word 'warehouse,' and before the words 'and no drawback,' the following words : †† and the same fees shall be paid for exports as are charged to exporters for like services in the custom-house ;' and ††† by inserting after the words 're-distilled' and before the words 'for export' the words 'or canned.'

* The tax is made a lien upon the spirits distilled as well as upon the distillery.

† Low proof spirits made and used in the manufacture of vinegar are to be taxed on the basis of actual proof.

‡ This amendment relates merely to the contract between the purchaser and the seller of spirits, and has no effect upon the amount of duty.

§ The duty upon brandy distilled from grapes, is fixed at fifty cents per gallon, and upon brandy distilled from apples or peaches, at one dollar and fifty cents per gallon.

¶ The clause, as amended, reads as follows : 'And the duty imposed by law shall be paid on all spirits not removed to a bonded warehouse before the day prescribed by law for making return of the same.'

¶¶ The penalty for changing or fraudulently using an inspection mark for the purpose of evading the tax upon distilled spirits is raised from one hundred to three hundred dollars.

** This amendment allows unrefined coal oil, distillate, benzine and benzole to be placed in bonded warehouses and withdrawn therefrom, in the same manner as refined coal oil.

†† See Treasury Regulations, edition of 1857, article 593, page 326.

††† Distilled spirits and coal-oil may be withdrawn from warehouse for the purpose of being canned for export.

That *section sixty-eight be amended by inserting after the word 'suits' the words 'and shall be deemed guilty of a misdemeanor, and be subject to imprisonment for a term not exceeding one year;' and that the proviso to said section be amended by adding after the words 'forfeiture shall have' the word 'been;' and by striking out the word 'the' where it occurs the second time before the word 'nature.'

That †section seventy-four be amended by striking out the word 'or' after the word 'with,' and inserting, in lieu thereof, the word 'one;' and by striking out the words 'and hold the same until the license is produced,' and inserting in lieu thereof the words 'and the assessor of the district in which the seizure has occurred may, on ten days' notice, published in any newspaper in the district, or served personally on the peddler, or at his dwelling-house, require such peddler to show cause, if any he has, why the horses, wagon, and contents, pack, bundle, or basket so seized shall not be forfeited; and, in case no sufficient cause is shown, the assessor may direct a forfeiture, and issue an order to the collector or to any deputy collector of the district for the sale of the property so forfeited; and one-half of the same, after payment of the expenses of the proceedings, shall be paid to the officer making the seizure, and the other half thereof to the collector for the use of the United States.'

That ‡section seventy-nine be amended by inserting in the first paragraph, after the words 'claim agents,' the words 'patent agents;' by striking out, in the same paragraph, the words 'carrying on such,' and inserting in lieu thereof the words 'may carry on;' by striking out, in the same paragraph, the words 'may transact such business;'
Provided, ¶ That no license shall hereafter issue until the managers of a lottery now existing shall give bond, in the sum of one thousand dollars, that the person receiving such license shall not sell any ticket, or supplementary ticket of such lottery, which has not been duly stamped according to law; by inserting, in paragraph nine, § after the words 'other securities,' the words 'for themselves or others;' by striking from said paragraph the words 'and shall make oath or affirmation according to the form to be prescribed by the Commissioner of Internal Revenue that all their transactions are made for a

* Brewers and distillers who neglect to comply with all the provisions of law in that behalf, in addition to other penalties, are to be deemed guilty of a misdemeanor, and be subject to imprisonment for a term not exceeding one year. The other amendments to section 68 are merely verbal.

† The first amendment to section 74 is merely verbal; the second amendment provides for the disposition of goods which may be seized in the possession of a peddler who fails to produce his license when demanded.

‡ The sentence, as amended, reads as follows: 'Any number of persons, except lawyers, conveyancers, claim agents, patent agents, physicians, surgeons, dentists, cattle brokers, horse dealers, and peddlers, may carry on business in copartnership at the place specified in their license, and not otherwise.'

¶ This proviso is an addition to paragraph six, relative to lottery-ticket dealers.

§ Paragraph nine, as amended, reads as follows: 'Brokers shall pay fifty dollars for each license. Every person, firm, or company, except such as hold a license as a banker, whose business it is as a broker to negotiate purchases or sales of stocks, exchange, bullion, coined money, bank notes, promissory notes, or other securities, for themselves or others, shall be regarded as a broker, under this act: *Provided*, That any person holding a license as a banker shall not be required to take out a license as a broker.'

commission; by *striking out the proviso at the end of paragraph 'twenty-eight;' by adding to paragraph thirty-two the following proviso: '*Provided, further, †That no man between the ages of twenty and forty-five who is not enrolled for military duty, or regularly exempted from enrolment or draft for physical disability, shall be entitled to a license as a peddler.*'

By ‡ striking out all of paragraph 'forty-nine,' and inserting in lieu thereof the following, to wit:

'Forty-nine. Miners shall pay for each and every license the sum of ten dollars. Every person, firm, or company who shall employ others in the business of mining for coal, or for gold, silver, copper, lead, iron, zinc, spelter, or other minerals, not having taken out a license as a manufacturer, and no other, shall be regarded as a miner under this act: *Provided, That this shall not apply to any miner whose receipts from his mine shall not exceed annually one thousand dollars.*

'Fifty. A license of ten dollars shall be required of every person, firm, or company engaged in the carrying or delivery of money, valuable papers, or any articles for pay, or doing an express business, whose gross receipts therefrom exceed the sum of six hundred dollars per annum. But one license fee of ten dollars shall be required from any one person, firm, or company, in respect to all the business to be done by such person, firm or company on a continuous route, and the payment of such license fee shall cover all business done upon such route by such person, firm, or company, anywhere in the United States; and such license fee shall be required only from the principal in such business, and not from any subordinate.

'Fifty-one. Substitute brokers shall pay one hundred dollars for each and every license, and in addition thereto ten dollars for each substitute procured by him and actually mustered into the military service of the United States. Every person who shall furnish or offer to furnish, for pay, fee, or reward, volunteers, representative recruits, or substitutes for men drafted or liable to be drafted, for the military or naval service of the United States, shall be deemed a substitute broker under this act: *Provided, however, That persons appointed by any State, county, city, township, or district, or the officers thereof, to procure the enlistment of volunteers or substitutes to fill the quota of such State, county, city, township, or district, for the military service of the United States, under the call of the President of the United States, shall not be considered substitute brokers: And provided, further, That such person or agent shall receive no compensation except that which is given by such State, county, town, city, or district.*

'Fifty-two. Insurance brokers shall pay twenty-five dollars for each license. Any person who shall negotiate or procure insurance in behalf of another person

* This makes insurance agents or brokers liable to license without regard to the amount of their receipts.

† The intention of this proviso is that every person physically qualified for military duty shall be enrolled before procuring a license as a peddler.

‡ The paragraph repealed imposes a license fee upon every person, firm or corporation, engaged in any business, trade, or profession whatsoever, for which no other license is required, whose gross annual receipts therefrom exceed the sum of one thousand dollars per annum.

or party, for which he shall receive any pay, commission, or compensation, shall be regarded as an insurance broker under this act; and the licenses herein provided for shall take effect on the first day of May next.

That *section eighty-one be amended, by striking therefrom the words 'seventy-three,' and inserting in lieu thereof the words 'seventy-four,' and by striking out the words 'to vintners,' and inserting in lieu thereof the words 'nor to vintners.'

That †section eighty-three be amended, by inserting after the words 'within his district, monthly,' the words 'within ten days from the twentieth day of each month,' and by inserting after the words 'such duties within' the word 'said,' and by striking out after the words 'ten days,' following the words 'after demand in writing, delivered to him in person, or left at his house or place of business, or manufactory, or sent by mail.'

That ‡section eighty-four be amended by striking out the words 'eighty-first,' and inserting in lieu thereof the words 'eighty-second,' and by striking out the words 'eighty-fourth,' and inserting in lieu thereof the words 'eighty-fifth.'

That §section eighty-six be amended by striking out the words 'deposit at the time of sale,' after the words 'freight from the place of,' and inserting in lieu thereof the word 'manufacture,' and in the next following paragraph by striking out the word 'that,' where it first occurs, and inserting in lieu thereof the word 'the.'

That ¶section eighty-seven be amended by striking out after the words 'accurately setting' the word 'for,' and inserting in lieu thereof the word 'forth,' and after the words 'description of the manufactured article,' by striking out the words 'the proposed market for the same, whether foreign or domestic,' and by inserting after the word 'assessor,' and preceding the word 'assistant,' the word 'or.'

That ¶section ninety be amended by striking out all after the enacting clause, and inserting in lieu thereof the following: "That any person, firm, company, or corporation, now or hereafter engaged in the manufacture of tobacco, snuff, or cigars of any description whatsoever, shall be, and hereby is, required to make out and deliver to the assistant assessor of the assessment district a true statement or inventory of the quantity of each of the different kinds of tobacco, snuff, flour, snuff, cigars, tinfoil, licorice, and stems held or owned by him or them on the first day of January of each year, or at the time of commencing business

* The amendments to section 81 are merely verbal.

† This amendment requires manufacturers to pay the tax within the last ten days of the month, and imposes the penalty of ten per cent for failure so to do.

‡ The amendments to section 84 are merely verbal.

§ Manufacturers are allowed to deduct freight from the place of manufacture to the place of delivery from the sales price of their goods. The other amendment is merely verbal.

¶ These amendments are merely verbal, except that manufacturers of tobacco, snuff, and cigars are not required to include the proposed market for their goods in their statements to the assessor.

¶ The weekly return required of the manufacturers of tobacco, snuff and cigars is dispensed with, and the return is to be made monthly, as in the case of other manufactures; the bond for transportation of tobacco to a bonded warehouse is to be taken by the collector instead of the assessor and imported tobacco, snuff, and cigars may be placed in bonded warehouse as well as domestic.

under this act, setting forth what portion of said goods was manufactured or produced by him or them, and what was purchased from others, whether chewing, smoking, fine-cut, shorts, pressed, plug, snuff-flour, or prepared snuff, or cigars, which statement or inventory shall be verified by the oath or affirmation of such person or persons, and be in manner and form as prescribed by the Commissioner of Internal Revenue; and every such person, company, or corporation shall keep in a book, in such manner and form as said commissioner may prescribe, an accurate account of all the articles aforesaid thereafter purchased by him or them, the quantity of tobacco, snuff, snuff-flour, or cigars, of whatever description sold, consumed, or removed for consumption or sale, or removed from the place of manufacture; and he or they shall, on or before the tenth day of each month, furnish to the assistant assessor of the district a true and accurate copy of the entries in said book during the preceding month, which copy shall be verified by oath or affirmation; and in case the duties shall not be paid within five days, after demand thereof, the *said* collector may, on one day's notice, distrain for the same, with ten per centum additional on the amount thereof, subject to all the provisions of law relating to licenses, returns, assessments, payment of taxes, liens, fines, penalties and forfeitures, not inconsistent herewith in the case of other manufacturers; and such duty shall be paid by the manufacturer or the person for whom the goods are manufactured, as the assessor may deem best for the collection of the revenue; *Provided*, That it shall be the duty of any manufacturer or vender of tinfoil or other material used in covering manufactured tobacco, on demand of any officer of internal revenue, to render to such officer a correct statement, verified by oath or affirmation, of the quantity and amount of tinfoil or other materials sold or delivered to any person or persons named in such demand; and in case of refusal or neglect to render such statement, or of cause to believe such statement to be incorrect or fraudulent, the assessor of the district may cause an examination of persons, books and papers to be made in the same manner as provided in the fourteenth section of this act; *Provided, further*, That manufactured tobacco, snuff, or cigars, whether domestic manufacture or imported, may be transferred, without payment of the duty, to a bonded warehouse, established in conformity with law and treasury regulations, under such rules and regulations and upon the execution of such transportation bonds or other security, as the Secretary of the Treasury may prescribe, said bonds or other security to be taken by the collector of the district from which such removal is made; and may be transported from such a warehouse to a bonded warehouse used for the storage of merchandise at any port of entry, and may be withdrawn from bonded warehouse for consumption on payment of the duty or removed for export to a foreign country without payment of duty in conformity with the provisions of law relating to the removal of distilled spirits, all the rules and regulations and conditions of which, so far as applicable, shall apply to tobacco, snuff, or cigars in bonded warehouse. And no drawback shall in any case be allowed upon any manufactured tobacco, snuff, or cigars, upon which any excise duty has been paid, either before or after it has been placed in bonded warehouse.'

That *section ninety-one be amended by striking out all after the enacting

* The section repealed required manufacturers of tobacco, snuff, and cigars to make a monthly declaration that their several returns had been in accordance with law.

clause, and inserting in lieu thereof the following: "That all manufactured tobacco, snuff, or cigars, whether of domestic manufacture or imported, shall, before the same is used or removed for consumption, be inspected and weighed by an inspector appointed under the fifty-eighth section of the act to which this is an amendment, who shall mark or affix a stamp upon the box or other package containing such tobacco, snuff, or cigars, in a manner to be prescribed by the Commissioner of Internal Revenue, denoting the kind or form of tobacco, and the weight of such package, with the date of inspection and the name of the inspector. The fees of such inspector shall in all cases be paid by the owner of the manufactured tobacco, snuff, or cigars, so inspected and weighed. And the penalties for the fraudulent marking of any box or other package of tobacco, snuff, or cigars, and for any fraudulent attempt to evade the duties on tobacco, snuff, or cigars, so inspected, by changing in any manner the package or the marks thereon, shall be the same as are provided in relation to distilled spirits by existing laws. And all cigars manufactured after the passage of this act shall be packed in boxes. And any manufactured tobacco, snuff, and cigars, whether of domestic manufacture or imported, which shall be sold or pass out of the hands of the manufacturer or importer, except into a bonded warehouse, without the inspection marks or stamps affixed by the inspector, unless otherwise provided, shall be forfeited, and may be seized wherever found, and shall be sold, one-half of the proceeds of such sale to be paid to the informer, and the other moiety to the United States. The Commissioner of Internal Revenue shall keep an account of all stamps delivered to the several inspectors; and said inspectors shall also keep an account of all stamps by them used or placed upon boxes containing cigars, and of all tobacco, snuff, and cigars inspected, and the name of the person, firm, or company for whom the same were so inspected, and return to the assessor of the district a separate and distinct account of the same; and also to return to the said Commissioner on demand all stamps not otherwise accounted for, and shall give a bond for a faithful performance of all the duties to which he may be assigned, and to return or account for all stamps which may be placed in his hands.

That *section ninety-two be amended by striking out the words 'by this act,' and inserting in lieu thereof the words 'by law.'

That †section ninety-four be amended by inserting after the words 'pea coal' the words 'or coal that will pass through a five-eighth inch and over a three-eighth inch mesh;' in the paragraph relating to gas,‡ by adding after the words 'understood to be,' in the first proviso, the words 'in addition to the gas consumed by said company or other party;' by ||inserting in the last proviso in the paragraph on gas, after the words 'coal tar,' where they first

* The amendment to section 92 is merely verbal.

† The first amendment to section 94 exempts from duty coal that will pass through a five-eighth inch mesh.

‡ The sentence amended reads as follows: 'That the product required to be returned by law by any gas company shall be understood to be, in addition to the gas consumed by said company, or other party, the product charged in the bills actually rendered by the gas company during the month preceding the return.'

|| Ammoniacal liquor and the products of the manufacture of ammoniacal liquor produced in the manufacture of illuminating gas, are exempt from duty.

occur, the words 'and ammoniacal liquor,' and by inserting after the words 'coal tar,' where they occur the second time in said proviso, the words 'and the products of the manufacture of ammoniacal liquor;' by *inserting after the word 'naphtha,' in the paragraph relating to coal illuminating oil, the word 'distillate;' by inserting after the words 'returns, assessments,' the words 'removing to and withdrawing from warehouses;' by striking from the proviso relating to naphtha, after the word 'exceeding,' the word 'eighty,' and inserting in lieu thereof the word 'seventy;' by †striking out of the first paragraph relating to 'sugar' the words 'brown or Muscovado;' and by striking out of the second paragraph relating to 'sugar' the words 'all clarified or refined;' and by striking out of the third paragraph relating to 'sugar' the words 'all clarified or refined;' by ‡striking from the paragraph relating to gunpowder the words 'at twenty-eight cents per pound or less, a duty of one cent per pound; when valued above twenty-eight and not exceeding thirty-eight cents per pound, a duty of one and a half cents per pound,' and inserting in lieu thereof 'at thirty-eight cents per pound or less, five per centum ad valorem;' and by striking out, in the last line of said paragraph, the word 'eight,' and inserting in lieu thereof the word 'ten;' by ||inserting in the paragraph relating to 'bill-heads, printed,' after the word 'circulars,' the words 'law blanks, conveyancers' blanks, and other printed forms;' by ††adding at the end of the paragraph relating to printed books the words 'which shall be paid by the publishers thereof;' by ¶inserting in the paragraph relating to photographs, after the words 'being copies of engravings, or works of art,' the words 'when the same are sold by the producer at wholesale at a price not exceeding ten cents each, or are;' by **striking from the paragraph relating to 'hulls, as launched,' the word 'launched,' and inserting in lieu thereof the words 'finished, including cabins, inner and upper works;' by †††inserting after the word 'sewing,' in the proviso to the paragraph relating to 'sails, tents, awnings, and bags,' the words 'or pasting;' by inserting at the end of the paragraph relating to stoves and hollow-ware the following:

* Distillate is made subject to the duty of twenty cents per gallon, and naphtha of specific gravity exceeding seventy degrees is to be treated as gasoline and subject to the tax of five per cent. *ad valorem*.

† The rate of tax upon sugar produced directly from the cane is made to depend solely upon the color.

‡ The paragraph, as amended, reads as follows: 'On gunpowder, and all explosive substances used for mining, blasting, artillery, or sporting purposes, when valued at thirty-eight cents per pound or less, five per cent. *ad valorem*; and when valued at above thirty-eight cents per pound, a duty of ten cents per pound.'

¶ The paragraph, as amended, reads as follows: 'On bill-heads printed, printed cards and printed circulars, law blanks, conveyancers' blanks, and other printed forms, a duty of five per centum *ad valorem*.'

§ The duty upon printed books, magazines, &c., is to be paid by the publisher.

¶¶ The paragraph, as amended, reads as follows: 'On photographs, or any other sun-picture, being copies of engravings or works of art, when the same are sold by the producer at wholesale at a price not exceeding ten cents each, or are used for the illustration of books, and on photographs so small in size that stamps cannot be affixed a duty of five per centum *ad valorem*.'

** Ships, steamboats, &c., are made taxable upon the hulls as finished, including cabins, inner and upper works, instead of upon the hulls as launched.

†† Shades and bags are to be assessed on the increased value when made by pasting as well as when made by sewing.

'On *railroad chairs, and railroad, boat and ship spikes and tubes, made of wrought iron, five dollars per ton;' by †striking out, in the second proviso of the paragraph relating to 'rivets,' the words 'upon which no duty has been assessed or paid,' and inserting in lieu thereof the words 'the duty to which it was liable;' and after the word 'loops,' in the line following, inserting 'not having been paid;' by striking out the paragraph relating to steam engines, and inserting in lieu thereof the following words: 'On ‡steam, locomotive, and marine engines, including the boilers and all their parts, a duty of five per centum ad valorem: *Provided*, That when such boilers shall have been once assessed and a duty previously paid thereon, the amount so paid shall be deducted from the duties on the finished engine.

'On boilers of all kinds, water tanks, sugar tanks, oil stills, sewing machines, lathes, tools, planes, planing machines, shafting and gearing, a duty of five per centum ad valorem.

'On iron railings, gates, fences, furniture, and statuary, a duty of five per centum ad valorem,' by adding at the end of the paragraph relating to quicksilver, the following: '*Provided*, That quicksilver may be transferred, without payment of the duty, to a bonded warehouse established in conformity with law and treasury regulations, under such rules and regulations and upon the execution of such transportation bonds or other security as the Secretary of the Treasury may prescribe; said bonds or other security to be taken by the collector of the district from which such removal is made, and may be transported from such warehouse to a bonded warehouse used for the storage of merchandise at any port of entry; and quicksilver so bonded may be withdrawn from the bonded warehouse for consumption on payment of the duty, or removed for export to a foreign country without payment of duty, in conformity with the provisions of law relating to the removal of distilled spirits, all the rules, regulations, and conditions of which, so far as applicable, shall apply to quicksilver in bonded warehouse; and no drawback shall in any case be allowed upon any quicksilver upon which any excise duty has been paid, either before or after it has been placed in bonded warehouse;' by ‖adding at the end of the paragraph relating to copper and lead ingots the following proviso: '*Provided, however*, That brass made of copper and spelter, on which a duty of three per centum ad valorem shall have been assessed and paid, shall be assessed and pay a duty of three per centum on the increased value only thereof;' by §inserting in the paragraph relating to rolled brass, after the word 'sheets,' the words 'copper, zinc, and brass nails or

* These articles were subject to an *ad valorem* duty under the act of June thirtieth, eighteen hundred and sixty-four.

† The proviso, as amended, reads as follows: "*Provided, further*, That castings of iron, and iron of all descriptions advanced beyond pig-iron, blooms, slabs, or drops, the duty to which it was liable in the form of pig-iron, blooms, slabs, or drops, not having been paid shall be assessed and pay, in addition to the foregoing rates of iron so advanced, a duty of three dollars per ton."

‡ The duty on steam-engines, under the act of June thirtieth, eighteen hundred and sixty-four, was three per cent.

‖ The paragraph to which the proviso is added reads as follows: 'On copper and lead ingots, pigs or bars, and spelter and brass, a duty of three per centum *ad valorem*.'

§ The duty on copper, zinc, and brass nails and rivets is reduced to three per cent.

rivets;' by *adding to the paragraph relating to patent, enameled, and japanned leather the words '*Provided*, That when a duty has been paid on the leather in the rough, the duty shall be assessed and paid only on the increased value;' by †striking out all of the first sentence of the proviso in the paragraph relating to wines or liquors, and inserting in lieu thereof the words '*Provided*, That the return, assessment, collection, and the time of collection of the duties on such wines, and wines made of grapes, shall be subject to the regulations of the Commissioner of Internal Revenue,' by ‡inserting in the paragraph relating to cloth, after the word 'felted,' the words 'articles or;' after the word 'warps,' in the proviso of said paragraph, by striking out the word 'for,' and inserting in lieu thereof the words 'sold before;' by §inserting in the paragraph relating to ready-made clothing, after the word 'dress,' the words 'not otherwise assessed and taxed as such,' and by striking out of the same paragraph all after the words 'does not exceed the sum of,' and inserting the words 'one thousand dollars per annum shall be exempt from duty;' by ¶inserting in the paragraph relating to manufactures of cotton, after the word 'cloths,' in the first proviso, the words 'or articles,' and after the word 'fabrics,' in the second proviso, the words 'or articles;' by striking out the words 'as aforesaid,' where they occur the second time in said proviso, and by inserting at the end of said proviso the words 'and when made wholly by the same manufacturer shall be subject to a duty only of five per centum *ad valorem*;' by ¶striking out in [the] paragraph relating to diamonds, precious stones, and imitations thereof, and all other jewelry, the word 'ten,' and inserting in lieu thereof the word 'five;' by **striking out of said sec-

* The paragraph to which the proviso is added reads as follows: 'On patent enameled, and japanned leather, and skins of every description, a duty of five per centum *ad valorem*.'

† This authorizes the commissioner to prescribe the mode and time for paying the duties upon wine made of grapes as well as those upon manufactured wines.

‡ The paragraph, as amended, reads as follows: "On cloth and all textile or knitted or felted articles or fabrics of cotton, wool or other materials, before the same has been dyed, printed, or bleached, and on all cloth painted, enameled, shirred tarred, varnished, or oiled, a duty of five per centum *ad valorem*; *Provided*, That thread and yarn, and warps sold before weaving, shall be regarded as manufactures, and be subject to a duty of five per centum *ad valorem*.'

§ Custom-made clothing is made subject to a duty of five per cent when the annual product exceeds one thousand dollars.

¶ The provisos, as amended, read as follows:

'*Provided*, That on all cloths or articles dyed, printed, or bleached, on which a duty or tax shall have been paid before the same were so dyed, printed or bleached, the said duty or tax of five per centum shall be assessed only upon the increased value thereof: *And provided, further*, That any cloth or fabrics or articles, as aforesaid, when made of thread, yarn, or warps, upon which a duty shall have been assessed and paid, shall be assessed and pay a duty on the increased value only thereof and when made wholly, by the same manufacturer shall be subject to a duty only of five per centum *ad valorem*.'

¶ The duty on jewelry is reduced from ten to five per cent.

** The paragraphs stricken out prescribed the duties upon manufactured tobacco, snuff, and cigars, and required cigars to be inspected and stamped. The paragraphs inserted establish the new rates upon those articles, except upon cigarettes, made of tobacco, enclosed in a paper wrapper, and valued at more than five dollars per hundred packages of twenty-five cigarettes, the duty upon which is five per centum *ad valorem*. The new provisions for the inspection of cigars are found in the amendment to section 91.

tion the several paragraphs from the words 'on cavendish, plug, twist,' down to and including the words 'and the other to the United States,' and inserting in lieu thereof the following :

'On snuff, manufactured of tobacco or any substitute for tobacco, ground dry or damp, pickled, scented, or otherwise, of all descriptions, when prepared for use, forty cents per pound.

'On cavendish, plug, twist, and all other kinds of manufactured tobacco, not herein otherwise provided for, forty cents per pound.

'On tobacco twisted by hand, or reduced from leaf into a condition to be consumed, without the use of any machine or instrument, and without being pressed, sweetened or otherwise prepared, thirty cents per pound.

'On fine-cut chewing tobacco, whether manufactured with the stems in or not, or however sold, whether loose, in bulk, or in rolls, packages, papers, wrappers, or boxes, forty cents per pound.

'On smoking tobacco of all kinds, and imitations thereof, not otherwise herein provided for, thirty five cents per pound.

'On smoking tobacco made exclusively of stems, and so sold, fifteen cents per pound.

'On cigarettes made of tobacco, enclosed in a paper wrapper, and put up in packages containing not more than twenty-five cigarettes, and valued at not more than five dollars per hundred packages, five cents per package.

"On all cigars, cheroots, and cigarettes, made wholly of tobacco, or of any substitutes therefor, ten dollars per thousand cigars ;' by inserting in the last paragraph relating to cigars, after the words 'imprisonment not exceeding thirty days,' the words * 'And any person furnished with such permit may apply to the assistant assessor or inspector of the district to have any cigars of their own manufacture counted ; and on receiving a certificate of the number, for which such fee as may be prescribed by the Commissioner of Internal Revenue shall be paid by the owner thereof, may sell and deliver such cigars to any purchaser, in the presence of said assistant assessor or inspector, in bulk, or unpacked, without payment of the duty. A copy of the certificate shall be retained by the assistant assessor, or by the inspector, who shall return the same to the assistant assessor of the district. The purchaser shall pack such cigars in boxes, and have the same inspected and marked or stamped according to the provisions of this act, and shall make a return of the same as inspected to the assistant assessor of the district, and, unless removed to a bonded warehouse, shall pay the duties on such cigars within five days after purchasing them to the collector of the district wherein they were manufactured, and before the same have been removed from the store or building of such purchaser, or from his possession ; and any such purchaser who shall neglect for more than five days to pack and have such cigars duly inspected, and pay the duties thereon according to this act, or who shall purchase any cigars from any person not holding such permit, the duties thereon not having been paid, shall be deemed guilty of a misdemeanor, and be fined not exceeding five hundred dollars, and be imprisoned not exceeding six months, at

* This amendment prescribes the conditions under which alone cigars may be sold before inspection.

the discretion of the court, and the cigars shall be forfeited and sold, one fourth for the benefit of the informer, one fourth for the officer who seized or had them condemned, and one half shall be paid to the government.'

That section ninety-six be amended by inserting after the words 'concentrated milk,' the words * 'cider and cider-vinegar, and sugar or molasses made from other articles than the sugar-cane;' by †striking out after the words 'use exclusively,' the words 'materials prepared for the manufacture of hoop skirts exclusively, and unfit for other use, such as,' and inserting in lieu thereof the word 'and,' and by striking out the words 'for joining hoops together,' and inserting in lieu thereof the words 'used in the manufacture of hoop-skirts.'

That ‡section ninety-nine be amended by striking out the words 'gold and silver bullion and coin,' and by striking out the words 'of all contracts for such sales,' and inserting in lieu thereof the words 'upon any sales or contracts for the sale of gold and silver bullion and coin, one-tenth of one per centum on the amount of such sales or contracts.'

That §section one hundred and three be amended by adding the following after the word 'vehicle,' where it occurs the second time in the section: '*Provided*, That this section shall not apply to those teams, wagons and vehicles used in the transportation of silver ores from the mines where the same is excavated to the place where they are reduced or worked.'

That section one hundred and three be further amended by inserting after the words 'and any foreign port,' the words 'but such duty shall be assessed upon the transportation of persons and property shipped from a port within the United States, through a foreign territory to a port within the United States, and shall be assessed upon, and collected from, persons, firms, companies or corporations within the United States receiving such freight or transportation.' And that section one hundred and three be amended by adding at the end of said section the following: '*And provided, further*, That no tax under this section shall be assessed upon any person whose gross receipts do not exceed one thousand dollars per annum.'

That ¶section one hundred and five be amended by striking out, at the end thereof, the words 'for the quarter then next preceding.'

That ¶¶section one hundred and nine be amended by striking out, after the words 'one hundred and,' the word 'two,' and inserting in lieu thereof, the word 'three.'

* The articles specified are exempt from duty.

† The exemption of materials used in the manufacture of hoop-skirts is limited to cut tapes and small wares.

‡ The tax upon sales, and contracts for the sale, of gold and silver bullion and coin is raised from one-twentieth of one per centum to one tenth of one per centum.

§ The amendments to section 103 exempt from duty the receipts of vehicles used in the transportation of silver ores from the mines, and the receipts of persons receiving not more than one thousand dollars per annum, and impose the duty upon receipts for the transportation of persons or property from a port within the United States through a foreign territory to a port within the United States.

A clause in the amendatory tariff act of March 3, 1865, exempts the receipts of vessels paying tonnage duties from the tax imposed in section 103.

¶ The amendment to section 105 is merely verbal.

¶¶ The amendment to section 109 is merely verbal.

That *section one hundred and ten be amended by striking out, after the words 'and redemption thereof,' the words 'nor to any savings bank having no capital stock, and whose business is confined to receiving deposits and loaning the same on interest for the benefit of the depositors only, and which do no other business of banking.'

That † section one hundred and sixteen be amended by striking out all after the enacting clause and inserting in lieu thereof the following: 'That there shall be levied, collected, and paid annually upon the annual gains, profits, and income of every person residing in the United States, or of any citizen of the United States residing abroad, whether derived from any kind of property, rents, interests, dividends, or salaries, or from any profession, trade, employment, or vocation, carried on in the United States or elsewhere, or from any other source whatever, a duty of five per centum on the excess over six hundred dollars and not exceeding five thousand dollars, and a duty of ten per centum on the excess over five thousand dollars; and in ascertaining the income of any person liable to an income tax, the amount of income received from institutions whose officers, as required by law, withhold a per centum of the dividends made by such institutions and pay the same to the Commissioner of Internal Revenue, or other officer authorized to receive the same, shall be included; and the amount so withheld shall be deducted from the tax which otherwise would be assessed upon such person. And the duty herein provided for shall be assessed, collected, and paid upon the gains, profits and income for the year ending the thirty-first day of December next preceding the time for levying, collecting and paying said duty: *Provided*, That income derived from interest upon notes, bonds and other securities of the United States, and also all premiums on gold and coupons shall be included in estimating incomes under this section. *Provided, further*, That only one deduction of six hundred dollars shall be made from the aggregate incomes of all the members of any family, composed of parents and minor children, or husband and wife: *And provided, further*, That net profits realized by sales of real estate purchased within the year for which income is estimated, shall be chargeable as income; and losses on sales of real estate purchased within the year, for which income is estimated, shall be deducted from the income of such year.'

That ‡ section one hundred and seventeen be amended by striking out all after the enacting clause, and inserting in lieu thereof the following: 'That in estimating the annual gains, profits and income of any person, all national, State,

* Savings banks are made subject to the duties imposed in section 110.

† The changes in section 116 are: first, in the rate of tax on income in excess of five thousand dollars; second, income from dividends, &c., from which a tax has been withheld, is to be included, and the amount of tax withheld is to be deducted from the tax assessed upon the entire income; third, there is a specific provision requiring the return of premiums on gold and coupons; fourth, but one deduction of \$600 is allowed in any case from the aggregate incomes of any one family.

‡ The changes in section 117 are: first, the allowance of the national income tax as a deduction from income; second, the repeal of the provision allowing the deduction of income from dividends, &c., from which a tax has been withheld, third, interest accruing against the tax payer may be deducted; fourth, the increased value of live stock on hand is not to be included, but merely the amount received for live stock sold.

county and municipal taxes paid within the year shall be deducted from the gains, profits or income of the person who has actually paid the same, whether owner, tenant, or mortgagor; also, the salary or pay received for services in the civil, military, naval, or other service of the United States, including senators, representatives, and delegates in Congress, above the rate of six hundred dollars per annum; also the amount paid by any person for the rent of the homestead used or occupied by himself or his family, and the rental value of any homestead used or occupied by any person or by his family, in his own right or in the right of his wife, shall not be included and assessed as part of the income of such person. In estimating the annual gains, profits, or income of any person, the interest received or accrued upon all notes, bonds and mortgages, or other forms of indebtedness bearing interest, whether paid or not, if good and collectable, less the interest paid by or due from such person, shall be included and assessed as part of the income of such person for each year; and also all income or gains derived from the purchase and sale of stocks or other property, real or personal, and of live stock, and the amount of live stock, sugar, wool, butter, cheese, pork, beef, mutton, or other meats, hay and grain, or other vegetable or other productions, being the growth or produce of the estate of such person sold, not including any part thereof unsold or on hand during the year next preceding the thirty-first of December, until the same shall be sold, shall be included and assessed as part of the income of such person for each year, and his share of the gains and profits of all companies, whether incorporated or partnership, shall be included in estimating the annual gains, profits, or income of any person entitled to the same, whether divided or otherwise. In estimating deductions from income, as aforesaid, when any person rents buildings, lands, or other property, or hires labor to cultivate land, or to conduct any other business from which such income is actually derived, or pays interest upon any actual incumbrance thereon, the amount actually paid for such rent, labor, or interest, shall be deducted; and also the amount paid out for usual or ordinary repairs, not exceeding the average paid out for such purposes for the preceding five years, shall be deducted, but no deduction shall be made for any amount paid out for new buildings, permanent improvements, or betterments, made to increase the value of any property or estate: *Provided*, That in cases where the salary or other compensation paid to any person in the employment or service of the United States shall not exceed the rate of six hundred dollars per annum, or shall be by fees, or uncertain or irregular in the amount or in the time during which the same shall have accrued or been earned, such salary or other compensation shall be included in estimating the annual gains, profits, or income of the person to whom the same shall have been paid, in such manner as the Commissioner of Internal Revenue, under the direction of the Secretary of the Treasury, may prescribe."

That *section one hundred and eighteen be amended by striking out all after the enacting clause, and inserting in lieu thereof the words, "That it shall be the duty of all persons of lawful age to make and render a list or return, in such

* The principal changes in section 118 are the reduction of the penalty for neglect to make return to twenty-five per cent., and the provision that the declaration permitted by the proviso shall not be considered as conclusive of the facts. The other changes are mainly verbal.

form and manner as may be prescribed by the Commissioner of Internal Revenue, to the assistant assessor of the district in which they reside, of the amount of their income, gains, and profits, as aforesaid; and all guardians and trustees, whether as executors, administrators, or in any other fiduciary capacity, shall make and render a list or return, as aforesaid, to the assistant assessor of the district in which such guardian or trustee resides, of the amount of income, gains, and profits of any minor or person for whom they act as guardian or trustee; and the assistant assessor shall require every list or return to be verified by the oath or affirmation of the party rendering it, and may increase the amount of any list or return, if he has reason to believe that the same is understated; and in case any person, guardian, or trustee shall neglect or refuse to make and render such list or return, or shall render a false or fraudulent list or return, it shall be the duty of the assessor or the assistant assessor to make such list, according to the best information he can obtain, by the examination of such person, and his books and accounts, or any other evidence, and to add twenty-five per centum as a penalty to the amount of the duty due on such list in all cases of wilful neglect or refusal to make and render a list or return, and, in all cases of a false or fraudulent list or return having been rendered, to add one hundred per centum, as a penalty, to the amount of duty ascertained to be due, the duty and the additions thereto as penalty to be assessed and collected in the manner provided for in other cases of wilful neglect or refusal to render a list or return, or of rendering a false and fraudulent return: *Provided*, That any party in his or her own behalf, or as guardian or trustee, shall be permitted to declare under oath or affirmation, the form and manner of which shall be prescribed by the Commissioner of Internal Revenue, that he or she, or his or her ward or beneficiary, was not possessed of an income of six hundred dollars, liable to be assessed according to the provisions of this act; or may declare that he or she has been assessed and paid an income duty elsewhere in the same year, under authority of the United States, upon his or her gains and profits, as prescribed by law, and if the assistant assessor shall be satisfied of the truth of the declaration, shall thereupon be exempt from income duty in said district; or if the list or return of any party shall have been increased by the assistant assessor, such party may exhibit his books and accounts, and be permitted to prove and declare under oath or affirmation, the amount of annual income liable to be assessed; but such oaths and evidence shall not be considered as conclusive of the facts, and no deductions claimed in such cases shall be made or allowed until approved by the assistant assessor. Any person feeling aggrieved by the decision of the assistant assessor in such cases may appeal to the assessor of the district, and his decision thereon, unless reversed by the Commissioner of Internal Revenue, shall be final, and the form, time, and manner of proceedings shall be subject to rules and regulations to be prescribed by the Commissioner of Internal Revenue.'

That *section one hundred and nineteen be amended by striking out the words 'for thirty days,' and, after the words 'for ten days after,' inserting the words 'notice and.'

*The income tax is made payable immediately after the thirtieth of June, upon ten days' notice.

That * section one hundred and twenty be amended by striking out, at the end thereof, the word 'act,' and inserting in lieu thereof the word 'section.'

That † section one hundred and twenty-five be amended by striking therefrom the word 'and,' following the word 'custody,' and inserting in lieu thereof the word 'any.'

That ‡ section one hundred and thirty-three be amended by adding, at the end thereof, the following words: '*Provided*, That no duty shall be levied in respect of any succession vesting before or subsequent to the passage of this act, where the successor shall be the wife of the predecessor.'

That § section one hundred and thirty-five be amended by striking therefrom the word 'extension,' and inserting in lieu thereof the word 'extinction.'

That ¶ section one hundred and forty-nine be amended by striking out the word 'assment,' and inserting in lieu thereof the word 'assessment.'

That ¶ section one hundred and fifty-eight be amended by striking out all after the enacting clause, and inserting in lieu thereof the following, to wit: 'That any person or persons who shall make, sign or issue, or who shall cause to be made, signed or issued, any instrument, document, or paper of any kind or description whatsoever, or shall accept, negotiate, or pay, or cause to be accepted, negotiated, or paid, any bill of exchange, draft, or order, or promissory note, for the payment of money, without the same being duly stamped, or having thereupon an adhesive stamp for denoting the duty chargeable thereon, with intent to evade the provisions of this act, shall for every such offence forfeit the sum of fifty dollars, and such instrument, document, or paper, bill, draft, order, or note, shall be deemed invalid and of no effect: *Provided*, That the title of a purchaser of land, by deed duly stamped, shall not be defeated or affected by the want of a proper stamp on any deed conveying said land by any person from, through, or under whom his grantor claims or holds title: *And provided, further*, That hereafter, in all cases where the party has not affixed to any instrument required by the one hundred and fifty-first section of the act of June thirtieth, eighteen hundred and sixty-four, or the schedule marked B, thereunto annexed, *and* the stamp thereby required to be thereunto affixed, at the time of making or issuing the said instrument, and he or they, or any party having an interest therein shall be subsequently desirous of affixing such stamp to said instrument, he or they shall appear before the collector of the revenue of the proper district, who shall, upon the payment of the price of the proper stamp required by law, and of a penalty of fifty dollars, and, where the whole amount of the duty denoted by the stamp required shall exceed the sum of fifty dollars, on payment also of interest, at the rate of six per cent, on said duty, from the day on which such

*This confines the exemption of return premiums paid by mutual life insurance companies to the tax upon dividends.

†The amendment to section 125 is merely verbal.

‡This exempts real estate passing from a husband to his widow from succession tax.

§The amendment to section 135 is merely verbal.

¶The amendment to section 149 is merely verbal.

¶ Down to and including the first proviso this is the old section, with the insertion of the word 'negotiate' and the reduction of the penalty from two hundred dollars to fifty dollars. The second and third provisos are new, and substantially take the place of section 163.

stamp ought to have been affixed, affix the proper stamp to such instrument, and note upon the margin of said instrument the date of his so doing, and the fact that such penalty has been paid, and such instrument shall thereupon be deemed and held to be as valid to all intents and purposes, as if stamped when made or issued: *And provided, further,* That where it shall appear to said collector, upon oath or otherwise, to his satisfaction, that any such instrument has not been duly stamped at the time of making or issuing the same by reason of accident, mistake, inadvertence, or urgent necessity, and without any wilful design to defraud the United States of the stamp duty, or to evade or delay the payment thereof, then and in such case, if such instrument shall, within twelve calendar months after the making or issuing thereof, be brought to the said collector of revenue to be stamped, and the stamp duty chargeable thereon shall be paid, it shall be lawful for the said collector to remit the penalty aforesaid, and to cause such instrument to be duly stamped.'

That *section one hundred and sixty be amended by inserting before the word 'injury,' the word 'accidental,' and by striking out the words 'while traveling;'; also † by striking out after the words 'nor on certificates,' the word 'or,' and inserting in lieu thereof, the word 'of,' and ‡ by striking out the words 'other articles,' and inserting in lieu thereof the word 'hay.'

That §section one hundred and sixty-five be amended by striking out in the proviso the words 'act contained,' and inserting in lieu thereof the word 'section.'

That ¶section one hundred and sixty-seven be amended by striking out the word 'or,' where it occurs the second time, and inserting after the word 'sell,' the words 'expose for sale.'

That ¶§section one hundred and sixty-eight be amended by striking out the words 'lucifer or friction matches, and cigar lights or wax tapers.'

That **section one hundred and sixty-nine be amended by inserting after the words 'who shall offer,' the words 'or expose;'; and by inserting after the words 'so offered,' the words 'or exposed;'; and †† by inserting in the proviso, after the words 'imported articles,' the words 'except lucifer or friction matches, cigar lights, and wax tapers.'

That †† 'Schedule B,' preceding section one hundred and seventy-one, be amended in the paragraph marked 'receipts,' by inserting after the word 'pro-

* This confers exemption from stamp duty upon contracts of insurance when limited to accidental injury to persons.

† This amendment is merely verbal.

‡ This limits the exemption of certificates of weight or measurement to such as give merely the weight or quantity of animals, wood, coal, or hay.

¶ Medicines compounded according to published formulæ are made subject to *ad valorem* duty.

§ This prohibits the manufacture of articles enumerated in Schedule C, from exposing for sale any articles on which the proper stamp is not affixed.

¶ Lucifer or friction matches, cigar lights, and wax tapers are not to be manufactured in bonded warehouse.

** The first two insertions in section 169, prohibit the exposure for sale by any dealer of articles enumerated in Schedule C, on which the proper stamps are not affixed.

†† This prohibits the sale of imported matches without the proper stamp.

‡† This exempts from stamp duty receipts issued by express companies on the delivery of property for transportation.

perty.' the words 'except receipts issued by any persons, firms, or companies doing business as an express or express company on the delivery of any property for transportation,' and * that 'Schedule C,' preceding section one hundred and seventy-one, be amended in all the paragraphs concerning 'playing cards,' by striking out, wherever it occurs, the word 'retail.' Add at the end of the paragraph marked 'receipts,' the following: '*Provided*, † That when two or more persons shall sign the same receipt, one or more stamps, equal in value to the several stamps required by this act may be affixed to said receipts in lieu of said several stamps.'

That ‡ 'Schedule B,' preceding section one hundred and seventy-one, be further amended by striking out the word 'lease,' in the proviso in the clause taxing 'mortgages,' &c.; and also by adding to said proviso the following: '*And provided, further*, That upon each and every assignment of any lease a stamp duty shall be required and paid equal to that imposed on the original instrument, increased by a stamp duty on the consideration or value of the assignment equal to that imposed upon the conveyance of land for similar consideration or value.

That § section one hundred and seventy-one be amended by inserting before the words 'refined coal oil,' the words 'crude petroleum or rock oil;' and after the words 'all descriptions,' by inserting the words 'bullion, quicksilver, lucifer or friction matches, cigar lights, and wax tapers.'

That ¶ section one hundred and seventy-nine be amended by striking therefrom the words 'if a collector or deputy collector,' and by adding at the end of the words 'use of the United States,' the words 'and where any penalty is paid without suit, or before judgment, and a moiety of the same is claimed by any person as informer, the Secretary of the Treasury, on application to him, under such regulations as he shall prescribe, shall determine whether any claimant is entitled to such moiety, and to whom the same shall be paid.

SEC. 2. *And be it further enacted*, That from and after the passage of this act, the proviso to section one hundred and sixty-nine of the act to which this act is an amendment, shall not be held to apply to lucifer matches, friction matches, or other articles made in part of wood, and used for like purposes, nor the cigar lights and wax tapers.

SEC. 3. *And be it further enacted*, That from and after the thirtieth day of June, eighteen hundred and sixty-five, the gross amount of all duties, taxes, and revenues, received or collected by virtue of the several acts to provide internal revenue to support the government and to pay the interest on the public debt,

* The manufacturer of playing cards is allowed to affix the stamp appropriate to the price at which he sells, and the subsequent vendor must affix the additional stamp if the advance on price is such as to require it.

† If the full stamp duty is paid, it is immaterial whether there be one or more stamps.

‡ Under the former law the duty on the assignment of a lease was the same as that on the original instrument.

§ No drawback is to be allowed or paid upon crude petroleum or rock oil, bullion, quicksilver, lucifer or friction matches, cigar lights, or wax tapers.

¶ A moiety of all fines, penalties and forfeitures is to be paid to the informer, whether an officer of the revenue or a private citizen; and where penalties are paid without suit, the Secretary of the Treasury is to determine to whom the moiety belongs.

and of any other act or acts that may now or hereafter be in force, connected with the internal revenues, shall be paid by the officers, collectors or agents receiving or collecting the same daily into the treasury of the United States, under the instructions of the Secretary of the Treasury, without any abatement or deduction on account of salary, compensation, fees, cost, charges, expenses or claims of any description whatever, anything in any law to the contrary notwithstanding. And all moneys now directed by law to be paid to the Commissioner of Internal Revenue, including those derived from the sale of stamps, shall be paid into the Treasury of the United States by the party making such payment; and a certificate of such payment stating the name of the depositor, and the specific account on which the deposit was made, signed by the treasurer, assistant treasurer, designated depository, or proper officer of a deposit bank, and transmitted to, and received by the Commissioner of Internal Revenue, shall be deemed a compliance with the law requiring payment to be made to the commissioner, any law to the contrary notwithstanding: *Provided*, That in districts, where from the distance of the officer, collector or agent receiving or collecting such duties, taxes, and revenues from a proper government depository, the Secretary of the Treasury may deem it proper, he may extend the time for making such payment, not exceeding, however, in any case, a period of one month.

SEC. 4. *And be it further enacted*, That so much money as may be necessary for the payment of the lawful expenses incident to carrying into effect the various acts relative to the assessment and collection of the internal revenues after the thirtieth day of June, eighteen hundred and sixty-five, until the first day of July, eighteen hundred and sixty-six, and not otherwise provided for, be, and the same is hereby, appropriated from any money in the treasury not otherwise appropriated. And it shall be the duty of such of the collectors of internal revenue as the Secretary of the Treasury may direct to act as disbursing agents to pay the aforesaid expenses without increased compensation therefor and to give good and sufficient bonds and sureties for the faithful performance of their duties as such disbursing agents, in such sum and form as shall be prescribed by the First Comptroller of the Treasury, and approved by the Secretary.

SEC. 5. *And be it further enacted*, That in addition to the duties imposed in section ninety-four of the act to which this is an amendment, as hereinbefore amended, there shall be levied, collected, and paid upon the goods, wares, and merchandise therein mentioned, except as hereinafter otherwise provided, an increase of one-fifth or twenty per centum of the duties or rates of duty now provided in said section, whether ad valorem or specific: *Provided*, That the additional duties or rates of duty herein mentioned shall not apply to coal illuminating oil, refined, and naphtha, benzine, and benzole, wood-screws, paper of all descriptions, printed books, magazines, pamphlets, reviews, and similar publications, cotton, manufactured tobacco, snuff, cigars, cigarettes, and cheroots.

SEC. 6. *And be it further enacted*, That every national banking association, State bank, or State banking association, shall pay a tax of ten per centum on the amount of notes of any State bank or State banking association, paid out by them after the first day of July, eighteen hundred and sixty-six.

SEC. 7. *And be it further enacted*, That any existing bank organized under the laws of any State, having a paid-up capital of not less than seventy-five thou-

sand dollars, which shall apply before the first day of July next for authority to become a national bank under the act entitled 'An act to provide a national currency, secured by a pledge of United States bonds, and to provide for the circulation and redemption thereof,' approved June third, eighteen hundred and sixty-four, and shall comply with all the requirements of said act, shall, if such bank be found by the Comptroller of the Currency to be in good standing and credit, receive such authority in preference to new associations applying for the same: *Provided*, That it shall be lawful for any bank or banking association organized under State laws, and having branches, the capital being joint and assigned to and used by the mother bank and branches in definite proportions, to become a national banking association in conformity with existing laws, and to retain and keep in operation its branches, or such one or more of them as it may elect to retain; the amount of the circulation redeemable at the mother bank and each branch to be regulated by the amount of capital assigned to and used by each.

SEC. 8. *And be it further enacted*, That there shall be levied, collected and paid on all crude petroleum or rock oil that may be produced and sold, or removed for consumption or sale, a duty of one dollar on each and every barrel of not more than forty-five gallons; and all petroleum or rock oil that may be in possession of the producers at the place of production on the day when this act takes effect, shall be held and treated as if produced on that day; and the said duty shall be paid by the owner, agent, or superintendent of the well from which the petroleum or rock oil has been produced within ten days after the time of rendering the account required to be rendered by law of petroleum or rock oil so chargeable with duty; and the said duty shall be a lien upon the same, and on the well producing the same, with the buildings, fixtures, vessels, machinery, and tools, and on the lot or tract of land where the same may be until the said duty shall be paid: and the person paying such duty, if other than the actual owner of said petroleum, shall have a lien on such petroleum for the repayment of the duties so advanced by him: *Provided*, That any person who shall produce petroleum or rock oil, and use or refine the same without having paid the duty as aforesaid, shall, in addition to all other penalties and forfeitures, be liable to pay double the amount of duties as aforesaid thereon. *Provided further*, That when casks, barrels or other vessels are used holding more than forty-five gallons, the excess shall be paid for at the rate of one dollar for every forty-five gallons.

SEC. 9. *And be it further enacted*, That every person who shall be the owner of any well producing petroleum or rock oil, or who shall have such well under his superintendence, either as agent for the owner or on his own account, and every person who shall use any well as aforesaid, either as owner, agent, or otherwise, shall, from day to day, make true and exact entry, or cause to be entered in a book to be kept for that purpose the number of barrels of crude petroleum or rock oil barreled or removed for storage, or for sale, or for consumption; which book shall be opened at all times when required for the inspection of the assessor, assistant assessor, collector, deputy collector or inspector, who may take any memorandums, or transcript thereof; and on the first, eleventh, and twenty-first days of each and every month, or within five days thereafter, the owner, agent, or superintendent shall render to the assessor of the district an account in dupli-

rate of the number of barrels of petroleum or rock oil sold, and of the number of barrels removed for consumption or sale or storage, not before accounted for.

SEC. 10. *And be it further enacted*, That wherever, under the proviso to section one hundred and three, the addition to any fares shall amount to a sum involving the fraction of one cent, any person or company liable to the duty of two and one-half per cent, as in said section provided, shall be authorized to add to such fare one cent in lieu of such fraction.

SEC. 11. *And be it further enacted*, That lucifer or friction matches, and cigar lights and wax tapers may be transferred, without payment of duty, directly from the place of manufacture to a bonded warehouse established in conformity with law and treasury regulations, and upon the execution of such transportation bonds or other security as the Secretary of the Treasury may prescribe, said bonds to be taken by the collector in the district from which such removal is made; and may be withdrawn therefrom for consumption after affixing the stamps thereto as provided by the act to which this act is an amendment, or may be removed therefrom for export to a foreign country without payment of duty or affixing stamps thereto, in conformity with the provisions of the act aforesaid, relating to the removal of distilled spirits, all the rules and regulations and conditions of which, as far as applicable, shall apply to lucifer or friction matches, cigar lights, and wax tapers in bonded warehouse. And no drawback shall in any case be allowed upon any lucifer or friction matches, cigar lights, or wax tapers, upon which any excise duty has been paid, or stamps affixed, either before or after they have been placed in bonded [w]arehouse.

SEC. 12. *And be it further enacted*, That any person required by law to be licensed as a manufacturer of tobacco, snuff, or cigars, before said license is issued, shall give a bond to the United States in such sum as shall be required by the collector, and with one or more sureties to be approved by the collector, conditioned that he will comply with all the requirements of law in regard to any persons, firms, companies, or corporations, engaged in the manufacture of tobacco, snuff, or cigars; that he will not manufacture nor employ others to manufacture tobacco, snuff, or cigars, without first obtaining the requisite permit for such manufacture; that he will not engage in any attempt by himself or by collusion with others to defraud the Government of any duty or tax on any manufacture of tobacco, snuff, or cigars; that he will render truly and correctly all the returns, statements, and inventories prescribed for manufacturers of tobacco, snuff, and cigars, and will pay to the collector of the district all the duty or taxes which may or should be assessed and due on any tobacco, snuff, or cigars, so manufactured, and that he will not knowingly sell, purchase, or receive for sale any such tobacco, snuff, or cigars, which has not been inspected, branded, or stamped, as required by law, or upon which the tax has not been paid.

SEC. 13. *And be it further enacted*, That all persons and every person who shall engage or be concerned in the business of a lottery dealer without having first obtained a license so to do, under such rules and regulations as shall be prescribed by the Secretary of the Treasury, shall forfeit and pay a penalty of one thousand dollars, to be assessed by the assessor of the proper district and collected as assessed taxes are collected, subject, nevertheless, to the provisions of law relating to erroneous assessments, and shall, on conviction by any court of competent

jurisdiction, suffer imprisonment for a period not exceeding a year, at the discretion of the court. And it shall be the duty of all managers and proprietors, and their agents, to keep, or cause to be kept, just and true books of account wherein all their transactions shall be plainly and legibly set forth, which books of account shall at all reasonable times and hours be subject to the inspection of the assessor, assistant assessor, revenue agent, and inspector of the proper district; and any manager, proprietor, agent, or vender under this act, who shall refuse or prohibit such inspection of his or their books, as aforesaid, shall pay a penalty of one thousand dollars or suffer imprisonment for a term not exceeding one year for every such offence.

SEC. 14. *And be it further enacted*, That the capital of any State bank or banking association which has ceased or shall cease to exist, or which has been or shall be converted into a National Bank, for all the purposes of the act to which this is an amendment, shall be assumed to be the capital as it existed immediately before such bank ceased to exist or was converted as aforesaid. And whenever the outstanding circulation of any bank, association, corporation, company, or person shall be reduced to an amount not exceeding five per centum of the chartered or declared capital, existing at the time the same was issued, said circulation shall be free from taxation. And whenever any State bank or banking association has been converted into a national banking association, and such national banking association has assumed the liabilities of such State bank or banking association, including the redemption of its bills, such national banking association shall be held to make the required return and payment on the circulation outstanding, so long as such circulation shall exceed five per centum of the capital before such conversion of such State Bank or banking association.

SEC. 15. *And be it further enacted*, That in any port of the United States in which there is more than one collector of internal revenue, the Secretary of the Treasury shall designate one of said collectors to have charge of all matters relating to the exportation of articles subject to duty under the laws to provide internal revenue; and at such ports as the Secretary of the Treasury may deem necessary there shall be an officer appointed by him to superintend all matters of exportation and drawback, under the direction of the collector, whose compensation therefor shall be prescribed by the Secretary of the Treasury, not exceeding, however, in any case, an annual rate of two thousand dollars, which, together with the office expenses of such superintendence, shall not be included in the maximum of the aggregate expenses of the office of the said collector. And all books, papers, and documents in the bureau of drawback in the different ports, relating to the drawback of duties paid under the internal revenue laws, shall be delivered to said collector of internal revenue.

SEC. 16. *And be it further enacted*, That all provisions of any former act inconsistent with the provisions of this act are hereby repealed: *Provided however*, That no duty imposed by any previous act, which has become due or of which return has been or ought to be made, shall be remitted or released by this act, but the same shall be collected and paid, and all fines and penalties heretofore incurred shall be enforced and collected, and all offences heretofore committed shall be punished as if this act had not been passed; and the Commissioner of Internal Revenue, under the direction of the Secretary of the Treasury, is authorized to

make all necessary regulations and to prescribe all necessary forms and proceedings for the collection of such taxes and the enforcement of such fines and penalties for the execution of the provisions of this act.

SEC. 17. *And be it further enacted*, That the privilege of purchasing supplies of goods imported from foreign countries for the use of the United States, duty free, which now does or hereafter shall exist by provision of law, shall be extended, under such regulations as the Secretary of the Treasury may prescribe, to all articles of domestic production which are subject to tax by the provisions of this act.

SEC. 18. *And be it further enacted*, That this act shall be in force and effect on and after the first day of April, in the year eighteen hundred and sixty-five, unless otherwise provided by this act.*

*SEC. 19. *And be it further enacted*, That the Secretary of the Treasury is hereby authorized to appoint a commission, consisting of three persons, to inquire and report, at the earliest practical moment, upon the subject of raising, by taxation, such revenue as may be necessary in order to supply the wants of the government, having regard to, and including, the sources from which such revenue should be drawn, and the best and most efficient mode of raising the same, and to report the form of a bill; and that such commission have power to inquire into the manner and efficiency of the present and past methods of collecting the internal revenue, and to take testimony in such manner and under such regulations as may be prescribed by the Secretary of the Treasury. And such commissioners shall receive for their services three hundred dollars a month for the time necessarily employed, and their necessary travelling expenses.

SEC. 20. *And be it further enacted*, That the Secretary of the Treasury may, at any time, prior to the first day of July, eighteen hundred and sixty-six, assign to the office of the Commissioner of Internal Revenue such number of clerks as he may deem necessary, or the exigencies of the public service may require; and the privilege of franking all letters and documents pertaining to the duties of his office, and of receiving, free of postage, all such letters and documents, is hereby extended to said Commissioner.

Approved, March 3, 1865.

* The provision requiring cigars to be packed in boxes, and that relating to imported matches, (sec. 2.) take effect from the passage of the act. The amendment relating to licenses take effect May 1.

NATIONAL BANK CURRENCY.

By an amendment to the National Currency Act, passed at the late session of Congress, the amount of circulation contemplated by that act is to be apportioned to the different States and Territories. In view of this fact, Mr. HUGH M. CULLOCH, Comptroller of the Currency, issued a circular, saying:—"All persons, therefore, who contemplate the organization of National Banks, other than those whose papers have been filed or whose applications have been approved, are requested to suspend operations until the necessary data can be collected and the required apportionment can be made. State banks contemplating a change of organization can proceed without interruption."

THE CROPS OF 1863 AND 1864.

Mr. ISAAC NEWTON, the Commissioner of Agriculture at Washington, has published in advance of his report, the following tables, showing the amount, the yield per acre, the whole average, the price per bushel, and the total value of the crops of 1863 and 1864 :

AMOUNT OF CROPS.

	1863. Bushels.	1864. Bushels.	Increase. Bushels.	Decrease. Bushels.
Indian corn.....	397,839,212	530,451,403	132,612,191	.....
Wheat.....	173,677,928	160,695,823	.....	12,982,105
Rye.....	19,989,335	19,872,975	.....	116,360
Oats.....	170,129,864	175,990,194	5,860,330	.....
Barley.....	12,158,895	10,716,328	.....	1,442,567
Buckwheat.....	15,786,122	18,700,540	2,914,418	.....
Potatoes.....	98,965,193	96,532,029	.....	2,433,169
Total.....	888,546,554	1,012,959,292	141,386,939	16,974,201
Tobacco.....lbs.	163,353,082	197,460,229	34,107,147	.....
Hay.....tons	18,346,730	18,116,691	.....	230,039

AVERAGE OF CROPS.

Indian corn.....	15,312,441	17,438,752	2,126,311	.....
Wheat.....	13,098,936	13,158,089	59,153	.....
Rye.....	1,439,607	1,410,983	.....	28,624
Oats.....	6,686,174	6,461,750	.....	224,424
Barley.....	557,299	540,317	..	16,982
Buckwheat.....	1,054,060	1,051,700	.....	2,360
Potatoes.....	1,129,804	902,295	.....	227,509
Tobacco.....lbs.	216,423	239,826	23,403	.....
Hay.....tons	15,641,504	15,034,564	.....	606,940
Total.....	55,186,248	56,233,276	2,208,867	1,106,839

VALUE OF CROPS.

Indian corn.....	\$278,089,609	527,718,183	249,628,574	.....
Wheat.....	197,992,337	294,316,119	96,322,282	.....
Rye.....	20,589,015	31,975,013	11,385,998	.....
Oats.....	105,990,905	139,381,247	33,390,342	.....
Barley.....	13,496,373	16,941,023	3,444,650	.....
Buckwheat.....	12,660,469	21,986,763	9,326,294	.....
Potatoes.....	55,024,650	77,184,043	22,159,393	.....
Tobacco.....	24,239,609	29,335,225	5,095,616	.....
Hay.....	247,680,855	365,707,074	118,026,219	.....
Total.....	\$955,764,322	1,504,543,690	548,779,368	.....

TABLE OF COMPARISON BETWEEN 1863 AND 1864.

Total bush.....	888,546,554	959,821,150	21,274,596	.....
Tobacco.....lbs.	163,353,082	140,503,760	.....	22,849,322
Hay.....tons	18,346,730	18,004,366	.....	342,264
Average.....	55,186,248	53,950,797	.....	1,185,451
Value crops.....	\$955,764,322	\$1,440,415,435	\$484,651,113	.....

The value of crops, the market value of gold when the prices were taken, and the per cent increase of the value of both are as follows :

Years.	Value crops.	Rate gold.	Per ct. inc. Gold value.	Per ct. inc. Value crops.
1862	\$706,887,495	131	..	..
1863	955,764,322	147	12	35
1864	1,440,415,435	227	54	50

The relative difference of 1863 and 1864 between the increase of gold value and of the value of crops, shows that, of the advance in the value of crops in 1863, twenty-three per cent over the gold value was caused by the demand of government for war purposes ; but in 1864, great as was the increase in the value of the crops, being \$484,651,113, it was four per cent less than the increase in the value of gold. This proportional decrease was doubtless caused by the decrease of exports in 1864.

THE ATLANTIC TELEGRAPH CABLE.

THE new Atlantic cable, which is now in process of manufacture in England, is to be about two thousand five hundred miles long, allowing four or five hundred miles for all contingencies. Its core, through which the electricity passes, is to be composed of seven strands of the best copper wire, making together over seventeen thousand miles of copper wire ; this is to be enclosed in eight coats or layers of insulating material ; then follow ten coatings of jute, and ten iron wires. Each wire is covered separately with five twists or strands of yarn.

About eight hundred miles of this cable is now ready, and is being placed on board of the Great Eastern, and will fill one of three large tanks prepared to receive it. It is intended that in June next the whole two thousand five hundred miles of the cable will be ready to pay out from the Great Eastern, and be sunk "down among the dead men," who, for once, will have their connection with the living world of humanity resumed wherever their bones come into contact with the cable.

THE NEWSPAPER TRADE.

TEN years ago, the whole amount of business done by the wholesale news-agents did not probably exceed in amount the sum of \$750,000 yearly. Now the cash receipts of the American News Company of New York for the sale of newspapers, magazines, books and stationery, for the eleven months ending with the thirty-first of December last, have reached the sum of \$2,226,372 83. We learn from the office of that company, that probably forty millions of newspapers were handled within that time by persons in the employ of the company, of whom seventy were constantly occupied in getting them in, charging, distributing and shipping them. For wrapping paper and twine, with which to pack this enormous mass, the company paid twelve thousand dollars.

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