



THE
MERCHANTS' MAGAZINE

AND
COMMERCIAL REVIEW.

JANUARY, 1866.

HIRAM WALBRIDGE.

The career of General Walbridge affords a bright example of the influence of American institutions in developing character. Endowed with a genial temper, rare tact and energy, he has added to it indomitable purpose, patience of labor, and accurate knowledge of men. As a result he has attained wealth, social position, and a national reputation to which he can refer with honorable pride. The obstacles which he has surmounted would have discouraged others; and he has displayed talent as a statesman, sagacity and probity as a man of business which do him the highest credit. He is, perhaps, one of the best examples of the Young America school now on the stage of active life.

Walbridge is of a New England family, but was born at Ithaca, New York, February 2, 1821. His ancestor, General Walbridge, fought at the battle of Bennington. Early in life his father moved with his family to Ohio, where he spent his boyhood. In 1839 he became a student at the Ohio University; but his career at that institution was soon finished. Having become warmly attached to General Harrison, then a candidate for the Presidency, at whose house he had been a frequent and welcome guest, and though a Democrat in his proclivities, and but nineteen years old, he, with his usual earnestness, espoused the cause of the hero of Tippecanoe. Being invited to make a speech at a political gathering, and not obtaining leave to attend, took it for himself. While addressing the audience with great earnestness, word came to him that he had been expelled for his disobedience. This, however, did not move him, but he finished his remarks, had an ovation, packed his trunk, returned home, and afterward finished his education at another college.

He took up his residence at Toledo, where he was speedily elected an alderman. In 1844 he received, from Governor Bartley, the commission of Brigadier-General of the 18th division of the Militia of Ohio. Entering upon the political canvass in support of Mr. Polk, he became one of the most popular young orators of Ohio. He was offered the position of Colonel during the war with Mexico, but declined it, having resolved

to make New York his future home. Here he engaged in business with extraordinary success; never losing his interest in public affairs. The establishment of a republic in France, and the heroic struggle of the Hungarians awoke his liveliest sympathies. In 1851 he visited Europe making the acquaintance of the leading statesmen and men of science. On his return home he was elected to Congress. He soon afterward visited California, making himself familiar with its situation, and returned in time to take his seat in Congress. His official career was a successful one. Every measure to promote commerce and national integrity received his strongest support. He opposed the protection policy in all its forms, and the following resolutions were proposed by him in relation to our maritime rights:

"Resolved by the Senate and House of Representatives of the United States of America, in Congress assembled: That the United States, as a maritime power, having neutral rights to maintain, deem it proper in view of the existing war in Europe, to declare and make known that every American vessel engaged in the lawful pursuits of commerce is held by this Government to be protected by the flag which covers her, and which shall be the evidence of her neutrality; that we attach to all such vessels a character of sovereignty, considering them as clothed with immunities corresponding with those appertaining to our territory; that our rights, as thus declared, rest upon no precarious or temporary basis, nor upon the concession of any power, but upon public law as insisted upon from the early history of the Republic; and that any attempt to enforce an obsolete right of impressment, secret detention, or irritation in regard to such American ship will be regarded as an act of hostility to the United States, and just cause of war.

"Be it further Resolved, That as the existing conflict in Europe may lead to the change of political sovereignty in others, we deem it proper for Congress to make known to them that we affirm the doctrine that we should consider any attempt on their part to extend their system of Government to any part of this hemisphere as dangerous to our peace and safety; and from the geographical and commercial position of the Island of Cuba to this continent, we will never consent to her sovereignty being transferred except to the United States, to which she seems naturally to belong."

The adoption of this policy by our Government would have obviated the unfortunate affair of the San Jacinto. The express declaration by Congress of our mercantile rights at the time when England and France were engaged in a conflict with Russia would have been a favorable moment to prescribe an American policy commensurate with our power, and in conformity with the position which we expect to occupy as a nation abroad.

Actuated by his strong professions in favor of popular sovereignty, General Walbridge arrayed himself with the friends of Judge Douglas, and continued while that statesman remained in public life, to sustain his principles and policy. After his death General Walbridge, in a speech, paid him the following tribute:

"One sentiment always controlled the actions of Mr. Douglas. His love for the Union was a passion. He had paid a visit to the hermitage during his earlier Congressional course, and received from the venerable Jackson his acknowledgement and benediction. The old hero predicted for him a glorious career. Indeed, the same idea which Jackson had once enunciated pervaded the whole mind of Douglas: "The Union must and shall be preserved."

"Queen Mary of England declared that when she was dead the name of Calais would be written on her heart. Jackson might have also affirmed that in his heart was inscribed the purpose to maintain the American Union. That purpose he had bequeathed with his blessing to Stephen A. Douglas, by whom most nobly it was

maintained. We all remember the story of Bruce who, when he died, committed his heart to the brave James Douglas to convey to the Holy Land. The chief took the sacred charge and set out for the holy sepulchre. Arriving in Spain he was persuaded to delay his journey and aid King Alfonso in a battle against the Moors. For a season the claymore swept its way murderously among the Infidel hosts; presently their commander massed a troop of men and hurled them against the adventurous Scot. Douglas was surrounded, and found himself in mortal peril. Instantly taking from his bosom the silver case which enclosed his sacred charge, he hurled it into the midst of the Paynien host, shouting, *'Lead on, brave Heart, where thou wast wont, and Douglas will follow!'* Then cutting through the ranks of the enemy, he made his way to the heart of the Bruce, and fell, expiring upon it.

"Our Douglas had been entrusted with the purpose engraven on the heart of Jackson, devotion to the Union. He bore it, if not to the field of battle, certainly to the place where mighty men did violence to the Constitution of the nation. He was its champion while they were perpetrating the sacrilege. As his life ebbed away, he, with his dying breath, shouted out, like his immortal namesake, *'I will follow!'* and in the very act of defending the Union against the assaults of traitors, died full of glory."

At the close of the first session in 1854, the Democrats of his district offered General Walbridge a nomination which he was compelled to decline. When he first took office he withdrew from business, and entrusted his property to a friend. On his return from Washington he found it sunk. He was not the man to be disheartened; his immense vitality would not suffer him to despond. He resumed business at once, and before long was more prosperous than ever.

The next important public measure proposed by the General was the celebrated one of the "Militia of the Seas." He first suggested this in a speech at Tammany Hall, on the 21st of August, 1856. It was copied with approbation by journals of every shade of public sentiment all over the country. An edition was subsequently published and widely circulated. After discussing the condition of the different countries of Europe he described the tonnage of the United States and its inadequate protection. He then explained his proposed mode of reorganizing the navy to meet the exigency—a plan which, if adopted, would have utterly prevented the destruction of our commerce by European privateers during the late rebellion, and abridged the duration of the contest. He said:

"Suggestions that seek to make radical changes should always be advanced with hesitation and distrust; yet all great improvements in government has heretofore sprung from the experience of the people themselves, who are usually in advance of their rulers in whatever most concerns their own prosperity and welfare. The general government should hold out some inducements to our great commercial mariner to aid in protecting itself. Under the sanction of law, with ample guards and restrictions, there should be organized a Militia Navy, an arm of defense corresponding to that employed by the government in the land service, under our enrolled militia system, by which shipowners should receive encouragement and aid by law in construction of their vessels, so as to make them capable of bearing guns if required in the service of their country. The captains and subordinate officers should be commissioned in the name of the General Government, upon some equitable plan that will give them rank and emolument in proportion to the demands upon their time and service in the new capacity of representing the naval power of the Union. The humblest youth who enters as a cabin-boy, or in the lowest capacity as a seaman, should be educated and trained in his honorable though adventurous and dangerous profession. That not only in the navy proper but in this new service, the naval powers of the Union will be represented.

"Our noble empire State, second to none but foremost of all, this great commercial emporium, the seat of energy, enterprize, and commercial power, are felt and acknowledged throughout the world, have a right to be heard upon this as upon all

questions affecting the trade and prosperity of the Union. New York demands the recognition and absolute immunity from such a detention of our flag upon the high seas; that her commerce and expanding trade should be left unshackled by unwisdom restraints of legislation; and then, with her resources in every department of industry, in agriculture, in manufactures, in commerce, and trade, she will vindicate her pre-eminence and power in the great family circle of free and independent States that constitute our national Union."

During the recent civil war General Walbridge, though a Democrat, was signally efficient in his suggestions and efforts to uphold the national authority. His plan was to put the country on a war footing for not less than three years and an enrollment of 600,000 men, of whom one half the number should be kept in the field. This would place the struggle beyond the risk of failure, and be an economy in money, economy to the industry of the country, diminish the effusion of blood, exalt our policy, and give to our republican institutions a controlling influence upon the continent. In May, 1861, he addressed a series of letters to President Lincoln and to the Governor of the several States. At the time no General seems to have been in favor of raising more than 300,000 men. His influence procured the acceptance of ten regiments from Massachusetts and a battery of artillery at a period when there appeared to be a general apprehension that too many soldiers would be put in the field. He received public thanks for those services, and the position of Brigadier General of Volunteers was formally tendered him by Secretary Cameron, which was respectfully declined, although General Walbridge intimated that at a future day he would be ready to enter the service. He also addressed a letter to Mr. Lincoln suggesting the occupation of Port Royal as a place of rendezvous for 200,000 men, to which he received the following reply:

WASHINGTON, November 18, 1861.

General HIRAM WALBRIDGE:

DEAR SIR,—Your note reminding me of the fact that as early as April last, you pointed out to me on the map Port Royal and Beaufort as advantageous places to make lodgments on the Southern coast, is received. I am free to confess that you were the first who called my attention to that particular locality. I also remember that you insisted that we should call six hundred thousand men into the field a considerable time before I had brought my own mind up to anything near so large a scale.

Yours truly,

A. LINCOLN.

During the Summer and Autumn of 1862, General Walbridge continued to speak and labor for the vigorous promotion of the war. On the 4th of July, when the time was darkest, he addressed an audience at the Cooper Institute declaring that this great metropolis continued its adherence to Constitutional Government, and stood by those who would never abandon the Government till after quelling treason at home, they could present themselves as a great, powerful and united nation, capable of commanding and enforcing respect every where.

On the 14th of the same month a meeting of some fifty thousand persons was held on Union Square, at which he maintained the establishment of an internal line of water communication along the Atlantic coast by connecting the waters of the Roanoke and Chesapeake Bay with

these of the East terminus of Long Island, which could rapidly be effected by deepening less than fifty miles of internal canal navigation. The effect of this plan would be to give us an internal line of water communication free from the storms of the coast and abundantly capable for the transit of our gunboats and commercial marine in the contingency of foreign war without exposure to assailants on the Atlantic.

On the 30th he spoke at the Produce Exchange. His mode of reasoning was peculiar. He considered the staples of the two geographical divisions of the country and their relative importance. The South supplied no indispensable article, while the North furnished everything. "Gentlemen," said he, "there may be substitutes for clothing. There can be none for food. The table must be laid day by day. To surrender clothing is an inconvenience; to surrender food would be inevitable death."

Thus did General Walbridge give his heart and time to his country. He made journeys to the different States, spoke in the great cities, carried on an extensive correspondence with the Governors and leading men of the country. Nor did he relax his efforts till victory had perched finally upon the banners of the Republic.

His last speech during the war was at the city of Albany in January last. Invited by Hon. Samuel C. Reid, Chairman of the Committee on Federal Relations of the Assembly, he delivered an address before the committee and citizens of Albany upon the proposed amendment to the Constitution, abolishing slavery. Governor Fenton, his old associate in Congress, presided and introduced him. For more than an hour he retained the attention of the audience while showing the importance of the movement. "Though the rebellion is not yet terminated," said he, "enough has already happened to assure us that a single nation is to exercise jurisdiction over all the territory formerly embraced within the limits of the United States; and that here a homogeneous people, under republican institutions, recognizing universal freedom and individual political equality, will continue to furnish an asylum to the oppressed of the whole earth, and that here, under one nationality, the civilization of our race will secure its highest development."

Except his brief aldermanic career, and one term in Congress, General Walbridge has never held office. In 1862 he was an independent candidate for Congress against Benjamin Wood, the person nominated by Tamany Hall; and at one time Mr Lincoln contemplated inviting him to a seat in the Cabinet. But his services were employed instead in a private capacity, and it may well be supposed, when we consider his signal efficiency, whether he did not render the country more important service than could have been the case at the head of a department. As a commoner he could speak, as he did so often and eloquently, for the men of the nation; whereas, otherwise, as a minister, he must have been, to a great degree, the mouthpiece of others.

While paying attention to the career of General Walbridge as a patriotic citizen, we would not lose sight of him as a merchant. In 1859 the firm of Walbridge & Company, corn and commission dealers, opened at No. 29 Broadway. Its business speedily ramified through the entire West, assuming extensive dimensions. Some years since the establishment was

removed to the corner of Whitehall and Bridge streets, where it now remains.

General Walbridge has found time, amid his multifarious business, to take an active part in the question of internal improvements. In 1863 he visited Albany to impress upon the members of the Legislature the importance of enlarging the locks of the Erie Canal. He also addressed the Members of the Produce Exchange and other commercial associations on the subject; predicting that if New York did not make the necessary provisions, Canada would. The result was a great excitement on the subject; a Convention assembled at Chicago, June 2d, 1863, over which a Vice-President presided. General Walbridge being invited to speak made an address in favor of enlarging the canals between the Atlantic and Mississippi River. This would, he said, guarantee general prosperity and peace.

After the final adjournment the New York delegates visited St. Louis, where they were honored with a public reception. The speech of welcome was made by the Hon. Henry T. Blair, and the answer by General Walbridge, Mr. King, Hon. Samuel B. Ruggles, Hon. Chauncey M. Depew, and others. The excursion was continued into Minnesota, the party being feted all the way.

In May, 1865, the Board of Trade, in the city of Detroit, resolved to invite the commercial men of the principal cities and towns of the United States and the British American Provinces to hold a Convention in July, 1865. To this invitation there was a general response; the principal public journals also took the matter in hand and gave it a careful discussion. Gen. Walbridge, about the same time, made a tour of the West and was received more like a public personage than a private citizen engaged with his own affairs. He spoke at Buffalo, Chicago, St. Louis, and other places upon the topics of commerce, finance, and transit, commending their fullest consideration at the Detroit gathering. Remarkable as it may appear, his views were looked for as carefully as those of a public officer on the affairs of the nation; his sagacity as a merchant and ability as a statesman conduced to this distinction.

The International Commercial Convention assembled at Detroit on the 11th day of July, 1865. Above four hundred delegates were present, representing every shade of sentiment politically and commercially. General Walbridge was chosen to preside. His speech, on assuming the chair, took the broadest catholic ground.

I rejoice, said he, that now the rebellion is over the business men of the country have come forward to exercise their legitimate influence. It is their imperative duty to secure and extend, so far as they may, not only to our country, but to the whole world, the blessings of the power so obtained—so conquered. I am gratified that this convention has brought together, not only the representatives of commerce in the United States, but such influential delegates as I see before me from the British Provinces of North America; and I trust the event will bring them and us into still closer relations, and that the deliberations may eventuate in a re-union of the treaty which shall be just to them, and not inconsistent with the honor and interest of the United States. If from this commercial gathering there shall spring up a pure, friendly relation I shall rejoice at it, and, perhaps, suggest that our American system of government admits of indefinite extension; so that if hereafter, they shall see fit, under the providence of God, to ask closer association, we cannot help but accept the

proposal with pleasure. It will help us discharge the obligations that we have incurred, and be a reciprocity to them in the truest sense of the term.

To the parliamentary experience of their president the Convention was indebted in a great measure for the prompt accomplishment of business. He was energetic and fair in his decisions, and always clear and ready to determine every proposition. The proceedings are already known to our readers, and there is no necessity for us to allude further to them. There was much that was wisely done, and much of which we cannot express so favorable an opinion. But time and events always correct such matters. At the conclusion, the usual complimentary resolutions were adopted, to which General Walbridge gracefully and eloquently responded :

“ The city of New York,” he said, in conclusion, “ recognises no East, no West, no North, no South ; she recognizes only one common country, and stretches out her hands to Buffalo, Detroit, Milwaukee, Chicago, St. Louis, and St. Paul, and while extending greetings to them, urges them to press on that great enterprise, the completion of the Pacific Railroad, which is destined by its iron bands to draw into fraternal relationship the great communities that line the shores of the Pacific as well as those which are on the eastern slope of the Alleghanies. * * * If the result of the deliberations of this Convention shall be the formation of a just and proper treaty with our neighbors of the North, while it shall be consistent with our interests, I trust that it will not be inconsistent with the interests of those with whom negotiations are made. Thus just and generous are the people of the United States.”

Imperfect as this sketch necessarily is, enough has been given to show the genius of the man. He is, perhaps, one of the best instances of American versatility now living. He would have made a good lawyer, but could never consent to be a pettifogger ; he would aspire to be a statesman, but would refuse to be a mere politician ; he is a merchant, but would not readily consent to transact the petty details of an insignificant business. He loves to plan on a large scale, to do things boldly, and he would rage in inactivity. He is jealous of his honor, and despises meanness. Possessing a large social nature, liberal, ambitious of honorable distinction, he is an earnest friend, a genial companion, and a public-spirited citizen, and active in every enterprise which he undertakes. He is in the prime of life, and, if spared, will yet occupy a prominent place in our country, having already succeeded in indentifying himself closely with its history.

making its total resources \$261,244 34. From this amount there was paid for interest \$223,856 34, leaving in hand \$37,388.

The following table exhibits the valuation of property and the rate and amount of taxes for the past ten years :

Fiscal years.	Assessed Valuation			Taxation.	
	Real Estate.	Pers'l Prop.	Total.	Rate.	Amount.
1855	\$60,335,932	\$24,994,948	\$85,330,880	1.48	\$1,262,897
1856	60,701,267	20,795,203	81,496,460	1.55	1,116,927
1857	61,340,971	25,104,130	86,445,091	1.50	1,296,676
1858	62,681,602	26,051,151	88,732,753	1.66	1,472,963
1859	63,746,316	29,292,783	93,039,104	1.64	1,554,110
1860	61,428,917	30,532,453	91,961,375	1.745	1,666,231
1861	62,077,897	30,313,411	93,391,248	1.92	1,833,954
1862	63,503,296	29,707,861	93,211,157	1.766	1,709,824
1863	64,441,532	35,93,561	100,374,093	1.82	1,878,847
1864	65,385,774	49,809,574	115,195,348	2.02	2,399,765

The population, the receipts and expenditures, and the amount of debt for the fiscal years ending Feb. 28, are shown in the following table :

Fiscal years.	Population of city.	Receipts.		Total.	Municipal expenditures.	Amount of debt.
		Taxes.	Other.			
1856	210,000	\$712,478	\$166,853	\$879,331	\$584,202	\$,445,000
1857	215,000	671,911	129,892	701,803	588,936	3,719,000
1858	225,000	865,405	181,719	1,047,124	575,291	3,719,000
1859	230,000	1,018,218	203,926	1,222,144	743,257	3,769,000
1860	250,000	998,621	168,266	1,166,887	754,560	3,752,000
1861	175,000	1,098,100	169,742	1,267,842	830,200	3,782,000
1862	180,000	1,130,045	140,492	1,270,537	779,338	3,820,000
1863	180,000	1,056,697	214,130	1,270,827	714,730	3,748,000
1864	180,000	991,776	218,975	1,210,751	824,775	3,754,000
1865	200,000	938,306	432,915	1,371,221	1,221,954	3,840,000

The following shows the receipts and expenditures in more detail for the year 1864-65 :

	Balance Mar 1, 1864.	Receipts 1864-65.	Total resources.	Municipal expenditures.
General fund	\$51,164	\$411,872	\$463,036	\$386,554
Watch fund	10,324	182,248	192,572	173,600
Interest fund	39,855	225,389	265,244	223,856
Superior Court fund	10,074	7,116	17,190	7,572
Fire Department fund	11,998	144,802	156,800	136,428
Light fund	2,107	86,858	88,965	83,821
Mc Hicken fund	11,919	19,903	31,822	27,412
Fuel fund	.....	51,500	51,500	50,900
Revenue fund	.....	3,213	3,213	865
Workhouse fund	824	.....	824	.....
Hospital fund	94	.....	94	94
Pest-house fund	251	.....	251	251
Sinking fund	465,371	211,085	676,456	65,000
Bounty fund	.....	223,313	223,313	181,100
Total	.....	\$1,578,363	\$2,171,281	\$1,337,454
Transfers	.....	207,147	207,147	*115,500
Net resources	.....	\$1,371,221	\$1,964,134	\$1,221,954

* Loan account \$90,000, and fuel loan account \$25,500.

SCHOOL FUNDS.

The school funds are not included in the above statements. The following shows the receipts and expenditures on account of schools for the year ending Feb. 28, 1865 :

	Common.	Colored.	Total.
Balance March 1, 1864	\$50,203 42	\$2,679 62	\$52,883 04
Taxes for 1863	109,390 00	10,297 61	119,687 67
Taxes for 1864, on account	80,000 00	.....	80,000 00
All other resources	11,068 15	.....	11,068 15
Total resources	\$231,661 63	\$2,977 23	\$244,638 86
Warrants redeemed	265,285 04	3,885 03	275,170 07
Balance Feb. 28, 1865	\$66,376 59	\$3,092 20	\$69,468 79

The tax levy, State and County, for these schools was 1.7 mills on the

dollar, and the tax amounted to \$339,267 50, of which \$322,419 07 was for the common schools, and \$16,848 41 for the colored schools. Up to Feb. 28, 1865, only \$80,000 had been received into the treasury, leaving \$259,267 50 due. The school year, however, terminates on the 30th of June.

The receipts and expenses on school account for the ten years last past were as follows:

	Receipts.	Expenses.		Receipts.	Expenses.
1856.....	\$274,703 48	\$218,438 20	1861.....	\$278,632 83	\$241,418 26
1857.....	265,979 66	214,545 14	1862.....	267,340 11	234,727 33
1858.....	239,572 58	188,474 27	1863.....	238,406 77	189,990 49
1859.....	220,227 18	267,033 00	1864.....	328,255 63	208,051 37
1860.....	232,134 37	191,713 95	1865.....	344,636 86	272,865 65

WATER WORKS.

The city water works are administered by a special board. Their cost to the city, as before stated, was \$875,000 in bonds. They furnished on the average, in 1864-65, 5,185,903 gallons of water per diem. The income from water rents, etc., was \$184,051, and the expenditures \$78,036, leaving a balance of \$106,015, which pays the interest on the water debt, and leaves something towards the final extinction of the water bonds. For each 1,000 gallons the revenue is 9 5-8 cents, and the cost to the city 4 1-8 cents, leaving a profit of 5 1-2 cents. The pumping is done by steam power.

Compared with the water works of other cities the results are as follows:

Cities.	Consumption per diem, gallons.	Annual revenue.	Annual expenses.	Length of mains, miles.	Power used.
Albany.....	6,000,000	\$91,532	\$24,431	..	Gravity.
Baltimore.....	8,000,000	201,829	26,310	..	do
Boston.....	16,238,500	394,506	32,932	136	do
Buffalo.....	3,781,186	79,950	37,181	..	Steam.
Brooklyn.....	6,778,825	262,749	72,301	171	do
Chicago.....	6,074,739	224,902	66,638	132	do
Cincinnati.....	5,185,903	184,051	78,036	94	do
Cleveland.....	1,152,851	32,657	15,794	..	do
Detroit.....	3,120,725	69,889	16,974	..	do
Hartford.....	1,543,723	37,410	33,772	..	do
Jersey City.....	2,552,586	99,923	49,158	..	do
Louisville.....	1,250,000	32,413	16,560	..	do
New York.....	52,000,000	938,862	.....	295	Gravity.
Philadelphia.....	20,722,985	551,000	79,154	364	W. & S.
Pittsburg.....	5,859,669	74,686	32,213	..	do
Troy.....	.....	20,782	10,539	..	Gravity.
St. Louis.....	7,000,000	170,313	48,590	..	Steam.

ANALYSES OF RAILROAD REPORTS. NO. 4.

8.—CINCINNATI, HAMILTON, AND DAYTON RAILROAD.

THE Cincinnati, Hamilton and Dayton Railroad extends in a very direct line from Cincinnati on the Ohio River, via Hamilton to Dayton—with a double track throughout—a distance of about 60 miles. The company has also constructed a separate track for the use of the Atlantic and Great Western Railway Company, at a cost of a million dollars. Though a short road it is among the most important in the American system, being one of the main avenues into Cincinnati from the North, receiving at its northern terminus, and also at Hamilton, several important lines which it continues into the city.

This road occupies a very favorable position, passing as it does through

a country thickly populated, with cities of great importance at its termini and also on its line. Out of the fourteen years of its existence there have been only two years in which no dividend was distributed, and in those the necessary amount was earned, but withheld to pay off debts then due. In all, twenty dividends have been paid, amounting to 88 per cent on the shares in existence at the time of payment, and also a stock dividend of twenty per cent. This success is not due alone to its position, but much, of course, is the result of good management.

The reports of the company are less explicit than they ought to be in relation to the business of the road. The number of passengers, however, has been given yearly, also some account of the number of engines, and the mileage made by them. The number of passengers carried on the road, and the earnings therefrom, for the past 13 years have been as follows:

Years.	Number.	Earnings.	Years.	Number.	Earnings.
1852-53.....	236,828	\$191,700 93	1859-60.....	317,700	\$236,463 49
1853-54.....	312,954	274,650 39	1860-61.....	479,937	273,463 70
1854-55.....	370,189	259,915 35	1861-62.....	358,992	272,117 30
1855-56.....	357,467	286,665 12	1862-63.....	441,250	348,893 39
1856-57.....	392,630	231,571 54	1863-64.....	527,451	457,162 85
1857-58.....	470,951	213,435 43	and—		
1858-59.....	339,272	223,505 29	1864-65.....	542,539	614,944 53

The reports are too irregular in their freight returns to make them of any statistical value. The average tonnage for the last ten years has been about 250,000 tons, ranging from 225,000 to 275,000 tons per annum. The earnings from freight for each year since the completion of the road are given in a subsequent table.

The *financial condition* of the company, as exhibited on the balance-sheet at the close of each fiscal year, is shown in the following statement:

Fiscal years.	Share capital.	Bonded debt.	Other debt & liabls.	Surplus, reserve &c.	Total Amounts.
1851-52.....	\$1,463,325	\$583,000	\$73,649	\$33,736	\$2,158,710
1852-53.....	1,694,000	906,000	347,219	42,472	2,989,691
1853-54.....	2,100,000	862,000	415,949	156,355	3,564,364
1854-55.....	2,100,000	965,000	624,834	171,275	3,861,129
1855-56.....	2,153,900	1,011,000	481,041	130,370	3,776,311
1856-57.....	2,155,800	1,433,000	205,662	196,651	4,021,113
1857-58.....	2,155,800	1,427,000	157,766	232,140	3,971,706
1858-59.....	2,155,800	1,411,000	83,910	.....	3,640,710
1859-60.....	2,155,800	1,331,000	123,894	87,505	3,758,499
1860-61.....	2,155,800	1,356,000	85,998	111,494	3,708,392
1861-62.....	2,155,800	1,344,000	137,395	181,389	3,818,784
1862-63.....	2,155,800	1,334,000	254,668	243,724	3,988,192
1863-64.....	2,390,500	1,630,000	482,248	384,517	4,916,265
1864-65.....	3,000,000	1,623,000	475,663	498,183	5,601,796

Against the above are charged the following:

Fiscal years.	Property and Assets						
	Road.	Equipments.	Real estate.	Stocks, etc.	Steam-boats.	Other.	Cash.
1851-52.....	\$.....*	\$.....*	\$.....*	\$.....*	\$.....*	\$.....*	\$33,736
1852-53.....	1,975,178	310,147	222,686	83,330	32,427	323,451	42,472
1853-54.....	2,393,287	444,127	254,564	254,884	.....	216,713	130,789
1854-55.....	2,414,489	577,633	218,486	393,987	100,000	122,787	123,797
1855-56.....	2,470,125	577,633	228,434	532,500	52,070	103,147	72,402
1856-57.....	2,624,443	505,872	244,199	304,000	81,218	97,121	164,250
1857-58.....	2,643,296	506,292	263,451	302,076	81,218	143,765	26,608
1858-59.....	2,643,296	504,892	366,199	28,747	.....	123,034	79,542
1859-60.....	2,643,296	504,892	366,357	415,447	.....	133,171	164,218
1860-61.....	2,643,296	504,892	366,189	68,747	.....	100,371	119,897
1861-62.....	2,643,296	504,892	370,431	79,947	.....	155,221	149,998
1862-63.....	2,643,296	481,083	285,581	91,947	.....	149,633	311,582
1863-64.....	3,364,949	499,086	303,880	138,147	.....	436,880	253,343
1864-65.....	3,897,229	593,209	344,551	176,090	.....	500,683	90,036

* Total property and assets, \$2,124,974.

The road account for 1863-64 included \$657,762, and for 1864-65,

\$1,010,989—the cost of the six-foot track for the accommodation of the Atlantic and Great Western Railway Company.

The following table shows the *earnings* and *expenses* of the road from its completion and opening, on the 30th September, 1851, to the close of the fiscal year 1864-65:

Fiscal years	Gross Earnings				Operat- ing expenses.	Net earn- ings.
	Passen- gers.	Freight.	Mails, etc.	Total.		
1851-52.....	\$74,427	\$21,511	\$1,246	\$97,214	\$35,182	\$62,032
1852-53.....	191,701	122,377	7,715	321,793	120,837	200,956
1853-54.....	274,650	176,141	12,229	463,021	187,207	275,814
1854-55.....	259,915	211,563	12,142	483,620	210,914	272,706
1855-56.....	236,568	221,698	13,620	471,886	193,873	278,013
1856-57.....	231,571	268,819	17,943	518,333	220,716	297,617
1857-58.....	243,438	235,114	18,869	487,421	226,658	260,763
1858-59.....	223,506	245,980	20,051	489,438	239,771	249,667
1859-60.....	236,463	297,888	27,330	561,681	289,566	272,115
1860-61.....	283,247	331,560	30,422	644,229	351,530	282,699
1861-62.....	272,117	298,290	75,798	646,205	316,491	329,714
1862-63.....	348,893	446,633	81,878	877,404	390,937	486,467
1863-64.....	457,163	526,758	99,407	1,083,328	554,507	528,821
1864-65.....	546,810	614,945	80,102	1,241,857	738,929	502,928

The *profit and loss* account for the same years is shown in the following table:

Fiscal years.	Earnings less expenses.	Disbursements			Total amount.	Surplus after divide's
		Taxes & insurance.	Int. on debt.	Dividends on stock.		
1851-52.....	\$62,032	\$.....	\$28,296	\$.....	\$28,296	\$33,736
1852-53.....	200,956	9,234	56,992	126,466	192,692	8,264
1853-54.....	276,814	14,469	46,207	207,350	268,026	7,788
1854-55.....	272,706	14,102	92,108	101,560	217,770	54,936
1855-56.....	278,013	13,717	108,217	101,560	223,494	54,519
1856-57.....	297,617	11,816	110,316	75,453	197,685	99,932
1857-58.....	260,763	13,102	104,322	.....	117,424	143,339
1858-59.....	249,667	5,315	99,627	.....	104,942	144,725
1859-60.....	272,115	10,958	97,900	150,906	259,764	12,351
1860-61.....	282,699	11,519	96,585	150,906	259,010	23,689
1861-62.....	329,714	13,706	95,031	161,685	270,598	59,116
1862-63.....	486,467	22,042	93,602	222,247	327,891	148,566
1863-64.....	528,821	33,130	93,380	239,964	366,474	162,347
1864-65.....	503,228	62,430	112,170	257,895	483,737	19,491

In the total of disbursements are included sundries not otherwise accounted for. In 1864-65 the large sum of \$51,242 is thus disposed of, the same being chiefly payments on account of damages from a collision.

The dividend paid in May, 1865, was the 20th since the road commenced operations. The rate per annum has been as follows:

Years.	P. c.	Years.	P. c.	Years.	P. c.
1851-52..... No. 1.....	4	1856-57..... No. 7 & 8.....	7½	1861-62 No. 13 & 14.....	7½
1852-53..... " 2.....	5	1857-58.....	nil	1862-63 " 15 & 16.....	10
1853-54..... No. 3 & 4.....	10	1858-59.....	nil	1863-64 " 17 & 18.....	10
1854-55..... No. 5.....	5	1859-60..... No. 9 & 10.....	7	and—	
1855-56..... " 6.....	5	1860-61..... " 11 & 12.....	7	1864-65 " 19 & 20.....	10

And in 1864-65, there was also paid a stock dividend of 20 per cent in compensation for earnings loaned to the Dayton and Michigan Railroad Company.

The cost of the road and equipment *per mile* and the earnings, expenses and profits *per mile* as deduced from the foregoing are shown in the annexed table:

Fiscal Years.	Cost of Road.	Gross earn'gs.	Opera'g exp'ses.	Profits fm earn'gs.	Exp'ses to earn'gs.	per cent.
1851-52.....	\$25,720	\$1,620	\$586	\$1,034	36.17	"
1852-53.....	41,899	5,363	2,014	3,349	37.55	"
1853-54.....	29,366	7,717	3,120	4,597	40.43	"
1854-55.....	52,510	8,060	3,515	4,545	43.61	"
1855-56.....	53,603	7,864	3,281	4,633	47.44	"
1856-57.....	56,242	8,639	3,678	4,961	42.6	"
1857-58.....	56,960	8,124	3,777	4,347	46.43	"
1858-59.....	56,989	8,157	3,996	4,161	43.97	"

1859-60.....	56,992	9,361	4,826	4,535	57.55	percent.
1860-61.....	56,989	10,737	5,859	4,878	45.59	"
1861-62.....	57,060	10,770	5,275	5,495	48.99	"
1862-63.....	63,582	14,623	6,515	8,108	44.55	"
1863-64.....	69,465	18,055	9,242	8,813	51.18	"
1864-65.....	78,749	20,697	12,310	8,387	59.47	"

The Cincinnati, Hamilton & Dayton Railroad shares are so seldom quoted or sold at the New York stock boards that we are unable to compile a table similar to those which have accompanied the reports of the roads we have previously analyzed. The stock of this company, however, is not with ordinary good management likely to fluctuate greatly as its actual value is well known.

The Cincinnati, Hamilton and Dayton Railroad Company was chartered by the Legislature of Ohio by an act passed March 2, 1846. The division south of Hamilton was put under contract in December, 1849, and the northern division in July, 1850. Construction of the southern division was commenced in March, 1850, but owing to the prevalence of cholera in the Little Miami Valley the work was suspended and not resumed until the following September.

The work was now prosecuted with redoubled vigor and every day resulted in progress; and so rapidly was the grading done and the track layers followed that by September 18, 1851, one year after resuming operations, the road was so far completed as to admit of a passenger train passing from Cincinnati to Dayton, and on the 50th of the same month the road was formally opened for travel. Before the close of the year regular freighting was also commenced.

The company have always had operating contracts with all the roads connecting with their own. A closer alliance, however, was found necessary to work the lines economically, and with this view a contract was concluded in 1860 between the Cincinnati, Hamilton and Dayton Company and the Little Miami, the Columbus and Xenia and the Dayton, Xenia and Belpre Companies for working their several roads on joint account for a period of twenty years. This contract became operative on the first of April of the same year, and has been an eminent success.

In 1863 the company assumed a lease in perpetuity of the Dayton and Michigan Railroad and equipment at an annual rental equal to the interest on a fraction less than \$22,000 per mile. The connection of the roads at Dayton is such as renders the leased road fairly a continuation of the road from Cincinnati. It extends from the fertile valley of the Big Miami, over one hundred and forty miles to Maumee Bay, on Lake Erie, making with the Cincinnati, Hamilton and Dayton Railroad a line of two hundred miles between Cincinnati and Toledo, a shorter route than any other existing between Cincinnati and the lake.

Presenting the best approach to Cincinnati from the north, the Cincinnati, Hamilton and Dayton road was adopted by the Atlantic and Great Western Company to continue their line from Dayton to Cincinnati where it connects with the Ohio and Mississippi Railroad. For this purpose this company laid down extra rails for a broad gauge road, and provided enlarged accommodations for the convenience of the Great Western Company's business. These improvements were completed at a cost of a million and a half of dollars, and brought into use in May, 1865. To meet expenditures of so large an amount the company sold

\$300,000 of its capital. The remainder of the means was chiefly derived from the sale of bonds received from the Dayton and Michigan Company in payment of coupons due the Cincinnati, Hamilton and Dayton Company under the lease of the road. In lieu of the proceeds of these the stock holders received a stock dividend of \$500,000. These improvements on the whole have added to the capital and debt account \$1,444,000, and about a quarter of a million has been taken from other resources of the company. This investment, however, is expected to so increase the business of the company as make sure of its securing an advantageous return to the company.

The total liabilities of the company, including its stock of \$300,000 and revenue balance applied on account of the Dayton and Michigan Company \$500,000, is now about \$5,600,000. The nett earnings of the road for the last few years have averaged \$200,000. This will pay.

Taxes and Insurance say.....	\$60,000
Interest on Debt and Liabilities, \$2,000,000	140,000
Dividend 10 per cent. on \$3,000,000 stock.....	300,000

and leave a surplus of \$20,000 to be added to the dividend fund.

It may fairly, however, be assumed that the Dayton and Michigan Railroad and the Atlantic and Great Western connection will increase the profits from operations materially and fortify the company for future development, or, if already at the end of its projects, yield additional dividends to the lucky holders of its stocks. The eventual reduction of the cost of labor and material will also afford the company a heavier nett on its business.

9.—NEW YORK CENTRAL RAILROAD.

The length of the main line of road between Albany and Buffalo is.....	297.75 miles.
The length of lateral and branch roads is as follows:	
Troy to Schenectady.....	21.00
Syracuse to Rochester, via Auburn.....	104.00
Batavia to Attica	11.00
Rochester to Suspension Bridge.....	74.75
Lockport Junction to Tonawanda.....	12.25
Rochester Junction to Charlotte.....	6.88
Buffalo to Lewiston.....	28.25
	258.13 "
Total length owned by company.....	555.88 "
Second track (exclusive of sidings and turnouts less than one mile in length).	268.71 "
Sidings, turnouts and switches.....	152.27 "
Total length of equivalent single track.....	976.86 "
The length of the Niagara Bridge and Canandaigua Railroad, leased by the company, and extending from Canandaigua to Suspension Bridge, is.....	
Branch to Elevator at Tonawanda.....	98.46
Siding, turnouts and switches.....	1.63
	3.42
	103.51 "
Total length owned and leased by company.....	1,080.37 "

The following table gives the length of the line owned and leased at the close of each year since the consolidation of May, 1853:

Fiscal years.	Length of Routes				D'ble track, and switches.	Equiv- alent to single track. (miles)
	Main line. (miles)	and branches. (miles)	Leased line. (miles)	Total length. (miles)		
1853 (5 months)	297.75	265.00	...	562.75	240.50	808.25
1853-54	297.75	265.00	...	562.75	276.75	839.50
1854-55	297.75	258.13	...	555.88	306.20	862.08
1855-56	297.75	258.13	...	555.88	311.80	867.68
1856-57	297.75	258.13	...	555.88	325.47	881.35
1857-58	297.75	258.13	...	558.88	335.21	891.09
1858-59	297.75	258.13	98.46	654.34	349.46	1,003.80
1859-60	297.75	258.13	98.46	654.34	369.47	1,023.81
1860-61	297.75	258.13	98.46	654.34	374.83	1,029.17
1861-62	297.75	258.13	98.46	654.34	384.14	1,038.48
1862-63	297.75	258.13	98.46	654.34	403.06	1,057.40
1863-64	297.75	258.13	98.46	654.34	413.34	1,067.68
1864-65	297.75	258.13	98.46	654.34	426.03	1,080.37

The main line is wholly double track, except a gap from Port Byron to Clyde, 13.09 miles, and another from Rochester to Churchville, 14.51 miles.

The *rolling stock* on the road and branches, on the 30th of September, 1865, was as follows:

Locomotive engines	258
First class passenger cars	206
Second class and emigrant cars	78
Baggage, mail and express cars	82
Freight cars—wooden box	2,987
“ iron box	717
“ platform	1,200
Gravel cars and other service cars	4,904
	350

The following table shows the equipment at the close of each fiscal year:

Fiscal years.	Passenger Train Cars					Freight Train Cars				Service cars.
	Loco- motives.	1st class.	2d class.	B. M. & E.	Total.	Wood.	Iron.	Plat- form.	Total.	
1853 (5 mos.)	147	156	55	55	266	...	...	...	1,084	285
1853-54	175	187	55	65	307	...	...	...	1,702	295
1854-55	188	187	76	62	325	1,354	...	429	1,783	285
1855-56	209	182	79	66	327	...	...	...	2,336	285
1856-57	218	196	74	64	334	...	...	...	2,707	285
1857-58	218	192	66	64	322	...	...	...	2,805	350
1858-59	211	196	41	61	298	...	...	...	2,760	350
1859-60	216	196	39	61	296	...	...	...	2,644	350
1860-61	215	196	40	61	297	...	...	...	2,759	350
1861-62	229	196	35	63	394	2,404	121	717	3,242	350
1862-63	239	197	58	68	323	2,693	510	803	4,006	350
1863-64	241	188	68	78	324	2,732	719	1,095	4,596	350
1864-65	258	206	78	82	366	2,987	717	1,200	4,904	350

The *general movement of trains with passengers and freight*, in each year since the consolidation, has been as follows:

Fiscal years.	Miles run by Trains				Carried one Mile	
	Passenger.	Freight.	Other.	Total.	Passengers.	Tons of freight.
1853-54	2,117,053	1,200,240	...	3,317,278	163,874,973	81,168,080
1854-55	1,941,521	1,410,371	312,632	3,664,574	169,052,241	99,665,836
1855-56	1,774,093	1,522,439	303,357	3,599,889	165,889,551	145,733,678
1856-57	1,836,212	1,811,109	336,969	3,984,290	160,423,541	145,873,776
1857-58	1,821,431	1,847,763	273,353	3,942,547	136,091,023	142,691,178
1858-59	1,809,071	1,824,978	311,079	3,945,128	132,993,340	157,136,000
1859-60	1,816,279	2,344,881	332,053	4,493,213	126,588,091	199,231,392
1860-61	1,850,056	2,727,730	369,367	4,947,153	116,174,787	237,392,974
1861-62	1,753,215	3,233,565	381,892	5,368,672	119,028,024	266,963,462
1862-63	1,902,908	3,347,244	442,071	5,692,223	147,337,968	312,195,796
1863-64	2,123,580	3,452,275	414,353	5,990,208	193,447,735	314,081,410
1864-65	2,276,888	3,094,565	432,595	5,804,048	223,229,271	264,933,626

The *direction and amount of travel* (passengers carried) in each year, have been as follows:

Fiscal Years.	Eastward		Westward		Both ways.		Total.
	Thro'	Way.	Thro'	Way.	Thro'	Way.	
1853-54					201,534	2,515,943	2,556,874
1854-55					190,435	2,539,178	2,717,477
1855-56	71,762	1,231,012	118,673	1,303,166	190,435	2,539,178	2,729,613
1856-57	81,306	1,187,429	121,858	1,219,654	203,164	2,400,783	2,609,947
1857-58	81,017	966,971	82,530	993,921	163,547	1,960,892	2,124,459
1858-59	79,833	1,119,386	74,410	938,018	154,243	2,102,404	2,256,647
1859-60	70,481	1,104,523	71,587	1,014,545	142,068	2,119,068	2,261,136
1860-61	54,390	1,054,170	63,523	981,856	117,913	2,036,031	2,153,944
1861-62	54,857	1,122,538	65,131	1,034,451	119,988	2,156,989	2,276,977
1862-63	68,713	1,333,041	79,167	1,243,023	147,880	2,576,074	2,723,954
1863-64	96,245	1,730,352	105,115	1,622,542	201,360	2,352,594	3,554,254
1864-65	108,455	1,857,553	127,349	1,687,906	235,754	3,547,509	3,783,263

Included in the above are emigrants going West, as follows :

Years.	Thro'	Way.	Total.	Years.	Thro'	Way.	Total'
1855-56	32,387	17,073	52,263	1860-61	10,837	7,258	18,125
1856-57	33,869	10,445	44,314	1861-62	12,901	5,240	18,141
1857-58	15,271	4,064	19,335	1862-63	13,412	6,217	19,629
1858-59	11,237	4,410	15,647	1863-64	15,481	7,530	23,011
1859-60	11,313	9,597	20,908	1864-65	14,877	4,482	19,359

The direction and amount of traffic (tons of freight carried) in each year, is shown in the following statement :

Fiscal Years.	Eastward		Westward		Both ways		Total
	Thro'	Way.	Thro'	Way.	Thro'	Way.	
1853-54							549,805
1854-55					156,194	513,879	670,073
1855-56	172,781	385,478	80,507	137,346	253,288	522,824	776,112
1856-57	179,647	401,660	113,230	144,254	292,877	545,914	898,791
1857-58	229,275	347,775	83,133	103,224	312,408	452,999	765,407
1858-59	234,241	336,686	113,838	149,554	348,079	486,240	834,319
1859-60	293,579	436,729	118,997	178,923	412,526	615,657	1,028,183
1860-61	439,956	445,072	115,941	170,323	551,897	615,405	1,167,302
1861-62	616,177	447,951	161,013	162,292	777,190	610,243	1,387,433
1862-63	610,933	433,326	213,794	191,551	824,727	624,877	1,449,604
1863-64	588,207	555,965	178,362	224,624	706,569	790,579	1,557,148
1864-65	455,934	436,553	184,591	198,171	640,575	634,724	1,275,299

The following table classifies the tonnage for each of the above years :

Fiscal Years.	Products					Man-ufact's.	Merchan-dize.	Other Articles.
	Forest.	Animals.	Veg. Food.	Agri'l.				
1853-54	45,530	115,417	156,204	10,935	52,244	94,643	74,882	
1854-55	37,971	131,224	244,605	9,792	60,140	105,312	81,029	
1855-56	29,547	161,807	283,027	20,168	72,732	127,331	81,700	
1856-57	31,468	180,852	275,941	18,989	75,731	177,708	78,102	
1857-58	34,363	172,076	301,507	18,373	47,939	134,482	66,662	
1858-59	35,154	204,167	249,751	30,096	57,036	178,782	79,333	
1859-60	42,305	223,362	343,872	39,169	77,256	201,577	100,632	
1860-61	39,310	251,964	441,562	47,341	80,597	192,583	113,945	
1861-62	39,479	350,020	469,885	45,245	92,123	243,105	138,576	
1862-63	58,829	295,876	405,380	72,467	88,965	310,275	123,812	
1863-64	87,584	383,000	461,511	57,150	112,267	287,804	167,832	
1864-65	55,718	348,661	349,103	32,099	71,484	258,043	160,191	

The freight per ton per mile in each year was as follows :

	Cts.		Cts.		Cts.
1853-54	3.05	1857-58	2.59	1861-62	2.22
1854-55	3.02	1858-59	2.13	1862-63	2.38
1855-56	2.95	1859-60	2.05	1863-64	2.70
1856-57	3.12	1860-61	1.96	1864-65	3.26

The income account of the two last years, 1863-4, and 1864-5 compare as follows :

	1863-64.	1864-65.		Difference
By balance from last year	\$3,763,243 35	\$3,848,667 63	incr	\$85,424 88
" Passenger receipts	3,928,151 80	4,571,474 10	"	543,322 80
" Freight "	8,543,370 55	8,776,077 53	"	232,636 98
" Mail "	97,790 00	97,790 00		
" Miscellaneous "	435,577 48	582,257 76	"	146,674 28
Total	\$16,763,133 18	\$17,830,392 07	incr	\$1,067,258 89
To maintaining and operating	9,346,184 36	10,882,338 09	incr	1,536,173 73
" Coupons and interest	1,026,765 88	974,169 26	decr	52,596 13

To Dividend, Feb.....	1,218,450 00	781,730 00	"	486,720 00
" " August.....	975,400 00	787,730 00	"	237,670 00
" U. S. tax on divid end.....	85,323 59	73,473 00	"	11,850 50
" Future increase—contribution to debt, certificates sinking fund.....	111,182 88	111,182 83		
" Rent of N. B. & Canada Railroad.....	60,000 02	60,000 00		
" U. S. tax on earnings.....	84,959 83	398,451 85	incr	253,491 97
" Balance Sept. 30.....	3 854,867 68	3,921,297 49	"	66,429 81
Total disbursements.....	\$16,763,133 18	\$17,830,392 07	incr	\$1,067,258 89

The following table exhibits the yearly gross earnings, the operating expenses, and net earnings for the twelve years and five months ending September 30, 1865 :

Fiscal Years.	GROSS EARNINGS			Total.	Operating Expenses.	Net Earnings.
	Passengers.	Freights.	Mail, &c.			
1853 (5 mos).....	\$1,475,470	\$417,113	\$94,096	\$1,986,679	\$1,164,646	\$822,033
1853-1854.....	3,151,514	2,479,821	287,000	5,918,335	3,088,041	2,830,294
1854-1855.....	3,242,229	3,189,603	131,749	6,563,581	3,401,456	3,162,125
1855-1856.....	3,207,378	4,328,042	171,928	7,707,348	4,097,897	3,609,451
1856-1857.....	3,147,637	4,559,276	320,328	8,027,251	4,453,515	3,573,736
1857-1858.....	2,532,647	3,700,270	295,496	6,528,413	3,487,292	3,041,121
1858-1859.....	2,566,370	3,337,148	297,331	6,200,849	3,349,429	2,851,420
1859-1860.....	2,569,265	4,095,934	292,042	6,957,241	4,278,841	2,678,400
1860-1861.....	2,315,933	4,664,449	328,660	7,309,042	4,647,979	2,662,063
1861-1862.....	2,889,724	6,607,331	359,773	9,356,828	5,607,750	3,749,078
1862-1863.....	2,930,341	7,498,509	468,781	10,897,631	6,842,633	4,054,998
1863-1864.....	2,923,152	8,543,371	531,367	12,997,890	9,346,184	3,651,706
1864-1865.....	4,521,454	8,776,027	678,043	13,975,524	10,882,353	3,093,166

From the nett earnings the following sums (not including construction) were paid and disbursed in the several years :

Years.	Interest.	Sinking Funds.	Leased Railroad.	U. S. Tax.	Dividends.	Surplus.
1853 (5 mos).....	\$329,726	\$46,327	.....	.....	2,117,954	395,625
1853-54.....	656,513	111,182	.....	.....	1,913,483	702,468
1854-55.....	839,928	111,182	.....	.....	1,919,564	647,158
1855-56.....	931,577	113,294	.....	.....	1,919,564	569,807
1856-57.....	970,871	113,294	.....	.....	1,919,564	32,071
1857-58.....	976,192	113,294	.....	.....	1,679,782	24,825
1858-59.....	970,059	116,754	60,000	.....	1,440,000	77,862
1859-60.....	995,272	115,266	60,000	.....	1,440,000	55,881
1860-61.....	1,001,977	114,965	60,000	.....	1,440,000	113,917
1861-62.....	1,921,193	113,968	60,000	.....	*1,730,400	1,154,398
1862-63.....	998,140	112,060	60,000	.....	*2,279,173	89,626
1863-64.....	1,026,765	111,182	60,000	84,960	*1,542,933	66,430
1864-65.....	974,169	111,182	60,000	338,452		

The following are the details of the dividends declared and paid since the consolidation :

No. 1.—1854 February 5.....	\$1,158,212	No. 13.—1860 February 3.....	\$730,000
" 2.— " August 4.....	956,283	" 14.— " August 3.....	720,000
" 3.—1855 February 4.....	957,499	" 15.—1861 February 3.....	720,000
" 4.— " August 4.....	959,742	" 16.— " August 3.....	720,000
" 5.—1856 February 4.....	959,782	" 17.—1862 February 3.....	720,000
" 6.— " August 4.....	959,782	" 18.— " August 3.....	720,000
" 7.—1857 February 4.....	959,782	" 19.—1863 February 3½.....	840,000
" 8.— " August 4.....	959,782	" 20.— " August 3½.....	840,000
" 9.—1858 February 4.....	959,782	" 21.—1864 February 5.....	1,218,450
" 10.— " August 4.....	959,782	" 22.— " August 4.....	975,400
" 11.—1859 February 4.....	959,782	" 23.—1865 February 3.....	731,730
" 12.— " August 3.....	720,000	" 24.— " August 3.....	737,730

The Balance Sheet from the General Ledger for the two years, 1863-64 and 1864-65, compares as follows :

	1863-64.	1864-65.	Difference.
Capital Stock.....	\$24,386,000 00	\$24,591,000 00	incr. \$205,000 00
Funded Debt, viz.:			
Debt Certificates.....	6,917,597 83	6,690,119 62	decr. 227,478 21
Bonds for Railroad Stocks.....	663,000 00	634,000 00	" 29,000 00
" for Real Estate.....	165,000 00	165,000 00	"
" for funding debts of old Companies.....	1,398,000 00	1,398,000 00	"
Funded Debt of Schenectady and Troy R. R.			

* Including U. S. Tax on Dividends.

Company.....	100,000 00	.....	decr.	100,000 00
Funded Debt of Albany & Schenectady R. Co	100,000 00	100,000 00	"	"
Funded Debt of Buffalo & Rochester R. R. Co	24,920 59	.....	"	24,920 59
Bonds to Buffalo and N. Falls R. R. Co.....	78,000 00	78,000 00	"	"
Bonds, convertible, due 1876.....	604,000 00	2,399,000 00	incr.	1,795,000 00
Bonds and mortgages.....	235,823 65	238,323 15	"	2,500 00
Bonds (renewal) due 1887	2,925,000 00	2,925,000 00	"	"
Bills Payable.....	52,568 26	28,000 00	decr.	14,568 26
Unclaimed Dividends.....	5,144 76	5 631 90	incr.	491 14
Expenses of operating: paid in October	380,824 14	451,753 20	"	70,929 06
Coupons and interest: accrued				
to September 30.....	349,041 00	360,492 24	"	11,450 74
United States: Tax account.....	36,215 45	79,879 80	"	43 64 35
Income account: Balance Sept. 30.....	3,854,867 68	3,921,297 49	"	66,429 81
Total Debit.....	\$42,275,999 36	\$44,075,497 40		\$1,799,498 04
Railroad and equipment.....	\$32,879,251 38	\$23,701,919 57	incr.	\$892,668 18
Cash in Banks.....	135,131 38	162,770 64	"	27 6 9 26
Balances in hands of agents.....	848,134 43	783,892 29	decr.	64,242 14
Stocks and Bonds, viz.:				
Buffalo and State Line R. R. Stock.....	542,300 00	542,300 00	"	"
Troy Union R. R. stock.....	62,50 00	68,950 00	incr.	6,800 00
Hudson River Bridge Stock and Bonds.....	108,495 00	48,000 00	"	329,505 00
Lake Propeller Stock .....	.....	149,041 54	"	149,041 54
Erie and Pittsburg R.R. bonds.....	.....	81,500 00	"	81,500 00
Future Income: proportion of debt certifi- cates, etc.: Chargeable to income.....	6,995,597 83	6,768,119 62	decr.	227,478 21
Fuel and Supplies: surplus beyond	1,491,756 04	1,173,633 18	incr.	681,877 14
Bills receivable.....	150,046 91	132,210 57	decr.	17,836 34
General Post Office Department.....	23,923 89	23,947 50	incr.	23 61
Real Estate (Buffalo & N. Falls R. R. Co.)..	32,500 00	32,500 00	"	"
Real Estate (Oliver Lee & Co's bank).....	6,712 50	6,712 50	"	"
Total Credit.....	\$42,275,999 36	\$44,075,497 40	incr.	\$1,799,498 00

The following statements exhibit the details of the general account as it stood on 30th September, 1856-65, both years included:

Fiscal years.....	Share capital	Funded debt.	Bills payable.	Operating acc'ts.	Balance of income	Total amount.
1855-56.....	\$24,136,661	\$14,763,897	\$194,732	\$642,771	\$1,301,036	\$41,033,827
1856-57.....	24,136,661	14,607,510	197,633	693,877	1,826,572	41,461,654
1857-58.....	24,182,400	14,402,635	38,000	416,274	1,594,326	40,633,635
1858-59.....	24,000,000	14,333,771	.....	413,083	1,619, 50	40,366,605
1859-60.....	24,000,000	14,332,523	127,375	481,537	1,697,012	40,638,447
1860-61.....	24,000,000	14,613,005	209,356	646,549	1,576,378	41,045,289
1861-62.....	24,000,000	14,2 9 593	33,890	863,057	2,690,295	41,896,835
1862-63.....	24,209,000	13,779,648	284,411	821,578	3,765,243	42,559,850
1863-64.....	24,386 000	13,211,341	52,568	771,222	3,854,868	42,275,999
1864-65.....	24,591,000	14,627,443	38,000	897,757	3,921,297	44,075,497

Against which are charged for construction, equipments, stocks owned by company, claims (debt certificates) on future income, supplies beyond \$1,000,000, and other assets the following:

Fiscal years.....	Railroad & equipment.	Stocks & bonds.	Debt certifi- cates.	Fuel & supplies.	Banks. ce & agents.	able & othas'ts.
1855-56.....	\$29,786,372	\$813,453	\$8,998,176	.....	\$1,176,153	\$260,770
1856-57.....	30,515,315	910,797	8,991,977	.....	750,482	292,583
1857-58.....	30,732,517	763,230	8,193,000	\$390,959	500,404	83,485
1858-59.....	30,840,714	588,980	8,015,000	286,707	490,163	144,442
1859-60.....	31,106,065	964,331	7,831,000	150,934	442,335	143,732
1860-61.....	31,524,226	921,131	7,634,500	240,021	573,034	153,373
1861-62.....	31,787,398	782,580	7,429,500	341,410	1,316,467	209,481
1862-63.....	32,740,068	791,965	7,224,104	519,829	1,392,255	191,656
1863-64.....	32,879,251	712,915	6,995,598	491,756	985,266	213,185
1864-65.....	33,701,920	1,279,791	6,768,120	1,173,633	956,663	195,570

The cost of road per mile, the earnings and expenses per mile, the rate of expenses to gross earnings, and the rate of dividends per annum are shown in the annexed table:

Fiscal years.....	Cost of R'd p. mile.	Earn'gs p. mile.	Exp'ses p. mile.	Profits p. mile.	Exp's divi- to ea'ns. dend.
1853 (5 mos.).....	\$39,511	\$8,469	\$4,964	\$3,505	58.61
1853-54.....	40,972	10,512	5,485	5,027	52.18
1854-55.....	51,302	11,805	6,117	5,688	51.49
1855-56.....	53,372	13,861	7,370	6,491	53.17

1856-57.....	54,884	14,437	8,009	6,423	55.47	8
1857-58.....	51,274	11,741	6,272	5,469	53.42	8
1858-59.....	55,469	11,152	6,024	5,129	54.01	7
1859-60.....	55,946	12,513	7,695	4,818	61.49	6
1860-61.....	56,698	13,146	8,359	4,787	63.50	6
1861-62.....	57,171	16,829	10,085	6,744	59.98	6
1862-63.....	58,885	19,600	12,307	7,293	62.78	7
1863-64.....	59,135	23,377	16,809	6,588	71.90	9
1864-65.....	60,615	25,135	19,372	5,563	77.86	6

The rates at which the stock of the company has sold at the New York Stock Exchange for the past five years have been as follows :

Years.....	1860-61.	1861-62.	18 2-63.	1863-64.	1864-65.
October.....	80 @91	73½@79½	105¼@107¼	133¼@138¼	169 @122
November.....	70 @84	77 @81¼	101 @105½	130 @139½	119 @128¼
December.....	69 @76½	75½@80½	101¼@104¼	131 @138	112¼@122¼
January.....	75¼@82¼	79½@83½	107 @124½	130 @137¼	102¼@119
February.....	75½@80¼	79½@84¼	116¼@120	132 @138	130¼@117¼
March.....	75½@80	82¼@84¼	107 @118¼	135¼@145	88¼@113
April.....	68 @78½	82¼@85¼	113 @117	130 @144¼	85 @103¼
May.....	71¼@73¼	84½@8 ¾	116¼@133	128 @135¼	87¼@101¼
June.....	71¼@74¼	88¼@95¼	115½@125	130¼@135	89¼@94¼
July.....	73½@79½	87½@93½	116 @129	131¼@135¼	90¼@96¼
August.....	72½@77	89½@94½	122¼@139½	128¼@132	90 @93¼
September.....	72¼@74¼	93 @104	128 @140	114 @129	92¼@95¼
Year.....	68 @82¼	73½@104	101 @140	114 @145	88¼@128¼

In explanation of the results of the year 1864-65 the Report makes the following statement :

The items charged to Construction account, during the year, have been :

Land : principally at Troy, Syracuse and Buffalo.....	\$110,718 18
17 engines, 18 passenger and 322 freight cars added to equipment.....	659,300 00
5.85 miles of second track on the Syracuse and Rochester direct road.....	52,650 00
	\$822,668 18

All the other expenditures during the year (except as shown in the increased value of fuel and supplies) have been charged to Transportation Expenses, and include a very general and thorough overhauling and repairing of the motive power and rolling stock, and of the road-bed and superstructure, the rebuilding of the cattle sheds at Buffalo, and a portion of the car shops at West Albany, which had, respectively, been destroyed by fire, and the rebuilding of the bridge over the Genesee River at Rochester, which had been carried away by the flood in March. The uniformly extreme cold weather in January, February and March, and the unusual fall of snow and rain in the two months last named, caused great general damage and consequent additional expense for repairs, besides materially diminishing the traffic.

The stock of Fuel and Supplies (from the light supply of which during the winter of '64 and '65 some difficulty was experienced) has been increased to a proper standard. The enhanced price of the articles made the value of nearly similar quantities much greater than formerly, and necessarily involved a larger investment of money to provide for the requirements of the line.

Owing mainly to the great increase in prices, the net result of the business of the year did not afford sufficient means to meet this investment, in order to provide for which, and for the amounts paid on Construction account, and for account of Hudson River Bridge at Albany (the latter \$30,000.00), there was issued, during the year, \$2,000,000.00 in convertible seven per cent bonds, due in 1876. During the same period certain items of debt matured and were paid off, so that, at the close of the fiscal year, the Capital Stock and Funded Debt stood \$1,621,000.00 more than at the close of last fiscal year. Statements showing the amount of Capital Stock and Funded Debt at close of each fiscal year, from 1856 to 1865, will be found on pages 8 and 9.

The Iron Bridge over the Erie Canal at Schenectady, spoken of in last year's Report, has been completed this year. The length of iron bridging now upon the line, reduced to single track, is 5,677 8-12 feet.

The renewal of Iron Rails, during the year, amounted to 15,708 tons, equal to 163.62 miles of single track. The number of Ties renewed during the same period was 535,669.

The New York Central Railroad Company is a consolidation of a number of original and separate companies whose lines in conjunction extended from Albany & Troy on the Hudson River to Buffalo on Lake Erie, with extensions to the Niagara Suspension Bridge and other points. These were as follows :

	Miles.
Albany & Schenectady.....	16.97
Schenectady & Troy.....	20.50
Utica & Schenectady.....	78.00
Syracuse & Utica.....	53.00
Syracuse & Rochester Direct.....	78.70
Rochester & Syracuse.....	104.00
Buffalo & Lockport.....	12.25
Mohawk Valley (never built).....	.....
Rochester, Lockport & Niagara Falls.....	76.50
Buffalo & Rochester.....	80.00

—and several others were subsequently added to the consolidation.

The *Albany & Schenectady* was originally chartered under the title of the Mohawk & Hudson Railroad Company and was the first corporation of the kind chartered in the State. The construction of the road was commenced in August, 1830, and the road completed and opened to the public September 24, 1831. The superstructure was primitive, being simply longitudinal sills, on which a flat bar 9-16th inch thick and 2½ inches wide was laid. The ascents from Albany & Schenectady respectively were overcome by inclined planes worked by stationary engines, the intermediate road being operated by both engine and horse power. The first engine used was of American manufacture and weighed three tons. An engine imported from England, weighing twelve tons, could not be used on account of its weight. The planes were abandoned in 1844, and in 1847 the original name of the company was changed to that of Albany & Schenectady. The cost of the road at the date of consolidation was \$1,810,693 and for the five years then ending the dividends averaged seven per cent on the capital.

The *Schenectady & Troy* Railroad Company was chartered in 1836 and the road built in 1841-42. At the date of the consolidation its cost had been \$698,873. No dividends were ever paid.

The *Utica & Schenectady* Railroad Company was chartered in 1833. Construction was commenced in the fall of 1834 and completed August 1, 1836. The cost in 1853 was \$4,296,728. Dividends for the five previous years averaged twelve per cent on its capital stock.

The *Syracuse & Utica* Railroad Company was chartered in March 1836, and the road fully opened to traffic July 3, 1839. Up to 1853 it had cost \$2,836,856. From '39 to '50 inclusive, the annual dividend was eight per cent and thenceforward to consolidation ten per cent.

The *Syracuse & Rochester Direct* Railroad Company was organized under the general law August 6, 1850, and was immediately merged into the Rochester & Syracuse Company by which the road, 84.70 miles in length, was constructed and opened in 1853.

The *Rochester & Syracuse* Railroad Company was formed by the consolidation August 1, 1850 of two separate organizations, viz.: the "Auburn and Syracuse," 26 miles, chartered in 1834 and completed in 1838-39, and the "Auburn & Rochester," 78 miles, chartered in 1836 and

completed in 1841. Both roads were very successful and paid during their separate existence eight per cent dividends. Including the direct road their cost at consolidation was \$6,506,301. In the three previous years the company paid a total dividend of 23 per cent.

The *Buffalo & Lockport* Railroad Company was organized under the general law April 29, 1852. While the road was being constructed it was consolidated into the Central Company at an estimated value of \$675,000. The road was opened in 1854.

The *Mohawk Valley* Railroad Company was formed under the general law Jan. 21, 1851 and anew Dec. 28, 1852. The company proposed to construct a railroad on the south bank of the Mohawk between Utica and Schenectady. No portion of the road was ever constructed, and in 1853 the company became merged into the consolidation, the share capital being paid by agreement to the Central Company.

The *Rochester, Lockport & Niagara Falls* Railroad Company was successor to the Lockport & Niagara Falls Company, chartered in 1834. Its road, 23 miles long, was completed and opened in 1838 at a cost of \$197,000. In 1850 the company filed articles of association under the title of the Rochester, Lockport & Niagara Falls Railroad Company, and soon after commenced the reconstruction of the original road and the extension of the line from Lockport to Rochester, 53½ miles. The whole was finished July 1, 1852, at a cost of \$2,343,388. In thirteen months previous to August 1, 1853, the road earned \$309,848 gross, or \$194,466 net, out of which was paid a 3 per cent dividend.

The *Buffalo & Rochester* Railroad Company was formed Dec. 7, 1850, by the consolidation of the "Attica & Buffalo" and the "Tonawanda" companies. In 1852, having completed a direct road between Buffalo & Batavia, the company sold that portion of its original road which extended from Buffalo to Attica, 31.95 miles, to the Buffalo & New York City Company. At the date of consolidation into the Central Company the road had cost \$3,332,152, and was paying 10 per cent on its capital.

The articles of agreement required by the act authorizing the consolidation of the above named companies were signed May 17, 1853, but did not take effect before August 1. In addition to the roads named, the new company acquired by further consolidation, the line from Rochester Junction to Charlotte 7 miles in 1853, and the line from Buffalo to Lewiston 28 miles in 1855; and by lease the Canandaigua and Niagara Bridge Railroad 91 miles in July, 1858.

The consolidation fixed the Capital Stock at \$24,000,000 of which the stocks of the original companies amounted to \$22,858,600. These stocks stood as follows:

Albany & Schenectady.....	\$1,535,800	Syracuse & Utica direct.....	\$600,000
Schenectady & Troy.....	650,000	Rochester & Syracuse.....	5,606,700
Utica & Schenectady.....	4,500,000	Rochester, Lockport & N. Falls	2,016,100
Mohawk Valley.....	1,575,000	Buffalo & Rochester.....	3,000,000
Syracuse & Utica.....	2,700,000	Buffalo & Lockport.....	675,000

—making a total of \$22,858,600. This amount was further increased by the conversion of outstanding bonds \$800,000, the capital of the Buffalo & Niagara Falls Railroad \$565,000 of the Lewiston Railroad \$217,600 and the Charlotte Branch \$150,000, companies subsequently admitted into the consolidation. The capital now amounts to \$24,591,000.

The bonds of the several companies were assumed and exchanged generally for bonds of the consolidated company at par.

Included in the debt of the company are a series entitled Premium Bonds or Debt Certificates. These were issued to the stockholders on the old lines, being the estimated value of their stocks above par.

This excess of par or rate of premium was rated in the articles of consolidation as follows :

Companies.	Stock and Conv. bonds.	Rate Premium.	Amount of Pre-mium.
Albany & Schenectady.....	\$1,621,800	17	\$275,706
Utica & Schenectady	4,500,000	55	2,475,000
Mohawk Valley.....	1,575,000	55	866,250
Syracuse & Utica	2,700,000	50	1,350,000
Syracuse & Utica direct.....	600,000	50	300,000
Rochester & Syracuse.....	5,608,700	30	1,682,610
Rochester, Lockport & N. Falls.....	2,155,100	25	538,684
Buffalo & Lockport	675,000	25	168,750
Buffalo & Roch-ster.....	3,000,000	40	1,200,000
Rochester & Charlotte.....	150,000	25	37,500
Schenectady & Troy.....	650,000	par.	.....
Total.....	\$23,235,600		\$8,892,480

The articles of consolidation provided for a Sinking Fund for the retirement of the Debt Certificates by the annual payment thereto of a sum equal to one and a quarter per cent of the amount issued. This is \$111,182 38. The whole amount retired by the operation of this fund to the 1st October, 1865 was \$2,202,480 38 leaving \$6,690,119 62 outstanding.

The policy of issuing these bonds has been condemned. The principle has not been followed in posterior consolidations. Instead of ascending the practice is now to descend from a par, and so scale inferior stocks to their proper level. Had the Central Company followed this plan a great financial burden would have been avoided—the cost of the certificates being upwards of \$600,000 a year for 30 years, deducting so much from the dividend fund. Had they made the highest stocks par and scaled down the result would have saved all this, and also large sums in the reduction of the inferior stocks.

The New York Central Railroad as now existing is one of the most extensive establishments of the kind in the United States. It forms one of the great lines between the east and west, and has grown up on the commerce between the two sections. It depends also largely on its local business. Anything that affects these is naturally of importance. A failure of crops, or a stagnation in business, are soon felt in a decrease of revenue. On the other hand the late war created for it an immense traffic which swelled the gross receipts enormously, but at the same time labor and material were enhanced in cost, and the actual result was a loss in net revenue, which in 1862-63 was \$4,054,998, but in 1864-65 only \$3,093,166 and at least one half of this residue was raised chiefly by increasing the freight charge from \$2.70 cents in 1863-4 to \$3.26 cents in 1864-5 per ton per mile. A large gain was also due to increased travel, the volume having increased 15 per cent the last year. The dividends necessarily fell from 9 to 6 per cent. The prospects for the current year are that the result will be the total consumption of net

earnings in expenses and interest, for passage traffic has already returned to its usual rate, and freighting, reduced 15 per cent from its maximum last year, will sink a like rate the current year without a possibility of further increasing charges. Operating expenses in the meanwhile continue as high as when highest.

No further dividends can, therefore, be expected for years to come, nor at all until there is brought about a truer balance between income and cost.

OUR RESOURCES,*

A LECTURE BY H. C. CAREY, READ DECEMBER, 1865, BEFORE THE AMERICAN STATISTICAL AND GEOGRAPHICAL SOCIETY OF NEW YORK, AND THE ASSOCIATION FOR THE PROMOTION OF SOCIAL SCIENCE OF BOSTON.

It is of the resources of the Union, gentlemen, that I propose this evening to talk with you. By those who usually speak or write on that subject we are constantly told of the vast extent of our yet unoccupied land, of the great deposits of fuel and of metallic ores by which our soil is underlaid, and of the rapidly growing numbers of our population; and yet, if we look to Russia, Turkey, Canada, Mexico, or the South American States, the countries in which such land most exists; or to that European one, Ireland, in which the growth of population has been most rapid; we find among them precisely those in which land has the smallest money value, capital is most rare, interest at the highest rate, and the working man most nearly in the condition of bond slave to the landowner or other capitalist. Turning our eyes homeward and comparing the different portions of the Union, we find, in the States south of the Potomac, the greatest natural advantages coupled with a population whose natural increase has been even greater than that of these Northern States; yet there it is that land has been cheapest, that capital has least increased, that interest has been at its highest point, and that the laborer has been most enslaved. Passing thence to the New England States, we find that, though wholly destitute of natural advantages, land is there scarce and high in price, and man is free, while capital abounds, and interest, though high when compared with certain parts of Europe, is very low by comparison with almost any other portion of this Western Continent.

Crossing the Atlantic, and comparing two of the smaller kingdoms, near neighbors to each other, Ireland and Belgium, both possessing great natural advantages, we find differences closely approaching those which are here observed. In the first, capital has been so scarce that, while holding the laborer in a condition nearly akin to slavery, the middleman possessor of money has been enabled utterly to ruin a large proportion of those who formerly owned the land; in the latter, on the contrary, land commanding a higher price than in any other part of Europe, and the use of money being readily obtained at the lowest rate of interest. Turning next to the French and Turkish empires, we find ourselves face to face

* We must not be held to endorse the conclusions of the articles we publish under the authors' names. Mr. Cary has presented his case very ably, as usual.—*Ev. HUNT'S MAG.*

with phenomena similar in character and even yet more remarkable for their extent. The former has no important natural advantages, yet is its land nearly on a par with that of Belgium, while capital so much abounds that money is readily there obtainable at moderate interest. The latter, on the contrary, has every conceivable advantage, fertile land abounding and the climate being among the best in the world, while fuel and metallic ores exist in great abundance; yet there it is that, of all Europe, land is cheapest, interest highest, and the laborer most depressed; and that, as a necessary consequence, the State is weakest.

Comparing Germany of the past and present we meet with similar contrasts. Forty years since she exported wool and rags and imported cloth and paper, and then her people were poor and her land very low in price while she herself was little better than a mere tool in the hands of foreign powers. Now, she imports both wool and rags and exports both cloth and paper; and it is as a necessary consequence of the changes that have been thus effected, that land and labor have greatly risen in price; that capital abounds and interest is low; and that she herself feels strong enough to set at defiance, as in the case of the Duchies she recently has done, the almost united will of Europe.

Having all these facts before us we are led necessarily to the conclusion that, with societies as with individuals, prosperity is far less due to the liberality of nature than to the use that is made of the bounties, large or small, of which they have been the recipients. The highly-gifted man, head of his class, throwing away his time and wasting his talents, dies in poverty, despised by all; while the patient industry of the fellow scholar to whom nature had been far less bounteous, enables him to attain to fortune, fame, and influence. Precisely so is it with nations, the question of their prosperity or adversity being dependent, mainly, not on the extent of nature's gifts, but on the use that is made of those which have been accorded.

Studying now the several communities above referred to, we find them susceptible of being divided into two well-defined classes, one of which, embracing Ireland, Turkey, Mexico, Canada, and the South American States, exports its products in their rudest state, leaving to others the work of changing their forms, and thus fitting them for consumption by the world at large. The other, embracing France, Belgium, and the *Zoll-Vereln*, buys the raw products of other countries, combines with those produced at home, and sends the two, thus combined, to every market of the world. In the first these the price of land is low, capital is always scarce, and the capitalist is master of the laborer, whose condition is little better than that of a mere hewer of wood and drawer of water for the middleman by whose aid he maintains his little commerce with the outer world.

Looking now homeward we find our Union itself equally susceptible of division, the South and West exporting raw produce and paying at the highest rate for the use of a very little money; the North and East meanwhile buying that produce, changing its form, and returning it to the original producers burthened with the heavy charges to which our Eastern friends have stood indebted for the large capitals which are always ready to be lent at rates of interest that, as I have already said, are moderate by

comparison with those of the West and South, though high when compared with those of the European States to which reference has above been made.

Studying all the facts thus presented by so many important communities, we are led inevitably to the conclusion that the growth of capital is slow, and the price paid for its use high, in the direct ratio of dependence on strangers for finishing and distributing the products of the soil; while rapid in its growth and declining in its price in the ratio of the increase of that national independence which enables each and every nation to exchange directly, and without the need of foreign intervention, with each and every other. Admitting this, and all experience proves it so to be, then must the extent of national resources be mainly dependent upon the policy pursued, whether that which tends to promote or to repress the growth of that independence.

The questions asked by science are, "What are the facts?" and "Why are they so?" The first having above been answered, we come now to the second—"Why is it that poverty, high interest, and subjection of the laborer to the will of the capitalist are constant attendants of that course of policy which tends to limit nations to the two pursuits of labor in the field and labor in the shop—trade and agriculture?" To this an answer has recently been given by a well-known citizen of your State, one of the clearest-headed and most acute of economists, and late State Reporter—one to whom I gladly here acknowledge myself to have been indebted for many valuable suggestions—my friend, Mr. E. Peshine Smith; and so well given that, although yet unpublished, I place it here before you with his permission, in the words of his manuscript now in my possession, as follows:—

"Between the production of any commodity whatsoever, and its consumption, the interval, long or short, is one of inertness. So long as it so remains it stands a monument of human power and natural forces which, having expended themselves in bringing it into shape, slumber in suspended animation, not only communicating no impulse to that incessant activity which is the characteristic of vitality, but actually constituting a clog and obstruction that involves a draught upon the vital forces for the work of putting it again in motion. It is like an inorganic body contained within, and afflicting, an organism.

"The space to be overcome, and the time that must intervene before, by consumption, it evolves utility—thus becoming once again an instrument and a force—are co-efficients of its value, neutralizing in the same proportion the power of the community in which it so rests paralyzed. The growth of wealth, therefore, depends upon the rapidity of the societary circulation; not the speed with which products are transported in space, nor the frequency with which they pass from hand to hand; but the continuity of transformation through the immediate succession of actual consumption to production. This involves necessarily the concentration and interfusion of producers and consumers, the growth of wealth, and the diversification of employments."

Such being the theory, we may now compare it with the actual practice. A bushel of wheat is produced representing, let us say, a dollar's worth of mental and physical force. The consumer being close at hand, the producer re-enters on the instant upon the possession of the whole capital that had been expended. Consumers not presenting themselves, the farmer stores it in his barn, losing so much interest. A neighbor offers to carry it for him, charging interest proportioned to the time that may reasonably be supposed likely to elapse before a consumer shall be

found. A trader comes, and he now takes upon himself the burthen of carrying it, charging further interest. In this manner it passes from hand to hand and from city to city, finally finding a consumer in Lyons or Manchester, having on the road paid, in the mere form of interest, perhaps half the price at which it has at last been sold.

What is true of this single bushel is equally so of the hundreds of millions of bushels of wheat, rye, and Indian corn; of the thousands of millions of pounds of cotton; of the hundreds of thousands of hundred-weights of pork and beef, rice and tobacco, that are everywhere standing in barns, warehouses, wagons, cars, and ships, waiting the arrival of men prepared to give in exchange for them cloth, furniture, ploughs, harrows, and the thousand other commodities needed by the planters and farmers of the land. The whole constitutes a mass of petrified capital to be carried at the cost of the producer, and it is within the mark to estimate the amount so standing petrified at the present moment at five hundred millions of dollars, all of which bears interest. Turn back half a dozen years to the period of suspended animation that existed throughout the country before the war, and you will see that the amount of dead capital then carried must have greatly exceeded even a thousand millions. Can we then wonder at the high prices that, notwithstanding the wonderful gold discoveries of California and Australia, then were paid for the use of a little money by both our farmers and our planters? As I think, we cannot.

Let us now suppose that throughout the whole length and breadth of the land there had then, on the instant, sprung into existence, side by side with the producers, the number of consumers required for making an immediate market for the whole of this enormous mass, one offering in exchange personal service; another cottons; a third woollens; a fourth spades and hoes; and so on to the end of the chapter of the farmer's needs. At once, and almost as by enchantment, as in the case of the bottle of old wine made memorable by Webster's exclamation, the interest would have been stopped; the petrified capital would have sprung into life and activity; notes would have been paid; store debts would have been discharged; and the farmer would have found that instead of being dependent on the neighboring usurer for the means with which to buy sugar, tea, and coffee, he had in his hands a surplus ready to be applied to the purchase of all the machinery required for enabling him to double the produce of both his labor and his land. At what now might we estimate the gain to the community at large of this economy of capital? Most certainly the figure would be twice that of the mere saving of the 12, 15, 20, 30, or 40 per cent. to be paid throughout the country, and would represent many hundred millions. In the life of nations, as in that of individuals, it is thus in the rapidity of circulation and consequent economy of labor and interest that we are to find the surest road to wealth and power.

The case here supposed is precisely that exhibited in every country in which the consumer and producer are near neighbors to each other. The Southern traveller in New England asks, "Where are your barns?" and finds his answer in the fact then given him, that everything yielded by the land is consumed on the instant of production. So is it around our

cities, the market gardener finding instant demand for all his products. So too, is it in Belgium and in France; and therefore is it, that in those countries capital abounds, and that the services of money can always be commanded at the lowest rates of interest.

Whence, however, it will be asked, could have come the vast amount of labor required for giving this almost instant life to the enormous amount of capital so petrified? Before answering this question allow me to ask you to look to the extraordinary waste of human power that occurs in every country of the world in which, by reason of the absence of diversity of employment, there exists no regular and steady demand for it. Taking together all the countries I have named as exporters of raw products, Russia, Ireland, Canada, Mexico, and South America, it may well be doubted if the waste of force amounts to less than five parts out of every six; and yet, each and every portion of it represents some certain amount of capital in the forms of food, clothing, and shelter, expended for the support of life. Each dollar's worth of that capital, aided by the natural forces, is certainly capable of producing twice if not even thrice the quantity expended, and when it does so the community becomes from day to day more wealthy to the extent of the entire difference. When, on the contrary, the services of the laborer are not demanded, the community is impoverished to the whole extent of the consumption. Such being the case, it is easy to comprehend why capital should be scarce and interest high in all the countries that have last been named.

Between labor and labor's products there exists the important difference, that while the latter can be preserved in the interval between production and consumption, the former cannot. The owner of capital petrified in the form of unconsumed wheat loses only interest; whereas, the owner of unconsumed labor loses capital, labor power being that one species of it which if not consumed at the moment of production is lost forever. The more instant the demand for human service, and the more rapid its circulation, the greater must therefore be the increase of power and of force, the law governing the social body being identical with that which we feel and know to govern the physical one, and which is embodied in the wish that "good digestion may wait on appetite, and health on both."

The quantity of capital petrified in the form of raw products awaiting revivification in the years anterior to the war has, as you have seen, been estimated at much more than a thousand millions of dollars. Of how it was with capital in the form of muscular force we may form some opinion from the following passage from a report of one of your charitable societies, exhibiting the state of things that here existed in December, 1855, nearly two years prior to the occurrence of the great crisis of 1857, as follows:—

"Up to the present the Association has relieved 6,622 families, containing 26,896 persons, many of whom are families of unemployed mechanics, and widows with dependent children, who cannot subsist without aid. And as the season advances the amount of destitution will increase. Last winter it was three times as great in January as in December, and did not reach its height until the close of February."

This is the type of all the reports that might, the following year, have been made throughout the whole extent of the Union. Look where we

might, men and women were seen unemployed, because mines had been abandoned; furnaces put out of blast; mills and machine shops closed; and farmers deprived of the power to make demand for labor because compelled to choose between storing their products on the one hand, or, on the other, selling them at the ruinous prices that then prevailed. Taking the whole country through, from North to South and from East to West, it may safely be asserted that two thirds of the capital daily invested in the production of human force were then being daily wasted. Estimating now the national labor power as being equivalent to that of eight millions of men, and the power of production of that labor, properly aided by machinery, at but two dollars and a-half per head, the daily loss would have amounted to thirteen millions, or \$4,000,000,000 a year. Capital in one form was thus being destroyed because other capital was standing petrified in the forms of corn, wheat, lumber, rice, and other commodities for which no market could be found; and therefore was it that, with the treasures of California at our command, money was scarce and high, and public and private credit at the lowest ebb.

Having thus shown what was the waste of interest and of that capital which took, necessarily, the form of physical and mental force, we may now for a moment look at the waste of things. The straw of France is valued at \$150,000,000; but throughout the West it is destroyed because of the absence of that market for it which arises necessarily in all communities in which employment is diversified. The manure of England is valued at £100,000,000, and near our cities manure is greatly prized; but throughout that portion of the country which sends its products to market in the rudest forms there is a constant withdrawal of the elements of fertility, the consequence of which exhibits itself in a steady decline in the powers of the soil. How enormous is the injury thus produced may be judged when it is known that more than a dozen years since it was stated, and by high authority, that our total annual waste "could not be estimated at less than the equivalent of the mineral constituents of fifteen hundred millions of bushels of corn." Well might the author of this statement exclaim, that "what with our earth butchery and our prodigality we were every year losing the elements of vitality;" and that although "our country had not yet grown feeble from this loss of life-blood, the hour was fixed when, if the existing system were continued, the last throb of the nation's heart would have ceased, and when America, Greece, and Rome would stand together among the nations of the past."

The skilled agriculturist is perpetually making a machine—utilizing material that has heretofore been unavailable for human purposes—and the sum of the utilities thus developed is found in the increased return to his labor, and in the augmented value of the land. Ploughing deeply, he enables the superficial and lower soils to combine themselves together; and the more perfect the combination, the larger is his reward. Draining his land, he enables the water to pass rapidly through it; and the result is found in large additions to his crops. At one time he raises marl with which to cover the surface; and, at another, quarries the limestone by help of which he is enabled to lighten up his heavy soils and diminish his risk, from excessive rain at one moment, or from drought at another; and in every case, the more he takes from his land the larger is the quan-

tity of manure he can return to it, *provided the market is near at hand.*

With every stage of progress in this direction, the various utilities of the raw materials of the neighborhood become more and more developed; and with each he finds an increase of wealth. The new mill requires granite, and the houses for the workmen require bricks and lumber; and now the rock of the mountain side, the clay of the river bottom, and the timber with which they have so long been covered, acquire a money value in the eyes of all around him. The granite dust of the quarry is found useful in his garden, enabling him to furnish the cabbages, the beans, the peas, and the smaller fruits for the supply of neighboring workmen. The glass-works need sand, and the glass-makers require peaches and apples; and the more numerous the men who make the glass, the greater is the facility for returning manure to the land, and increasing the crops of corn. On one hand he has a demand for potash, and on another for madder. The woollen manufacturer asks for teazles, and the maker of brooms urges him to extend the cultivation of the corn of which the brooms are made. The basket-makers, and the gunpowder manufacturers, are rival claimants for the produce of his willows; and thus does he find that diversity of employment among those around him produces diversity in the demands for his physical and intellectual powers, and for the use of the soil at the various seasons of the year; with constant augmentation in the powers of his land and in its price. Nothing, we may be well assured, grows in vain; but in order that the utility of the various products of the earth may be developed there must be association, and that there cannot be when employments are not diversified. When they are, everything is from day to day more fully utilized. The straw that would otherwise be wasted becomes paper, while shavings of the tree counteract deficiency in the supply of rags, with constant increase in the value of land, and in the rewards of those employed in developing its powers.

Directly the reverse of all this becomes obvious as the consumer is more and more removed from the producer, and as the power of association is thus diminished. The madder, the teazle, the broom corn, and the osier cease to be required; and the granite, clay, and sand continue to remain where nature had placed them. The societary circulation declines, and with that decline we witness a constantly increasing waste of the powers of man and of the great machine given by the Creator for his use. His time is wasted, because he has no choice in the employment of his land. He *must* raise wheat, or cotton, or sugar, or some other commodity of which the yield is small, and which will, therefore, bear carriage to the distant market. He neglects his fruit trees, and his potatoes are given to the hogs. He wastes his rags and his straw, because there is no paper-mill at hand. His forest-trees he destroys, that he may obtain a trifle in exchange for the ashes they thus are made to yield. His cotton-seed wastes upon the ground, or he destroys the fibre of the flax that he may sell the seed. Not only does he sell his wheat in a distant market, and thus impoverish his land, but so does he also with the very bones of the animals that have been fattened with his corn. The yield, therefore, regularly decreases in quantity, with constant increase in the risk of danger from changes of the weather, because of the necessity for dependence on a single crop; and with equally constant diminution in the powers of the man

who cultivates it, until at length he finds himself a slave not only to nature but to those of his fellow-men whose physical powers are greater than his own. That it is density of population that makes the food come from the richer soils, and thus enables men further to increase their power to command the various forces of nature, is a truth, evidence of which may be found in every page of history; and equally true is it, that in order to the cultivation of those soils there must be that development of the latent powers of man which can be found in those communities only in which employments are diversified.

Combining together the various items of waste thus far referred to, we obtain an annual amount which counts by thousands of millions of dollars, and that well accounts for the fact that capital has here been always scarce and interest high; and that we have been compelled to look abroad for aid in the establishment of communications, promising always payment for its use at prices ruinously high, and then, when bankruptcy has come, finding ourselves compelled to submit to denunciations like the so often quoted one of the Rev. Sidney Smith; and yet, it is only at the threshold of this question of waste at which we have now arrived.

We have land in abundance without the power properly or fully to cultivate it. We have timber in abundance, but need the power required for bringing it to market. We have iron ore in abundance, but are deficient in power to convert it into axes, ploughs, rails and engines; and yet in our beds of coal, vast beyond those of all Europe combined, we have an inexhaustible supply of that material, a single bushel of which is capable of doing the work of hundreds of men. Why do we not mine it? Because we need the capital required for sinking shafts and purchasing engines; and yet, in the period to which I have referred, there were more than a thousand millions of capital standing petrified at the expense of its producers, and we were wasting daily millions of that labor-capital whose application in this direction would have added so largely to the national wealth. How wonderful is the addition that may thus be made, has well been shown in the results so recently attained in California, and still more recently in the oil regions of Pennsylvania and the adjacent States. Greatly more wonderful than both of these combined must have been the effects that would have resulted from the application to the development of our marvellous and almost universal resources in coal and ores of even so small a proportion as a single fifth of the labor capital that was being wasted on each and every day of the sad years to which I have referred—the years in which we paved the way for the leaders of the secession movement. To estimate the annual addition that would, in that quarter a one, and by means of that comparatively small economy, have been made to the national wealth, at \$1,000,000,000, would be to remain very far indeed within the truth.

Failing to develop our mineral wealth we are led necessarily to a waste of the mental power for whose development we make such large expenditures on schools and colleges. Among the seven and thirty millions of whom the population of the Union is now composed, the variety of minds is on a par with the variety of faces, each and every one being better suited for some one occupation than for any other. To enable each to find that place in which he may most fully contribute to the growth of

wealth and power, and to the promotion of the societary interests, there needs to be that diversification of pursuits which never can arise in a country that exports its products in the rudest state. In all such countries, the round man finds himself placed in the square hole, and the square man in the round one, each thus deprived of power to contribute his proper share to the advancement of the community of which he is a part. More than at almost any period of our history was this to be seen at the period of which I speak; and, as a necessary consequence, the proportion borne by non-producers, middlemen of every description, to producers was greater than in probably any other country claiming to rank as civilized. For want of the capital that then remained inert and useless, bearing interest at the cost of its producers, the mill, the mine, and the furnace were closed, and those who should have been furnishing for consumption all the various products of the earth found themselves compelled to become clerks and traders, lawyers and doctors, the claimants on the things produced, thus increasing in number precisely as production diminished.

The power of accumulation, whether in the physical or social body, exists in the ratio of the rapidity of circulation. The circulation at the time of which I speak was sluggish in the extreme, and hence it was that, notwithstanding the vast receipts from California mines, capital was petrified, credit was impaired, and the rate of interest throughout the West great, as I believe, beyond all previous precedent. In the history of the civilized world there can, as I think, be found no parallel to the waste of physical and mental force that then was taking place. Seeing this, I then told my friends that the tariff of 1846 was costing the country not less than \$3,000,000,000 a year, but am now satisfied that I should have been much nearer the truth had I placed it at double that amount.

That waste, so far particularly as the 20,000,000 of the population of the Free States were concerned, was at its height throughout the whole period of Mr. BUCHANAN's administration. For the products of their agriculture there was almost literally no demand among the manufacturing nations of Europe, our exports of food in that direction in the three years that preceded the secession movement having averaged but \$10,000,000. Corn in the West was then being used for fuel, and thus was its producer compelled to lose not only the interest upon his capital, but the very capital itself that he had thus invested. Labor power was in excess, and men were everywhere wandering in search for such employment as would enable them to purchase food. Mills and furnaces were abandoned, and so trivial was the domestic intercourse that the stock of a number of the most important roads of the country fell to, and long remained at, an average price of less than fifty per cent. For years we had been trying the experiment as to how the large outlay of labor could be made for the accomplishment of any given result, an experiment directly the opposite of that which is tried by every successful producer of corn or cotton, cloth or iron; the effect exhibiting itself in the fact, that the community was paralyzed, and so wholly destitute of force that had the government then found occasion to call upon the whole 32,000,000 for a sum so small as even a single hundred millions, it could scarcely have at all been furnished.

Nevertheless, hardly had Mr. BUCHANAN left the seat of government when three-fifths of the nation, numbering but 20,000,000, commenced the erection of the grandest monument the world has ever seen; one that during the whole five years that has since elapsed has, on an average, required the service of more than a million of men, or more than five per cent of the total population, male and female, sick and well, young and old. Not only have those services been given, but during all that time the men employed have been well clothed, abundantly fed, and furnished with transportation to an extent, and in a perfection, unparalleled in the history of the world. With them, too, have been carried all the materials required for making the edifice in whose construction they were engaged as durable as we know to have been the great pyramids erected by Egyptian monarchs. A wonderful work was it to undertake. More wonderful is it to see that it has been so soon and so well accomplished, to stand in all the future as the monument par excellence of human power.

Whence came the extraordinary force that we see to have been thus exerted? How was it that a people which in 1860 had been so very feeble could, in the succeeding years, have made donations to the extraordinary extent of thousands of millions of dollars a year? The answer to this question is found in the fact that the conditions of national existence had wholly changed, and life having succeeded to paralysis, and the society circulating having become strong and vigorous to an extent that had never before in any community been known. For the first time there was presented for examination a nation in which the demand for labor and all its products went ahead of the supply, enabling both farmer and planter to "stop the interest" upon capital that had so long been petrified in the crudest forms of agricultural production, and thus to enable them to make demand for the products of other labor applied to the development of our mineral wealth, and to the conversion into commodities fitted for human use, of the products of our hills and valleys, our farms and mines. The secret, gentlemen, of all the force that recently has been so well exerted—a force so extraordinary as to have astonished the world at large—is to be found in that simple principle to which I already have referred, evidence of whose truth is found in the books of every trader of your great city, and which is found embodied in words already given—the power of accumulation exists in the ratio of the rapidity of circulation.

What however was the force applied? Why was it that activity had so instantaneously succeeded to apathy—that life and energy had replaced the paralysis that had till then existed? Had these questions been put a year since, nine-tenths of our people would have said that it had been caused by the demands of the government and must terminate with their cessation; and yet, of all the vast body of men who might thus have answered there could not have been found even a single one who could have explained now the abstraction from other pursuits of the labor of a million of men, and the necessity for feeding and clothing them while engaged in the erection of such a monument as that of which I have spoken, could, by any possibility, have produced the extraordinary effects that have been here observed.

To attribute the activity and life then existing to the government demands is to substitute effect for cause. It was the force resulting from an activity of circulation wholly unprecedented in history that enabled the government to make the war, and that force existed in despite, and *not* as a consequence, of government necessities. That such was certainly the fact will, as I think, be clearly obvious when you shall reflect, that but for those necessities the whole million of men employed in building our great monument might have been employed in clearing land, sinking shafts, mining coal and ores, and combining the two in the forms of lead, copper and iron; making bricks and lumber, and thus furnishing supplies of raw materials to be converted on the spot into thousands of mills and shops, large and small, and into the cloth and iron, spades and shovels, coats and hats, required for supplying a population among whom the demand for mental and physical force so far exceeded the supply as to make it absolutely necessary to build engines by tens of thousands, and thus to substitute, to the annual extent of the power of tens of millions of men, the wonderful force of steam for that of the human arm. So applied, that same force would have produced annually of commodities in excess of what has been our actual production, at least \$3,000,000,000, every portion of which would have been in the market seeking to purchase labor, thus greatly increasing the laborer's reward. The power of accumulation would, under such circumstances, have been more than trebly great, with steady decline in the rate of interest, and in the power of the capitalist to control the laborer's movements; freedom, wealth, power, and civilization, always growing with the growth of power to place the consumer by the side of the producer, and thus to increase the rapidity of the societary circulation.

That the wonderful activity of that circulation did not result from the necessities of the Government will, as I think, be clear to all who carefully reflect on the facts above presented. Whence, then, came it? From the adoption at Chicago, six years since, by the great Republican party, of a resolution to the effect that the produce of the farm should no longer be compelled to remain inert and losing interest while waiting demand in distant markets; that the capital which daily took the form of labor power should no longer there remain to be a mere support for foreign rails; that the power which lay then petrified in the form of coal should everywhere be brought to aid the human arm; that our vast deposits of iron ore should be made to take the form of engines and other machinery to be used as substitutes for mere muscular force; and that all our wonderful resources, material and moral, must and should be at once developed. Such, gentlemen, was the intent and meaning of the brief resolution then and there adopted, to be at the earliest practicable moment ratified by Congress, as proved to be the case when the Morrill Tariff, on the memorable 2d of March, 1861, was made the law of the land. To that law, aided as it was by the admirable action of the Treasury in supplying machinery of circulation, we stand now indebted for the fact that we have, in the short space of five years, and at a cost of thousands of millions of dollars, erected the wonderful monument of which I have spoken; that we have, in those same years, produced more food, built more houses and mills, opened more mines, constructed more roads than ever before;

and so greatly added to the wealth of the country that the property of the loyal States would this day exchange for twice the quantity of gold than could five years since have been obtained for all the real and personal property, southern chattels excepted, of the whole of the States and territories of which the Union stands composed.

Adding now together the capital paralyzed in the manner above described, and that which was absolutely wasted in the period of Mr. Buchanan's administration, we obtain an amount thrice greater than would, had it been so applied, have built and stocked as many mills as are in all Great Britain employed in the conversion of wool and cotton into cloth—as many furnaces as there are occupied in converting coal and ore into lead, copper, and iron—and as many mills as are now engaged in producing bars; to sink as many shafts as would have been required for giving to human labor all the aid that there is seen to result from a consumption of coal which is said to furnish power to an extent equivalent to that of six hundred millions of men; and to double the quantity and money value of our various products, to the great advantage of all our people, borrowers and lenders, employers and workmen, traders and manufacturers, builders of railroads and owners of ships, there being a perfect harmony of all real and permanent interests. A part, and but a small part, of that capital has, by means of a National Free Trade System, since been saved; and it is out of the saving that has thus been brought about that we have been enabled to give to the great work above referred to labor and commodities equal in their annual money value to the vast sum of \$1,000,000,000.

In proof of the accuracy of the views above presented, I propose now to offer for your consideration a very brief review of our industrial history for the last half century, as follows:—

Half a century since, the second war with Great Britain came to a close, leaving our people well provided with mills and furnaces, all of which were actively engaged in making demand for labor and raw materials of every kind. Money was then abundant, labor was in demand, wages were high, and the public debt was trivial in amount.

Two years later came the system which looked to increasing our dependence on foreign markets and known as the British Free Trade one, and at once all was changed. Mills and furnaces were closed; labor ceased to be in demand; and poor-houses were everywhere filled. Money becoming scarce and interest high, land declined to a third of its previous price. Banks stopped payment. The sheriff everywhere found full demand for all his time, and mortgagees entered everywhere into possession. The rich were made richer, but the farmer and the mechanic, and all but the very rich, were ruined. Trivial as were then the expenses of the Government, the Treasury could not meet them. Such was the state of things that induced General Jackson to ask the question, "Where has the American farmer a market for his surplus produce?" The answer thereto, as given by himself, is so applicable to the present time that I give it here as proper to be read, daily and weekly, by every lover of his country throughout the Union:—

"Except for cotton, he has neither a foreign nor a home market. Does not this clearly prove, when there is no market either at home or abroad, that there is too much labor employed in agriculture, and that the channels of labor should be multiplied? Common sense at once points out the remedy. Draw from agriculture the

superabundant labor, employ it in mechanism and manufacture, thereby creating a home market for your breadstuffs, and distributing labor to a most profitable account, and benefits to the country will result. Take from agriculture in the United States six hundred thousand men, women, and children, and you at once give a home market for more breadstuffs than all Europe now furnishes us. In short, we have been too long subject to the policy of the British merchants. It is time we should become a little more Americanized, and, instead of feeding the paupers and laborers of Europe, feed our own, or else in a short time, by continuing our present policy, we shall become paupers ourselves."

To the state of things here described were we, in 1828, indebted for the first adoption of a National Free Trade System. Almost from the moment of the passage of the tariff act of that year, activity and life took the place of the palsy that previously had existed. Furnaces and mills were built; labor came into demand; immigration increased, and so large became the demand for the products of the farm that our markets scarcely felt the effects of changes which then occurred in that of England; the public revenue grew with such rapidity that it became necessary to exempt from duty tea, coffee, and many other articles; and the public debt was finally extinguished.

The history of the world to that moment presents no case of prosperity so universal as that which here existed at the date of the repeal of the great national tariff of 1828. Had it been maintained in existence, not only should we have no secession war, but at this hour the South would exhibit a state of society in which the landowners had become rich while their slaves had been gradually becoming free, with profit to themselves, to their owners, and to the nation at large. It was, however, by successive stages, repealed in 1834, 1836, and following years, that repeal being accompanied by a constant succession of free trade crises, the whole ending in 1842 in a state of things directly the reverse of that above described. Mills and furnaces were closed; mechanics were starving; money was scarce and dear; land had fallen to half its previous price; the sheriff was everywhere at work; banks were in a state of suspension; States repudiated payment of their debts; the Treasury, unable to borrow at home even a single million at any rate of interest, was compelled to solicit credit at the doors of all the great banking houses of Europe, and to submit to finding that credit denied; and bankruptcy among merchants and traders was so universal that Congress found itself compelled soon after to pass a bankrupt law.*

Again, and for the third time, was the National System restored by the passage of the Tariff Act of 1842. Under it, in less than five years, the production of iron rose from 220,000 to 800,000 tons; and so universal

*On the 12th of January, 1843, Mr. Walter Forward, then Secretary of the Treasury, reported to Congress the result of negotiations for a loan of \$3,500,000; which negotiations were begun in April, 1842. But two bids had been made for this loan, one of 50,000 and one of 60,000 dollars; both at 96 per cent., for a six per cent., twenty years' stock. The Secretary, in a special report to Congress, said: "The repeated failures incurred in negotiating at home upon advantageous or creditable terms suggested the policy of sending an agent abroad for the purpose of endeavoring to effect a favorable negotiation in England or upon the Continent. Accordingly a gentleman of the highest consideration for intelligence and integrity was selected for the purpose, and left the United States in July last. I regret to communicate that he has since returned without effecting the object of his mission."—N. A. Review, Jan. 1865.

became the prosperity that, large as was the increase, it was wholly insufficient to meet the great demand. Mines were everywhere being sunk. Mills were everywhere being built. Money was so abundant and cheap that the sheriff found but little work to do. Public and private revenues were great beyond all previous precedent, and throughout the land there reigned a prosperity more universal than had, in the whole history of the world, ever before been known.

Once more, 1846, however, did the Serpent—properly represented on that occasion by British free traders—make his way into Paradise, and now a dozen years elapsed in the course of which, notwithstanding the discovery of California mines, money commanded a rate of interest higher as I believe, than had ever been known in the country for so long a period of time. British iron and cloth came in and gold went out, and with each successive day the dependence of our farmers on foreign markets became more complete. With 1857 came the culmination of the system, merchants and manufacturers being ruined: banks being compelled to suspend payment; and the treasury being reduced to a condition of bankruptcy nearly approaching that which had existed at the close of the free trade periods commencing in 1817 and 1834. In the three years that followed labor was everywhere in excess; wages was low: immigration fell below the point at which it had stood twenty years before; the home market for food diminished, and the foreign one proved so utterly worthless that the annual export to all the manufacturing nations of Europe, as has been already shown, amounted to but little more than \$10,000,000.

Why was this? Why had not the foreign demand for food grown with the growth of our dependence on foreigners for cloth and iron? Because the British Free Trade System is in truth and in fact a monopoly one! Because it is based on the idea of stimulating competition for the sale of labor and thus enslaving the laborer; stimulating competition for the sale of the fruits of the earth, and thus enslaving every community that refuses to resist it!* At the moment of which I speak, notwithstanding the vast supplies of Californian and Australian gold, the money value of British labor had, on the average, scarcely at all increased, while foreign competition for the supply of food to the diminutive British market had reduced its price to a lower point than, as I believe, it had reached for half a century before.

The rebellion came, finding our people unemployed, public and private revenues declining, the Treasury empty, and the public credit greatly impaired. With it, however, came the power once again, and for the fourth time, to obtain a re-establishment of that National System required for protection of the men who had food and labor for which they needed to find a market. That protection has now endured for less than five years, and yet, as has been shown, so marvellous have been its effects that while it has enabled us to give to the government four

* Of the amount paid by the British people for sugar, tea, coffee, and tobacco, not even one-eighth part reaches the poor people who produce those articles. The other seven-eighths are divided between the government and the middlemen, the former taking little short of a hundred million of dollars. This it is that is called free trade! Under it the producer of cloth finds himself deprived of the power to buy sugar, while the sugar producer goes naked because unable to buy himself a shirt.

thousand millions of dollars, it has so largely added to the value of land and labor that, notwithstanding the destruction of property in the South the nation, as a whole, is this day almost twice as rich as it had been before.

The history of the period thus reviewed may now more briefly thus be stated :

The National Free Trade System, as established in 1813, 1823, 1842, gave, as that of 1861 is now prepared to give, to its British Monopoly successor: Great demand for labor.	The British Monopoly System, as established in 1817, 1834, 1846, and 1857, bequeathed to its successor:
Wages high and money cheap. Public and private revenues large.	Labor everywhere seeking to be employed. Wages low and money high. Public and private revenues small and steadily decreasing.
Immigration great and steadily increasing.	Immigration declining.
Public and private prosperity great beyond all previous precedent. Growing national independence.	Public and private bankruptcy nearly universal. Growing national dependence.

Such is the history of the past. Let our people study it and they will, as I think, understand the causes of the prosperity of the present. That done, let them determine for themselves whether to go forward in the direction of individual and national independence, or in that of growing dependence, both national and individual.

THE TRADER who studies it can scarcely fail to see that the more active the capital of the country, the greater the variety of pursuits, and the greater the demand for human service, the larger must be production; the greater must be the quantity of things to be exchanged; the less must be the necessity for resorting to trade as affording almost the only means of support; the less must be the competition among traders themselves; and the greater the probability of his securing independence for his children and himself.

THE MERCHANT can scarcely fail to see that the greater the diversification of pursuits among our people and the more we finish our products so as to fit them for consumption, the greater must be the variety of commodities with which to supply the world; the greater our demand for the products of distant countries; and the more numerous the markets open to his operations whether as a seller or a buyer.

THE SHIPOWNER can scarcely fail to see—

I. That the larger the demand for labor the greater must be the immigration of men who have labor to sell, and the greater the demand for ships.

II. That the more active the capital of the country the lower must be the average rate of interest, and the greater his power to compete with owners of foreign ships :

III. That the more active that capital the more numerous will be the finished commodities to be carried abroad; the greater the number of markets to which he can send his ships; and the greater the demand for sugar, tea, coffee, and raw materials of manufactures, products of countries which have no ships :

IV. That, on the contrary, the more sluggish that capital the higher

must be the rate of interest; the more must we be limited to the export of raw produce; the fewer must be our markets; and the more he must find himself compelled to compete with the low rates of interest, and the low wages paid by owners of British and German ships:

V. That since the introduction of steam the question of navigation has become, and must from day to day more become, a mere question of the rate at which capital can be supplied; and, that if we are ever to resume upon the ocean the place so lately occupied, it can be only as a consequence of the pursuit of a policy tending towards bringing the consumer and the producer together, thereby quickening the motion of capital in the forms of food and of mental and muscular force, and thus promoting accumulation.

THE RAILROAD KING can scarcely fail to see—

I. That the more rapid the societary circulation the greater must be the quantity of men and things needing to be carried:

II. That the more rapid the development of our great mineral deposits, the greater must become the general supply of iron, and the more the tendency to fall in price:

III. That all experience tends to furnish evidence of the facts that foreign iron is always low in price when American iron-masters are prosperous, and always high when American furnaces are out of blast:

IV. That, as a consequence, American railroads have always prospered when the internal commerce was rapidly growing; and have been always greatly depressed when in obedience to the orders of foreign traders that commerce has been sacrificed.

THE LANDOWNER can scarcely fail to see, that when capital is active interest is low and labor is in great demand; and that then it is that foreign capital and foreign labor tend, to his great advantage, here to seek employment.

THE FARMER can scarcely fail to see, that the greater the home consumption of his products the less must he be compelled to compete in England with the agricultural nations of Europe; the higher must be prices in that regulating market; and the higher must be those of the great domestic one.

THE MANUFACTURER of the East can scarcely fail to see, that the more our mineral resources are developed, and the more the people of the South and West give themselves to the production of the coarser kinds of cloth the greater must be the demand upon them for those more profitable of a higher order.

THE BANKER can scarcely fail to see, that all our financial crises, and all the losses thence resulting, have occurred in British free trade times; and that all that is needed for securing us against their recurrence in the future is the thorough adoption of a policy tending to promote rapidity in the societary circulation.

THE PHILANTHROPIST can scarcely fail to see, that the more rapid the circulation the greater must be the tendency towards improvement in the condition of the laborer, black or white.

THE FINANCE MINISTER can scarcely fail to see, that the power permanently to contribute to the support of government has always existed and must necessarily exist, in the direct ratio of the rapidity of that circulation.

THE BONDHOLDER can scarcely fail to see, that repudiation has always come as a consequence of an arrest of the circulation, and that perfect security for his children and himself can be found in one direction, and one alone; that which leads to more perfect combination among our people as a consequence of bringing the consumer and producer more and more near together.

THE ECONOMIST can scarcely fail to see, that the British free trader seeks to place himself between all the producers and consumers in the world, and to enrich himself at their expense; and that the real road to national wealth and power lies in the direction of resistance to that system.

THE STATESMAN can scarcely fail to see, that our periods of national weakness have been always those in which consumers and producers have been becoming more widely separated, while our periods of strength have been those in which we have had a National System; as when, thirty years since, by aid of the tariff of 1828, we finally extinguished the national debt; as when twenty years since, by aid of the tariff of 1842, we resumed the payment of interest on our foreign debt; and as now, when we have just completed the erection of the greatest and most costly monument the world has ever seen, or perhaps will ever see.

THE MAN in whom there exists any feeling of national pride can hardly fail to see, that the one great obstacle standing in the way of the permanent establishment of a sound National System has been the opposition of foreigners, and of that people especially which has recently been most active and most untiring in its effort to aid the South in breaking up the Union.

THE WHOLE PEOPLE can scarcely fail to see, that human force, mental and muscular, is the commodity which all have to sell; that it exhausts itself on the instant of production; that the more instant the demand for it the more is it economized, the greater is the power of production, the higher the rate of wages, the greater the power of accumulation, the lower the rate of interest, and the greater the tendency towards freedom and peace, both at home and abroad.

THE CHRISTIAN can scarcely fail to see, that the policy which tends towards increase in the rapidity of the circulation tends necessarily towards increasing the reward of labor and effecting an improvement in the condition, material, and moral, of the laborer; and that in advocating it he is aiding towards carrying into practical effect the great precept which lies at the foundation of Christianity, ALL THINGS, WHATSOEVER YE WOULD THAT MEN SHOULD DO TO YOU, DO YE EVEN SO TO THEM.

The views thus presented differ widely from those taught to the world by that English school which holds that "the smuggler is the great reformer of the age;" and by those of its disciples who have recently throughout our southern coast carried their theories into practical effect. The cause of difference is to be found in this, that while the policy urged by it upon the outer world is directly the reverse of what is practised by every Manchester manufacturer, that National Free Trade policy to which we owe our recent great success and our present prosperity is in full accordance with the practice of every successful mechanic, manufacturer, and agriculturist, throughout the civilized world. What is it that these latter desire? Is it

not to economize human service? To that end are they not to refuse in the application of food and clothing to the creation of machinery, thereby substituting the *products* of labor and capital for labor itself? Does not capital everywhere grow in the direct ratio of that substitution, and does not that growth make new demands for human labor, with constant tendency towards increased production, increase of wages, and increased ability to make still further substitution of capital for labor? To these questions there can be no reply but in the affirmative.

Nevertheless, when we study the writings of British economists we find them filled with advice in reference to the saving of *products* in the form of money, leaving wholly out of view that *labor* is economized in the direct ratio of the rapid consumption of its products. Say to them that the waste labor of Ireland in a single year would more than suffice to give to the Irish nation mills and machinery for the conversion of all the cotton produced in America, and they reply by saying, that Manchester furnishes shirts to the Irish laborer more cheaply than could be done by men who should employ Irish labor and Irish fuel in making cloth for Irish wear. Prove to them, on the highest free trade authority, that in those parts of Russia in which employments are not diversified the condition of the free laborer is worse than that of the serf, and they ask your attention to the low price at which they supply coats and hats. Show them, as I myself did, some years since, to Mr. Cobden, that we were steadily giving more and more food and cotton in exchange for less and less gold, tin, copper, and iron, and they will reply, as he did to me, by asking, "Do we not now furnish iron cheaply enough to satisfy you?"

Talk with an American disciple of that school, of the pauperism that has always here existed in the British Monopoly times, and he replies, as recently was done by one of your own high authorities, by an essay on the high price of steel pens! Tell him that of all labor-saving machinery the precious metals are the greatest, and then invite his attention to the enormous price paid for their use throughout the whole period of Mr. Buchanan's administration and he will be likely to answer by showing at how low a price Britain had been willing to supply with cloth people who, unable to sell their labor, could scarcely purchase food! Need we then wonder that by that school the science of political economy has recently been so reduced in its proportions that it is now limited to the consideration of the mere acts of buying cheaply and selling dearly, having thus become a sort of shop-keeping science, the natural product of a policy that so long has tended, to use the words of Adam Smith, to the creation of a "nation of mere shop-keepers?" Scarcely so, as I think.

The one commodity, as we know, that all men have to sell is muscular and mental force, and that must be sold on the instant, or it is forever lost. The Irish people, on an average, waste nine-tenths of it, and while they shall continue so to do Ireland must remain in the pitiable condition in which she stands now before the world. Under the administration of Mr. Buchanan two-thirds of it were wasted here, and to that waste were we indebted for the pauperism of our people and the weakness of the government five years since. To the economy of it that resulted from the adoption of a National Free Trade System, and to that alone, do we stand today indebted for the wonderful changes we since have seen; and yet,

strange to say, you have among you men of both intelligence and influence who are urging upon the country a return to that British Monopoly System which, under the mask of free trade, has not only paralyzed us on every occasion on which we have been subjected to it, but has ruined every friend that Britain has ever had, and every country that she has so long controlled as to give to it opportunity for proving the full extent of its capacity for mischief.

The world has been always word-governed, and so it is now, the word most in use for that purpose being that to which reference has above been made, to wit, "free trade." Such being the case, it may not be amiss here to inquire what it is that, as used, it really means. To that end let us examine the movements of the people here around us, and ascertain who among them it is that enjoy the most perfect freedom of trade; thus, in accordance with the true method of science, studying the near with a view to proper comprehension of the distant. Doing this, we shall be sure to find it among those who have the most direct relation with the consumers of their products. Take, for instance, the *Times*, *Tribune*, *Herald*, and *Post*, and see how entirely impossible it would be for any person or persons in any manner to control, to his own profit, their course of action. Ask their editors, and you will soon learn how fully they appreciate the fact that their success in the present and in the future is dependent wholly on themselves, and cannot be seriously affected by any outside action. Retailing the services of their journals, and the journal itself, their owners suffer little, if at all, at a time of crisis, nor do they ever figure among the creditors of bankrupts. Look, I pray you, throughout your city and see if you can elsewhere find any producing interest that is so entirely independent. As I think you cannot.

Take next those printers who, like the Messrs. Harper, make and sell their own books, and you will find a state of things precisely similar. All that they need, as they well know, is good judgment in the selection of books, good taste in their manufacture, and sound discretion in the mode of bringing them to the knowledge and within the reach of the public.

Compare now with them the printer who works for publishers, the maker of printing paper, and the binder of books, and you will find a state of things most widely different. Perfectly familiar, throughout a large portion of my life, with everything connected with both paper and books, I can safely say that I know of scarcely any pursuits in which those engaged have been more dependent on the will of others, in which so few have accumulated fortunes, or in which there has existed less real freedom of trade. To what now is this to be attributed? To the simple fact that all the products of the labors of these men are required to pass through the hands of middle men before they can reach the public. In common with all others, those middle-men rejoice when the demand for paper diminishes; when the raw materials of books accumulate; and when the necessities of their producers force them to sell at prices that yield no profit, and at credits so prolonged as to involve in risk of ruin all who are compelled to give them. The nearest approach to serfdom that I know to exist in civilized life is that of the men who are engaged in departments of manufacture whose products have yet to pass through several hands before they can reach those of the consumer.

Precisely so is it with nations. France finishes all her products, combining food, wool, and silk, and enabling the compounds readily to reach every country, every city, and every village of the world. Of all countries there is, therefore, none so independent. Hostile tariffs scarcely affect at all her commerce. Short crops, or wars abroad, affect her least; and for the reasons that her market is everywhere, and that such occurrences in one country find, to a great extent, their compensation in another. Her position in relation to the world at large is, therefore, precisely that of the proprietors of your journals. So long as both shall continue to furnish commodities better fitted than any other to meet the wants, or to gratify the tastes, of consumers, no laws that can be anywhere enacted can prevent them from supplying their accustomed markets.

Directly the reverse of this is what we find in those countries which export raw products. For them there is no market except in those countries which possess machinery of manufacture, wheat not being needed where there are no flour mills, nor cotton where there is none of the machinery required for spinning and weaving it. They *must* go where they *can*, and not where they would, their position being, therefore, precisely that of the printers and paper-makers above described. Thus limited in their markets they find themselves subjected to the will of those by whom these latter are controlled, by all of whom it is well known that the way to cheapen the commodities they need to purchase is to be found in working short time, diminishing the supply of money, and raising the rate of interest. In this manner are the people of all the countries that export raw produce kept in a state of dependence and made mere "hewers of wood and drawers of water," for men whose profits grow as theirs decline; and this is urged upon them by England as being a real freedom of trade. The day may come, and I cannot but hope that it soon will do so, when it shall be understood that its real meaning is monopoly; that the real free traders are those who advocate the National Free Trade System; that the road to civilization lies in the direction of that diversified industry which tends to bring the consumers into close relation with the producers; and that the raising of raw products for foreign markets is the proper employment of the barbarian and the slave, and of those alone.

Of all the communities that have at any time existed none has ever had in its hands so much power for good or evil as now is held by the one of which we are a part. With natural resources great almost beyond imagination we need only the labor and the capital required for their full development. For the one we do not need to look beyond those vast deposits of petrified power which lie beneath the soil, a single bushel taken from which is capable of doing the work of hundreds of men. Of the other, the supply will be found in vast abundance whenever the nation shall come to learn, first, that corn and cotton unconsumed are so much dormant capital waiting only consumption to spring once more into activity and life; and, second, that labor power, mental and muscular, is so much capital that perishes on the instant of its production, and if not then consumed is lost forever.

We do not, therefore, need to seek abroad supplies of either capital or labor. Both, however, abound in various countries of Europe, and have always proved ready to come to us when we have pursued a policy tending

to economize labor, to increase the supply of capital, and thus to lower the rate of interest—the immigration of both having largely grown under the National Free Trade policy of 1828, 1842, and 1861; and that of both having declined under the British Monopoly System established by the tariffs of 1834, 1846, and 1857. The more productive labor here the greater then must be the tendency towards emigration from Europe, and towards elevation of the laborer there. The greater the accumulation of capital and the more perfect the national and individual credit here, the greater must be the tendency towards export of European capital, and reduction of the rate of interest here. For the production of such results, beneficial to the world at large, we need but steadily to pursue that course which most stimulates the societary circulation; that one which tends most to enable the farmer and the planter to “stop the interest” on their products, and the laborer to find instant demand for the power he has to sell.

Such are OUR RESOURCES. Infinite in their extent, it is to their development thus far accomplished under the National Free Trade System that we have been indebted for our passage through a trial extraordinary far beyond any to which any nation of the world had before been subjected. The work, however, has but just begun. Let us continue onward in the same direction, and we shall find that the capital invested in the great monument of which I have spoken has proved as good an investment as that of the New York canals, the result of its erection having been that of giving to the loyal States the power to make themselves, and for the first time, really independent; as has already been the case to an extent that five years since could not have been anticipated. Let us so continue, and we shall find that the annual addition to the national capital, by means of labor and interest saved by individuals, will soon be fifty-fold greater than the amount of interest required to be paid from the treasury of the Government by which those individuals are represented.

In conclusion, allow me to ask your attention to the great fact that commercial power has always gone hand in hand with that diversification of pursuits which has everywhere resulted from measures tending to the promotion of internal commerce. Athens, with her miners and manufacturers, governed the Grecian world. Carthage, largely manufacturing, controlled the commerce of half the then known world. Holland was mistress of the commercial world in those days when the people of the Rhine cities could boast, “that they bought of the stupid Englishman skins at sixpence and paid for them in tails at a shilling.” England, wiser-grown, now does the same by us, and she it is that now controls the commercial world outside of Europe, leaving to industrial France the management of Europe itself. Such is the lesson taught by history, and we must now profit by it or abandon forever the hope of occupying the proud position to which our natural resources so well entitle us. To it we never can attain so long as we shall continue to sell, as we so long have sold, whole skins for sixpence accepting pay in tails at a shilling each. This is *not* the road towards civilization, power, and influence. That it *is* the one which leads to barbarism, weakness, and dependence, is proved by the experience of all communities that have travelled on it; and by none more thoroughly than our own. Should proof of this now be needed, let me ask you to study the present condition of the prostrate South, and see how readily the great

Cotton King has been dethroned by the United efforts of the hammer, the spindle, and the loom. That done, turn your eyes to the West and study the recent prostration of almost the whole people of the great Mississippi Valley before a few insignificant capitalists, who are thus to be propitiated into giving to their obedient slaves an additional road to the British market. Those who desire to command the respect of others must learn first to respect themselves; and that our people can never do until they shall first have learned that the road towards wealth and strength has, in all nations, and at all ages, been found to lie in the direction of bringing the plough, the loom, the anvil, and the ship to work in harmony with each other. Let them, gentlemen, once learn thoroughly that great lesson, and then, but not till then, shall we be enabled to control and direct the commerce of the world.

COMMERCIAL LAW.—NO. 29.

MARINE INSURANCE.

(Continued from page 429, vol. 53.)

COLLISION.

Collision is a peril of the sea which may deserve especial notice. In the chapter on shipping, it has been stated that, where a collision is caused by the fault of one of the ships, the ship in fault sustains the whole loss; that is, it must bear its own loss, and must indemnify the other ship for the injury that ship sustains. It has been held that the insurers of the ship in fault are liable for the whole of this loss, because it is all caused by collision, which is a peril of the sea. But the Supreme Court of the United States have recently decided that the insurers are not held for more than the loss *directly* sustained by the ship they insure, that is, *not* for the amount that ship pays to the other ship for injury done to it; because they neither insure the ship not in fault, nor do they insure the owners of the ship in fault against a mere indebtedness which is cast upon them by the negligence of their servants; for negligence can never be the ground of a claim, although it may be no defence against a claim arising from a peril insured against. This view has been adopted and emphatically approved by the Court of Appeals of New York, reversing a decision of the Supreme Court; and this rule now rests on the weight of authority. The question is one of some difficulty; but, upon the whole, we think the rule as now established by the Supreme Court of the Union, and the highest court of our principal mercantile State, rests on the better reason.

The Supreme Court of the United States once confirmed a decision of the Circuit Court for the First Circuit, to the effect, that, where a collision takes place without fault, in a port of which the local law divides the whole loss, (therein opposing the general maritime law,) the insurers of a vessel the owners of which, by this law, were made to pay a large sum beyond their own injury, were liable for it. But this case was exactly opposed to a contemporary decision in the Court of Queen's Bench in England; and its authority has certainly been shaken by the recent decision of the Supreme Court of the United States.

FIRE.

This peril also must come under the common rule, that the insurers

will not be held unless it be caused by something extraordinary, and not belonging to the inherent qualities of the thing which takes fire.

The master and crew may burn a ship and cargo, to prevent their capture by an enemy, for this is their duty to the state; and therefore it would seem that the insurers would be liable for such a destruction by fire, although their policy expressly exempted them from liability for loss by capture, or by war risks generally.

The insurers would be held also for any direct and immediate consequences of the fire; and for loss caused by the endeavor to extinguish it; and, perhaps, for all loss or expense that arose from, or was due to, honest and reasonable efforts to prevent it. It is, indeed, a general rule, that the insurers are liable for the loss or injury which is the natural, direct, and proximate effect of any peril insured against, although the loss itself may be only the effect of a preceding loss; as, if a part of the cargo was burned up, and another part was injured by water used to arrest the fire, the insurers would be liable for both parts.

PIRACY, ROBBERY, OR THEFT.

There can be no piracy or robbery, without violence; but this is not necessary to constitute the crime of theft. Piracy and robbery are most usually committed by strangers to the ship; they may, however, be committed by the crew; and the insurers are answerable for such a loss, unless it arose from the fault of the owner. If theft be committed by the crew, we should still hold those who insured against "theft" liable. This may be doubtful; but insurers regard it as at least possible, and provide against it by the phrase "assailing thieves." This excludes theft without violence, and perhaps all theft by those lawfully on board the vessel, as a part of the ship's company. If, after shipwreck, the property is stolen, the insurers are liable, and might perhaps be so if there were no insurance against theft, if this was a direct effect of the wrecking.

BARRATRY.

This word has given rise to much discussion, and its meaning may not be now positively determined. We understand by it, however, any wrongful act of the master, officers or crew, as any fraud, cheat or trick done by them, or either of them, against the owner. If he directed the act, or consented to it, or by his negligence or default caused it—whether he were actual owner, or apparent or temporary owner by hiring the vessel—it is no barratry. But it is not necessary that it should be done with an intention hostile to him. For an act otherwise barratrous would be none the less so because the committer of it supposed it would be for the advantage of the owner. So, too, the voluntary and unnecessary encounter of any extraordinary peril, although done from a belief that it would be advantageous to the owner, would be a barratrous act; and of course it would be if done by the master for his own benefit. Mere negligence, if gross and extreme, may be barratrous, even if there be no purpose of helping or of hurting any one. And, indeed, the mere not doing of an act may be barratrous, if thereby an injury was sustained which might have been prevented by a proper and reasonable resistance, and therefore should have been so prevented.

It must be an act *against* the owners. Therefore, if the master be a

part owner, he cannot commit barratry. Nor will any act of a master be barratrous which is done by him as supercargo, consignee or factor, or in any capacity or function whatever other than that of master.

Not only is an apparent owner's consent to an act destructive of its barratrous character, but his consent will have this effect, and, on the other hand, the legal owner's will not. Thus, if there be an apparent or temporary owner, as a character who loads and sails her, the master, however, being appointed by the actual owner; if this master commits an act of barratry against the apparent owner, its character is not taken away, and it remains barratrous, although he did it with the consent, or by the order, of the actual or legal owner.

The master being appointed by the owner, and controlled by him, many policies provide that they do not insure against barratry, *if the insured be the owner of the ship*. The purpose of this is obvious; it is to prevent an insurance of the owner against the acts of one for whom the owner ought to hold himself responsible. The effect of the clause is, generally, to limit the insurance against barratry to goods shipped by one who is not owner of the vessel. Still, if a charterer, who filled the ship he hired with his own goods and those of others, insured his freight—meaning the excess of what he would earn over what he must pay—the insurance against barratry would extend to him, and not be prevented by this clause, because he is not the owner of the ship.

As a general rule, the insurers are liable for the misconduct of the crew, when all usual and reasonable precautions have been taken by the owner, and his servant the master, to prevent such misconduct.

CAPTURE, ARREST AND DETENTION.

The phrase which refers to these perils is usually in these words: "Against all captures at sea, or arrests, or detentions of all kings, princes and people." Almost every word of this sentence has been the subject of litigation or of discussion. The provision has been held to apply not only to captures, arrests or detentions by public enemies, by foreign belligerent powers, but to those by the very government of which the insured is himself a subject, *unless* the same be for a breach of the law by the insured. Then the insurers are not liable, because they never are for the consequences of an illegal act of the insured. By the "people" are understood the sovereign power of a state, whatever be its form of government. "Capture" and "seizure" are equivalent; they differ from "detention" in this respect: the two former words mean a taking with intent to keep; the latter, a taking with intent to restore the property. "Arrest" is any taking possession of the property for any hostile or judicial purpose.

THE GENERAL CLAUSE.

This clause has a very limited operation. We have already remarked, that it is usually restricted to perils of a like kind with those already enumerated; and although this phrase has been declared to be substantial and material, it might be difficult to hold an insurer liable under this clause, when he would not have been liable under any one of the enumerated perils.

Another phrase sometimes used, "against all risks," has been construed very widely, and as if it included every cause of loss except the fraud of the insured. If it stood by itself, it might be difficult to define it; but

if it followed the usual enumeration, we should say that it should be limited by that in its significance and operation, and apply only to things *like* those enumerated.

PROHIBITED TRADE.

This is not the same with contraband trade (which belongs to war), although the words are sometimes used as if they were synonymous. It is perfectly lawful for a ship to break through a blockade if it can, or to carry arms or munitions of war to a belligerent. But then it is perfectly lawful for the state whose enemy is thus aided, to catch, seize, and condemn the vessel that does this, if it can. The vessel takes upon itself this risk; and we have seen that it is not covered by a common policy, unless the purpose is disclosed and permitted. Prohibited trade belongs to a time of peace. It is either trade prohibited by the state to which the ship belongs,—and then it is wholly illegal, and the insurers are not only not answerable under a general policy for a loss occasioned by this breach of law, but an express bargain to that effect would itself be illegal and void; or it may be trade prohibited only by a foreign state. And then it is not an illegal act in the vessel by whose sovereign it is not prohibited. On general principles, we should say that the intention to incur this extra risk should be communicated; because the insurers should be enabled to take it into consideration. But in practice, our policies generally, if not universally, except expressly the risks arising from prohibited trade.

If there has actually been such a trade, and a seizure, forfeiture, and condemnation because of it, the insurers are certainly discharged by the operation of this exception.

If there has been an attempt at such a trade, which was not carried into effect, but the vessel was seized and condemned therefor, according to the laws of the country where the attempt was made, here also we should say that the insurers were discharged.

If, however, the seizure and condemnation were for an alleged trade, or attempt to trade, but there was no justification for the same in fact, the vessel being wholly innocent, such a loss as this would not come under the exception, and the insurers would be liable.

If there be such a trade, or attempt thereto, and no seizure or condemnation, the insurers are not discharged from their liability for an independent loss by this exception.

The parties may always agree to add such risks, or except such, as they choose. And sometimes an excepted risk and one insured against are mingled. If, for example, all war risks and all captures are excepted, and a vessel is stranded upon a foreign and hostile shore, and captured there and condemned, are the insurers liable? Yes, if the vessel would have been lost by the stranding; but not if, so far as this peril went, the owners would have recovered her.

DEVIATION.

As the insurers are entitled to know either from information given them, or from the known course of the trade, what risks they assume, it is obvious that the insured have no right to change those risks, and that if they do, the insurers are not held to the new risk. Such a change of risk is called a deviation; it certainly discharges the insurers; and although

the word originally meant in law what it means commonly, a departure from the proper course of the voyage, any departure from, or change of, the risks insured against. And it discharges the insurers, although it does not increase the risk, as they have a right to stand by the exact bargain they have made. There may be a deviation while the ship is in port; or where the insurance is on time, and no voyage is indicated. And a very slight deviation may suffice to discharge the underwriters.

But no deviation discharges the insurers, or, in the language of the law, no change or risk is a deviation, unless it be voluntary, that is, unless it be made without sufficient necessity. Nor is this necessity determinable altogether by the event; for it must be judged of by the circumstances as they existed at the time, and entered into, or ought to have entered into consideration.

If a deviation is only temporary, it only suspends the liability of the insurers. But it is not temporary, unless after its termination all other risks are precisely what they would have been if there had been no deviation. And this is true of very few deviations indeed, and certainly not of any change of course, even for an hour; for the ship will not be again in the same place, and subject to the very same winds and waves, as she would otherwise have been.

The proper course—a departure from which is a deviation—is always the usual course, provided that be a usage; for a master is not bound to follow their track, wherever one or two have gone before, but must be allowed his own reasonable discretion. If there be no course so well established that every one would be expected to follow it, the master must go to his destined port in the most natural, direct, safe, and advantageous way. And a mere mistake on this point does not constitute a deviation. A deviation from the course marked out by established usage is not, however, excused by a mistake. And if a master, where there is no controlling usage, has made up his mind that a certain course is the best and proper course, and takes another, whether from some motive of his own or by the order of his owner, this is a deviation; because the insurers have a right to the master's best discretion, and to his following it.

An extraordinary and unnecessary protraction of a voyage would be a deviation. But the mere length of the voyage, without other evidence, would not prove this.

Liberty policies, so called, are often made. That is, the insured is expressly permitted to do certain things, which, without such permission, would constitute a deviation. And a large proportion of the cases on the subject of deviation have arisen under these policies. Most of the phrases commonly used have been construed by the courts; and generally quite strictly. A liberty to "enter" a port, or "touch" at a place, permits a ship to go in and come out, but it permits little delay, because for delay the word "stay" or "remain" is necessary. It is said that even to "enter and stop at" gives no liberty to *trade* at the port, but that word itself, or its full equivalent, must be used. Still, the circumstances of each case would influence the court very strongly in construing any such phrase or permission.

It is certain that no permission is necessary for any change of course or risk that is made for the saving of life, or even for the purpose of help-

ing the distressed. Always provided, however, that the change of course, or the delay, was no greater and no longer continued than this cause for it, actually and rationally considered, required. And the rule applies to every case in which it is attempted to justify a deviation on the ground of necessity. It is, however, equally well settled, that a change of course or of risk for the purpose of saving property is a deviation not justified by its cause.

Sometimes it is intended that a ship shall visit many ports, and even go backwards and forwards, at places between the port from which she sails and that at which the voyage is finally to terminate. Such purposes as this are sometimes provided for by a policy on time; and sometimes by express permission to go to, and trade at, certain ports. But there must be no going back and forth unless this also is expressly stated. If not stated, the ports mentioned must be visited in a certain order. If a port is named as one to which the ship will go, to that she must go. If it be only said that she may go to it, she may pass by without entry. If permission be given to enter and stop at a dozen different ports, the vessel may omit any of them, or the whole, but must visit in the proper order all to which she does go.

What this order is, must be determined by the words used, and by the facts, in each case. Generally, if ports are enumerated, they must be visited in the order in which they are mentioned; or if it appears that this was not intended, then in their geographical order, which may not be that which the map indicates, but that settled by the usual course of navigation. Where no final port is designated, it would seem that the ports permitted may be visited in any order; but even here the voyage cannot be unreasonably protracted.

The substitution of a new voyage for that agreed upon is of course a deviation, and one that can seldom or never be justified by any necessity, so as to carry the insurer's liability on the new voyage. If an entirely new voyage is intended, and a vessel sails upon it, but in the same direction in which she would have gone on the insured voyages, the policy never attaches, and the premium is never earned, because the ship never sails on the insured voyage. But if the ship is intended to pursue the insured voyage to its proper terminus, but at a certain point of the voyage to deviate by going into another port, there is no deviation until that point is reached and the deviation actually begun; because it is certain that no mere intention to deviate discharges the insurers until it is carried into execution. Whether the intended deviation was only an intended deviation, or was so great a change of the voyage that the mere intention to make it was an intention to sail on an entirely different voyage, in which case the policy does not attach, would be in every case a question of mixed law and fact. And if it was a part of the intention not to go finally to the proper terminus of the voyage, this would generally, we think, indicate that the old voyage was given up and a new one substituted.

ABSTRACT OF THE REPORT OF THE POSTMASTER GENERAL.

THE revenue of the Post-Office Department for the year ending June 30, 1865, was \$14,556,158 70, and the expenditures \$:3,694,728 28, leaving a surplus of \$861,430 42. The ratio of increase of revenue over 1863-4

was seventeen per cent, and of expenditure eight per cent. The revenue accumulated in depository and draft offices was \$7,136,204 46; collected by Auditor, \$2,329,855 08; retained by postmasters for the payment of salaries, \$5,090,279 16.

The expenditures for the present fiscal year are estimated at \$18,678,000, and the revenues at \$16,011,773, being ten per cent increase over last year. It is estimated that an amount equal to fifty per cent of the receipts of 1860, say \$758,770, will be received from the Southern States, and adding an appropriation of \$700,000 for free matter, will make the total revenues \$17,470,543, leaving a deficit of \$1,207,457, for which no special appropriation will be required, as there is an unexpended balance of former appropriations amounting to \$2,100,000. Special appropriations will be required for steamship service between San Francisco, Japan and China for the first six months of 1867, \$250,000; between the United States and Brazil for the eight months of the current year, commencing with November 1, \$100,000, and the whole of next year \$150,000, making in all \$500,000.

	Value.
The number of postage stamps issued during the year was 387,419,355.	\$17,099,787 50
Stamped envelopes, 25,040,425	724,135 00
Stamped wrappers, 1,165,750	23,315 00
Making in all	\$12,847,437 50

—an increase of \$1,873,108 over the previous year. The amount sold was \$12 399,727 85, being \$1,623,138 27 more than the previous year.

The introduction of stamped envelopes bearing a request for the return to the writers of unclaimed letters has considerably increased the sale of envelopes, and such a change in the law is suggested as to allow the return of such letters to the writers free of postage.

As stamped envelopes are cancelled by use it is suggested that the Postmaster General should be authorized in his discretion to furnish them as the separate stamps are now, without reference to the cost of manufacture.

New stamps have been adopted of the denominations of five, ten and twenty-five cents, for prepaying postage on packages of newspapers forwarded by publishers or newsdealers under the authority of law.

The receipts and expenditures of the department from January 1, 1831, to June 30, 1865, have been as follows:

Aggregate receipts	\$200,311,894 47
Aggregate expenditures	244,748,881 59
Deficit	\$44,436,987 12

Averaging annually:

Receipts	\$5,806,141 87
Expenditures	7,994,170 48
Deficit	\$1,288,028 61

The mail service in operation on 30th June, 1865, embraced 6,012 routes, of the aggregate length of 142,340 miles, costing \$6,246,884, (exclusive of compensation to route and other agents, amounting to \$556,602 75).

Railroad, 23,401 miles, costing	\$2,707,421
Steamboat, 13,088 miles, costing	3,9598
Celerity, etc., 105,851 miles, costing.....	3,179,865

The aggregate miles of transportation were 57,993,494 :

Railroad.....	24,087,568
Steamboat.....	2,444,696
Celerity, etc.....	31,461,430

The cost per mile for transportation by railroad was $11\frac{1}{4}$ cents; steamboat, $14\frac{1}{2}$ cents; celerity, etc., 10 cents. The increased length of routes was 3,168 miles; of transportation, 1,678,137 miles, and of cost, \$428,415.

The mail service from Lincoln to Portland, and from Missouri to California, has been a source of much vexation to the department. The former service was performed in 1864 by the California Stage Company for \$90,000. The same company were the only bidders for continuing the service for 1866-68, (their bids being \$250,000 per annum, which was accepted only for the year ending June 30, 1865, and new proposals issued for the balance of the period, when the same company were the only bidders, at \$300,000 per annum, and the department was compelled to compromise with them at \$225,000 per annum for 1865-66, or abandon the service. Better service is anticipated the present year on the Overland route.

Railway post offices have been established on several leading railroads, and arrangements are in progress for their introduction on other lines.

The number of routes ordered into operation in States lately in rebellion is 241; their length, 18,640 $\frac{1}{4}$ miles, and compensation \$721,949—a reduction, compared with former cost of service in those States, of \$881,109 per annum. This, however, will be considerably increased, but the aggregate will be much below the cost of former years. Proposals have already been invited for carrying the mails in all of the Southern States.

The aggregate postages, sea, inland and foreign, upon the correspondence exchanged with foreign countries, amounted to \$1,819,928 56; of which amount \$1,449,530 76 accrued on the mails exchanged with Great Britain, France, Prussia, Bremen, Hamberg and Belgium; \$275,197 06 on the mails exchanged with the British North American Provinces, and \$95,200 74 on the mails transmitted to and from the West Indies, Central and South America.

The cost of the United States trans-Atlantic service performed by steamships receiving the sea-postage only was \$405,479 56. Of this amount \$213,330 23 was earned by the New York, Queenstown and Liverpool (Dale) line; \$71,106 70 by the Canadian line; \$73,273 11 by the New York, Southampton and Bremen, and \$47,769 52 by the New York, Southampton and Hamburg lines, respectively.

No progress has been made in the negotiations of postal conventions with European countries on the basis of the resolutions adopted at the Paris international postal conference.

The contract for the mail steamship service to Japan and China was awarded, on the 28th of August last, to the Pacific Mail Steamship Company at \$500,000 for twelve round trips per annum, between San Francis-

co and Hong Kong, touching on the outward and homeward passages, to land and receive mails, at the port of Honolulu, and Kanagawa, Japan. The company are to build four first-class steam-ships, of from 3,500 to 4,000 tons burden each, government measurement, and commence the service on or before the 1st of January, 1867.

Many interesting details are presented in relation to the ocean mail service, and the system of making such service self-sustaining by limiting the land postage when the conveyance is by an American, and to the sea postage only when by a foreign vessel, is strongly commended. Congress may be called upon to subsidize certain new lines, but generally the results on both new and old lines are encouraging. On some new lines, established since the war, less than the postage are allowed.

The number of post offices established on 30th June, 1865, including suspended offices in Southern States, was 28,882; number subject to appointment by the President, 712; by the Postmaster General, 28,170.

New offices established during the year, 586; offices discontinued, 582, changes of names and sites, 200.

The appointments made during the year number 5,447, of which 3,575 were to supply resignations; removals, 925; deaths 220, and new offices 586.

The number of offices in the late disloyal States is 8,902, of which 1,051 were re-opened on November 15, 1865.

Number of route agents, 307; aggregate compensation, \$229,522; local agents, 51; aggregate compensation, \$30,949; baggage-masters, 110; aggregate compensation, \$6,600; postal railway clerks, 64; aggregate compensation, \$75,000.

The free-delivery system has been discontinued at 22 of the smaller offices, and is now in operation in 45 of the principal cities. The number of carriers employed was 757, at an aggregate compensation of \$448,664 51.

The number of dead letters received, examined, and disposed of was 4,368,087, an increase of 859,262 over the previous year.

The number containing money, and remailed to owners, was 42,154, with enclosures amounting to \$244,373 97. Of these, 35,268, containing \$210,954 90, were delivered, leaving 6886 undelivered, with enclosures of the value of \$33,410 07. The number containing sums less than one dollar was 16,700, amounting to \$4,647 63, of which 12,698, containing \$3577 62, were delivered to the writers.

The number of letters containing checks, bills of exchange, deeds, and other papers of value, was 15,304, with a nominal value of \$3,929,888, of which 13,746, containing \$3,346,149, were delivered, leaving unclaimed 1,558, of the value of \$83,739.

The number containing photographs, jewelry, and miscellaneous articles was 69,902. Of these, 41,600 were delivered, and 28,202 remain for disposal, or, being worthless, have been destroyed. The number of valuable letters sent out was 107,979; an increase of 38,792 over previous year.

The number of letters conveyed in the mails during 1865 is estimated at 467,501,600. Of these, 4,368,087 were returned to the dead letter office, including 566,097 army and navy letters. Deducting 1,156,401 letters returned to writers, or held as valuable, the total number lost or destroyed was 2,352,424, or one in every two hundred mailed for transmission and delivery.

The number of postal money-order offices is 419, and orders have been issued for putting 55 additional offices into operation. The number of money-orders issued during the year was 74,277 of the value of \$1,360 122 52.

The Postmaster General suggests that the law would be improved by extending the time within which the order may be paid to six months, the period now allowed, of ninety days, being too limited for the necessary correspondence between distant points.

Balances were due from Southern postmasters at the outbreak of the rebellion amounting to 1,329,027 87. few of which have been paid. Means are being employed to collect these balances.

The subjoined table illustrates the misapplication of the postal fund, the aggregate excess of pay over receipts being \$1,185,819 :

Routes.	Pay.	Receipts.
Salt Lake City to Folsom.....	\$885,000 00 }	\$23,964 44
Atchison to Salt Lake.....	845,000 00 }	
Kansas City to Santa Fe.....	35,743 00	6,536 57
Lincoln to Portland.....	225,000 00	24,791 67
The Dalles to Salt Lake.....	186,000 00	5,660 77
Total.....	1,196,743 00	60,923 45

In conclusion, the report calls attention to the remarkable fact of the increase of postal correspondence in the loyal States during the rebellion. The maximum annual receipts of the department previous to the rebellion from all the States was \$8,518,067 40. which was exceeded in the sum of \$6,038,091 30 by the receipts of the last year from the loyal States alone. The revenues during the last four years, amounted to \$16,458,022 97, an average of \$11,614,505 74 per annum. Compared with the receipts of the four years immediately preceding which amounted to \$32,622,640 73, the annual average increase of revenue was \$3,533,845 56 which has not resulted, from any considerable additions to the service, the ratio of receipts to expenditures having been larger than, with few exceptions, at any previous period. A proper regard to economy in administration aided by larger contributions from all the States of the Union, will enable the department to increase its usefulness from year to year in all of its legitimate functions.

REPORT OF THE SECRETARY OF THE TREASURY.

WE have not room to give entire the excellent report of the Secretary of the Treasury, but publish below the greater portion of it. He discusses at length the financial questions embracing the Currency, the Public Debt, and the Revenue.

In speaking of the currency he says, that the right of Congress, at all times, to borrow money, and to issue obligations for loans in such form as may be convenient, is unquestionable; but their authority to issue obligations for a circulating medium as money, and to make these obligations a legal tender, can only be found in the unwritten law which sanctions whatever the representatives of the people, whose duty it is to maintain the Government against its enemies, may consider in a great emergency necessary to be done. The present legal-tender acts were war measures, and while the repeal of those provisions which made the United States notes lawful money is not now recommended, the Secretary is of the opinion that they ought not to remain in force one day longer than shall be necessary to enable the people to prepare for a return to the constitutional currency.

After answering the reasons urged in favor of retaining the United States notes as a Government currency the Secretary states that in speaking of the legal-tender acts, reference has only been made to those which authorized the issue of United States notes. The interest-bearing notes which are a legal tender for their face value, were intended to be a security rather than a circulating medium, and it would be neither injurious to the public, nor an act of bad faith to the holders for Congress to declare that, after their maturity, they shall cease to be a legal tender, while such a declaration would aid the Government in its efforts to retire them, and is therefore recommended.

CONTRACTION AND ITS EFFECTS.

The rapidity with which the Government notes can be withdrawn will depend upon the ability of the Secretary to dispose of securities. The influences of funding upon the money market will sufficiently prevent their too rapid withdrawal. The Secretary, however, believes that a decided movement towards a contraction of the currency is not only a public necessity, but that it will speedily dissipate the apprehension which very generally exists, that the effect of such a policy must necessarily be to make money scarce and to diminish the prosperity of the country.

It is a well-established fact, which has not escaped the attention of all intelligent observers, that the demand for money increases (by reason of an advance of prices) with the supply, and that this demand is not unfrequently most pressing when the volume of currency is the largest and inflation has reached the culminating point. Money being an unprofitable article to hold, very little is withheld from actual use, and in proportion to its increase prices advance; on the other hand a reduction of it reduces prices, and as prices are reduced the demand for it falls off; so that, paradoxical as it may seem, a diminution of the currency may in fact increase the supply of it.

Nor need there be any apprehension that a reduction of the currency—unless it be a violent one—will injuriously affect real prosperity. Labor is the great source of national wealth, and industry invariably declines on an inflated currency. The value of money depends upon the manner in which it is used. If it stimulates productive industry, it is a benefit, and to the extent only to which it does this is it a benefit. If, on the other hand, it diminishes industry, and to the extent to which it diminishes it, it is an evil. Even, in the form of the precious metals, it may not prove to be wealth to a nation. The idea that a country is necessarily rich in proportion to the amount of gold or silver which it possesses, is a common and natural, but an erroneous one, while the opinion that real prosperity is advanced by an increase of paper money beyond what is absolutely needed as a medium for exchanges of real values, is so totally fallacious, that few sane men entertain it whose judgment is not clouded by the peculiar financial atmosphere which an inflation is so apt to produce.

An irredeemable paper currency may be a necessity, but it can scarcely fail if long continued, to be a calamity to any people. Gold and silver are the only proper measure of value. They have been made so by the tacit agreement of nations, and are the necessary regulator of trade, the medium by which balances are settled between different countries and between sections of the same country. As a universal measure of value, they are a commercial necessity. The trade between different nations and between sections of the same country is carried on by an exchange of commodities, but is never equally balanced by them; and unless credits are being established, the movements of coin unerringly indicate on which side the balance exists.

The Secretary then shows that an inflated currency stimulates speculation, decreases production, and must result, if continued, in ruin.

There are no indications of real and permanent prosperity in our large importations of foreign fabrics; in the heavy operations at our commercial marts; in the splendid fortunes reported to be made by skillful manipulations at the gold room or the stock board; no evidences of increasing wealth in the facts that railroads and steamboats are crowded with passengers, and hotels with guests; that cities are full to overflowing, and rents and the prices of the necessaries of life, as well luxuries are daily advancing. All these things prove rather that a foreign debt is being created, that the number of non-producers is increasing, and that productive industry is being diminished. There is no fact more manifest than that the plethora of paper money is not only undermining the morals of the people by encouraging waste and

extravagance, but is striking at the root of our material prosperity by diminishing labor. The evil is not at present beyond the control of legislation, but is daily increasing, and, if not speedily checked, will, at no distant day, culminate in wide spread disaster. The remedy, and the only remedy within the control of Congress, is, in the opinion of the Secretary, to be found in the reduction of the currency.

AMOUNT OF OUR CURRENCY.

The paper circulation of the United States, on the 31st of October last, was substantially as follows :

1. United States notes and fractional currency.....	\$454,218,038 20
2. Notes of the National Banks.....	185,000,000 00
3. Notes of State Banks, including outstanding issues of State Banks converted into National Banks.....	65,000,000 00
	\$704,218,038 20

The amount of notes furnished to the National Banks up to and including the 31st of October was a little over \$205,000,000, but it is estimated that \$20,000,000 of these had not then been put into circulation.

In addition to the United States notes, there were also outstanding \$32,536,900 five per cent Treasury notes, and \$173,012,140 compound interest notes, of which it would, doubtless, be safe to estimate that \$30,000,000 were in circulation as currency.

From this statement, it appears that, without including seven and three-tenths notes, many of the small denominations of which were in circulation as money and all of which tend in some measure to swell the inflation, the paper money of the country amounted on the 31st of October, to the sum of \$734,218,038 20, which has been daily increased by the notes since furnished to the National Banks, and is likely to be still further increased by those to which they are entitled, until the amount authorized by law (\$300,000,000) shall have been reached, subject to such reduction as may be made by the withdrawal of the notes of the State banks.

The following is a statement of the bank note circulation of the country at various periods of highest and lowest issues prior to the war :

1837, January	\$61,324,000	1856, January	\$195,747,650
1835 "	103,692,495	1857 "	214,778,822
1836 "	140,301,038	1858 "	155,208,344
1837 "	149,185,890	1860 "	207,102,000
1843 "	58,564,000		

It will be noticed by this statement that the bank note circulation of the United States increased from \$61,322,000 to \$149,185,890 between the 1st of January, 1830, and the 1st of January, 1837, in which latter year the great financial collapse took place; fell from \$149,185,890 in 1837, to \$58,564,000 in 1843, and rose to \$214,778,822 on the 1st of January, 1857, in which year the next severe crisis occurred; falling during that year to \$155,208,344, and rising to \$207,102,000 on the 1st of January, 1860.

The following is a statement of bank deposits and loans in the same years :

Years.	Deposits.	Loans.	Years.	Deposits.	Loans.
1830, Jan. 1	\$55,560,000	\$200,451,000	1856, Jan. 1	\$212,706,000	\$634,187,000
1835 "	85,081,000	365,163,000	1857 "	230,351,000	684,456,000
1836 "	115,104,000	457,506,000	1858 "	185,932,000	583,165,000
1837 "	127,397,000	525,115,000	1860 "	253,802,000	691,945,000
1843 "	56,168,000	254,544,000			

On the 30th of September, the date of their last quarterly reports, the deposits and loans of the National Banks (the Secretary has no reliable returns of these items from the few remaining State banks) were as follows :

Deposits, Individual and Government.....	\$544,150,194
Loans.....	\$485,314,029

To which should be added—

Investments in U. S. bonds and other United States securities	427,731,600	\$913,045,629
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These figures are a history in themselves, exhibiting not only the past and present condition of the country, in matters of exceeding interest, but indicating unerringly the dangerous direction in which the financial current is sweeping.

EFFECTS OF INFLATION.

On the 1st of January of the memorable year 1837, the bank note circulation of the United States was \$149,185,890, the deposits were \$127,397,000, the loans

\$525,115,000. In January, 1857, the year of the next great crisis, the circulation was \$214,778,822, the deposits were \$230,351,000, the loans \$684,456,000. There are no statistics to exhibit the amount of specie actually in circulation in those periods, but it would be a liberal estimate to put it at \$30,000,000 for 1837, and \$50,000,000 for 1857.

These were years of great inflation, the effects of which have been already referred to—the revulsion of 1837 not only producing great immediate embarrassment, but a prostration which continued until 1843, at the commencement of which year the bank note circulation amounted only to \$58,564,000, deposits to \$56,168,000, loans \$254,544,000—flour having declined in New York from \$10 25 per barrel on the 1st of January, 1857, to \$4 69 on the 1st of January, 1843, and other articles, in about the same proportion.

The reaction in 1857 was severe, but, for the reason before stated less disastrous and protracted.

On the 30th of September last, the deposits of the National Banks alone amounted to \$544,150,194; their loans—estimating their national securities as a loan to the Government—to \$913,045,629; both of which items must have been increased during the month of October; while on the 31st of that month the circulation, bank and national, had reached the startling amount of upwards of \$700,000,000. Nothing beyond this statement is required to exhibit the present inflation or to explain the causes of the current and advancing prices. If disaster followed the expansions of 1837 and 1857, what must be the consequences of the present expansion unless speedily checked and reduced!

CONTRACTION.

Before concluding his remarks upon this subject, it may be proper for the Secretary, even at the expense of repetition, to notice briefly some of the popular and plausible objections to a reduction of the currency.

First. That, by reducing prices it would operate injuriously, if not disastrously, upon trade, and be quite likely to precipitate a financial crisis.

To this it may be replied, that prices of articles of indispensable necessity are already so high as to be severely oppressive to consumers, especially to persons of fixed and moderate incomes and to the poorer classes. Not only do the interests, but the absolute necessities of the masses require that the prices of articles needed for their use should decline.

Nor is there any reason to apprehend, by any policy that Congress may adopt, so rapid a reduction of prices as to produce very serious embarrassment to trade. The Government currency can only, to any considerable extent, be withdrawn by a sale of bonds, and the demand for bonds will be so affected by the state of the market that a rapid contraction will be difficult, if not impossible, even if it were desirable. There is more danger to be apprehended from the inability of the Government to reduce its circulation rapidly enough, than from a too rapid reduction of it. It is, in part, to prevent a financial crisis, that is certain to come without it, that the Secretary recommends contraction. Prices are only advancing. The longer contraction is deferred, the greater must the fall eventually be, and the more serious will be its consequences. It is not expected that a return to specie payments will bring prices back to the standards of former years. The great increase of the precious metals and high taxes will prevent this; but this consideration makes it the more important that all improper and unnecessary influences in this direction should be removed.

Again it is urged, that a contraction of the currency would reduce the public revenues.

It is possible that this might be the immediate effect, but it would be temporary only. The public revenues depend upon the development of our national resources, upon our surplus productions; in other words, upon labor. The revenues derived from transactions based upon a false standard of value, or from interests that can only flourish in speculative times, are not those upon which reliance can be placed for maintaining the public credit. What a healthy and reliable business requires is a stable basis. This it can not have as long as the country is afflicted with an inconvertible currency, the value of which, as well as the value of the vast property which is measured by it, is fluctuating and unreliable, and may be in no small degree controlled by speculative combinations.

It is also urged that the proposed policy would endanger the public credit, by preventing funding; and that it would compel the Government and the people, who are in debt, to pay in a dearer currency than that in which their debts were contracted.

The Secretary is unable to perceive any substantial ground for this objection. He cannot understand how the process of funding is likely to be aided by the continuance of prices on their present high level, or how the credit of the Government is to be restored by the perpetuation of an irredeemable currency, especially as that currency consists largely of its own notes. While it is hoped that early provision will be made for the commencement of the reduction of the national debt, an early payment of it is not anticipated. Nor is it understood that those who are apprehensive of the effects of contraction, entertain the opinion that the present condition of things should be continued until any considerable portion of this debt shall be paid.

So far as individual indebtedness is regarded, it may be remarked, that the people of the United States, if not as free from debt as they were six months ago, are much less in debt than they have been in previous years, and altogether less than they will be when the inevitable day of payment comes round, if the volume of paper money is not curtailed. A financial policy which would prevent the creation of debts and stimulate the payment of those already existing, so far from being injurious, would be in the highest degree beneficial.

It is further urged that a reduction of the Government notes would embarrass the National Banks, if it did not force many of them into liquidation.

To which it may be said, that it is better that the banks should be embarrassed now than bankrupted hereafter. Their business and their customers are now under their control. What will be their condition in these respects if the expansion continues and swells a year or two longer, it is not difficult to predict. While there has been no unhealthy expansion of credits in the United States for which the banks have not been largely responsible, there has been none by which they have not been ultimately the losers. Unless their sentiments are misunderstood by the Secretary, the conservative bankers of the country are quite unanimously in favor of a curtailment of the currency, with a view to an early return to specie payments.

Again: It is said that the excessive bank deposits have as much influence in creating and sustaining high prices as a superabundant currency. This is unquestionably true; but it is also true that excessive deposits are the effects of excessive currency, and that whenever the currency is reduced there will be, at least, a corresponding, if not a greater reduction of deposits.

The last objection which will be noticed to the measure recommended is, that it would, by reducing the rate of foreign exchange, reduce exports and increase imports.

It is doubtless true that a high rate of exchange did for a time increase the exportations of our productions, and diminish the importation of foreign articles, but this advantage was much more than counterbalanced by the largely increased expenses of the government and of the people, resulting from the very cause that produced the high rate of exchange. Besides, this apparent advantage no longer exists. The advance of prices in the United States, notwithstanding the continued high rate of European Exchange, is now checking exports and inviting imports, and is creating a balance in favor of Europe that is likely to be the greatest obstacle in the way of an early resumption of specie payments. Nor must it be forgotten, that while the export of our productions was stimulated by the high rate of exchange, this very high rate of exchange enabled Europe to purchase them at exceedingly low prices.

Unless an unusual demand for our products is created in Europe by extraordinary causes, it will be ascertained, by reference to the proper tables, that our imports increase, and our exports diminish, under the influence of a redundant currency. But reference to figures is hardly necessary to substantiate this proposition. It is substantiated by the statement of it. A country in which high prices prevail is an inviting one for sellers, but an uninviting one for purchasers. Such a country is unfortunately the United States at the present time. In order, however, that there may be no misapprehension on this point, the attention of Congress is respectfully called to a clear and interesting paper from Dr. Elder, statistician of this Department, accompanying this report.

Every consideration, therefore, that has been brought to the mind of the Secretary confirms the correctness of the views he has presented. If the business of the country rested upon a stable basis, or if credits could be kept from being still further increased, there would be less occasion for solicitude on this subject. But such is not

the fact. Business is not in a healthy condition; it is speculative, feverish, uncertain. Every day that contraction is deferred increases the difficulty of preventing a financial collapse. Prices and credits will not remain as they are. The tide will either recede or advance; and it will not recede without the exercise of the controlling power of Congress.

POLICY RECOMMENDED.

The Secretary, therefore, respectfully but earnestly recommends—

First, That Congress declare that the compound interest notes shall cease to be a legal tender from the day of their maturity.

Second That the Secretary be authorized, in his discretion, to sell bonds of the United States, bearing interest at a rate not exceeding six per cent, and redeemable and payable at such periods as may be conducive to the interests of the Government, for the purpose of retiring not only compound interest notes, but the United States notes.

It is the opinion of the Secretary, as has been already stated, that the process of contraction cannot be injuriously rapid; and that it will not be necessary to retire more than one hundred, or, at, most, two hundred millions of United States notes, in addition to the compound notes, before the desired result will be attained. But neither the amount of reduction, nor the time that will be required to bring up the currency to the specie standard, can now be estimated with any degree of accuracy. The first thing to be done is to establish the policy of contraction. When this is effected, the Secretary believes the business of the country will readily accommodate itself to the proposed change in the action of Government, and that specie payments may be restored without a shock to trade, and without a diminution of the public revenues or of productive industry.

At the close of a great war, which has been waged on both sides with a vigor and energy, and with an expenditure of money, without a precedent in modern times, the people of the United States are encumbered with a debt which requires the immediate and careful consideration of their representatives.

The debt is large, but if kept at home, as it is desirable it should be, with a judicious system of taxation it need not be oppressive. It is, however, a debt. While it is capital to the holders of the securities, it is still a national debt, and an encumbrance upon the national estate. Neither its advantages nor its burdens are or can be shared or borne equally by the people. Its influences are anti-republican. It adds to the power of the Executive by increasing Federal patronage. It must be distasteful to the people because it fills the country with informers and tax-gatherers. It is dangerous to the public virtue, because it involves the collection and disbursement of vast sums of money, and renders rigid national economy almost impracticable. It is, in a word, a national burden, and the work of removing it—no matter how desirable it may be for individual investment—should not be long postponed.

As all true men desire to leave their heirs unencumbered estates, so should it be the ambition of the people of the United States to relieve their descendants of this national mortgage. We need not be anxious that future generations shall share the burdens with us. Wars are not at an end, and posterity will have enough to do to take care of the debts of their own creation.

Various plans have been suggested for the payment of the debt, but the Secretary sees no way of accomplishing it but by an increase of the national income beyond the national expenditures. In a matter of so great importance as this experiments are out of place. The plain beaten path of experience is the only safe one to tread.

The first step to be taken is to institute measures for funding the obligations that are soon to mature. The next is to provide for raising, in a manner the least odious and oppressive to tax payers, the revenues necessary to pay the interest on the debt, and a certain definite amount annually for the reduction of the principal. The Secretary respectfully suggests that on this subject the expression of Congress should be decided and emphatic. It is of the greatest importance in the management of a matter of so surpassing interest that the right start should be made. Nothing but revenue will sustain the national credit, and nothing less than a fixed policy for the reduction of the public debt will be likely to prevent its increase.

TREASURY STATEMENT.

On the 31st day of October, 1865, since which time no material change has taken

place, the public debt, without deducting funds in the Treasury, amounted to \$2,808,549,437 55, consisting of the following items:

Bonds, 10-40's 5 per cent, due in 1904.....	\$172,770,100 00	
Bonds, Pacific Railroad, 6 per cent, due in 1895.....	1,258,000 00	
Bonds, 5-20's, 6 per cent, due in 1882, 1884, and 1885.....	659,259,600 00	
Bonds, 6 per cent, due in 1881.....	265,347,400 00	
Bonds, 5 per cent, due in 1880.....	18,415,000 00	
Bonds, 5 per cent, due in 1874.....	20,000,000 00	
Bonds, 5 per cent, due 1871.....	7,022,000 00	
	<hr/>	\$1,144,072,100 00
Bonds, 6 per cent, due in 1868.....	8,908,241 80	
Bonds, 6 per cent, due in 1867.....	9,415,250 00	
Compound interest notes, due in 1867 and 1868.....	173,012,141 00	
7-30 Treasury notes, due in 1867 and 1868.....	820,000,000 00	
	<hr/>	1,021,325,732 80
Bonds, Texas indemnity, pas due.....	760,000 00	
Bonds, Treasury notes, &c., past due.....	613,920 09	
	<hr/>	1,373,920 09
Temporary loan, ten days' notice.....	99,107,745 46	
Certificates of indebtedness, due in 1866.....	55,905,000 00	
Treasury notes, 5 per cent, Dec. 1, 1865.....	32,536,901 00	
	<hr/>	187,549,646 46
United States notes.....	428,160,569 00	
Fractional currency.....	26,057,469 20	
	<hr/>	454,218,038 20
		<hr/>
		\$2,808,549,437 55

The following is a statement of receipts and expenditures for the fiscal year ending June 30, 1865:

Balance in Treasury agreeably to warrants, July 1, 1864.....		\$96,739,905 73
Receipts from loans applicable to expenditures.....	\$864,563,499 17	
Receipts from loans applied to payment of public debt.....	607,261,241 68	
	<hr/>	1,472,224,740 85
Receipts from customs.....	84,928,260 60	
Receipts from lands.....	996,553 31	
Receipts from direct tax.....	1,200,573 03	
Receipts from internal revenue.....	209,464,215 25	
Receipts from miscellaneous sources.....	32,978,284 47	
	<hr/>	329,567,826 66
		<hr/>
		\$1,898,592,533 24

EXPENDITURES.

Redemption of public debt.....		\$607,351,241 68
For the civil service.....	\$44,765,558 12	
For pensions and Indians.....	14,258,575 38	
For the War Department.....	1,031,223,260 79	
For the Navy Department.....	122,567,776 12	
For interest on public debt.....	77,397,712 00	
	<hr/>	1,290,312,982 41
		<hr/>
		1,897,474,234 09

Leaving a balance in the Treasury on the 1st day of July, 1865, of..... \$858,309 15

The following statement exhibits the items of increase and decrease of the public debt for the fiscal year 1865:

Amount of public debt June 30, 1865.....	\$2,682,593,026 53
Amount of public debt June 30, 1864.....	1,740,600,489 49
	<hr/>
Total increase.....	\$941,992,537 04

Which increase was caused as follows:

Fonds, 6 per cent, acts July 17, 1861.....	29,799,500 00	
Bonds, 6 per cent, act Feb. 25, 1862.....	4,000,000 00	
Bonds, 6 per cent, act March 3, 1863.....	32,327,716 66	
Bonds, 6 per cent, act June 30, 1864.....	91,750,000 00	
	<hr/>	\$157,916,226 66
Bonds, 5 per cent, act March 3, 1864.....		99,432,350 00
Bonds, 6 per cent, acts July 1, 1862, and July 2, 1864, issued to Central Pacific Railroad Company, interest payable in lawful money.....		1,258,000 00
Treasury notes, 7-30, acts June 30, 1864, and March 3, 1865, interest payable in lawful money.....		671,610,400 00
Compound interest notes, 6 per cent, act June 30, 1864.....	\$178,756,080 00	
Temporary loan, 6 per cent, act July 11, 1863.....	17,386,869 96	
	<hr/>	196,142,949 96
United States notes, acts Feb. 25, 1862, July 11, 1862, and January 17, 1863.....		1,509,295 16
Fractional currency, act March 3, 1863.....		7,363,098 85
	<hr/>	
Gross increase.....		\$1,135,232,320 63

From which deduct for payments—	
Bonds, 6 per cent, act July 21, 1842.....	\$1,400 00
Treasury notes, 6 per cent, acts Dec. 23, 1857, and March 2, 1861.....	158,800 00
Bonds, 5 per cent, act Sept. 9, 1850, (Texas indemnity).....	1,307,000 00
Treasury notes, 7-30, act July 17, 1861.....	30,212,300 00
Certificates, of indebtedness, 6 per cent, act March 1, 1862.....	44,957,000 00
Treasury notes, 5 per cent, one and two-year, act March 3, 1863.....	111,192,740 00
United States notes, act July 17, 1861, and Feb. 12, 1862.....	308,396 25
Postal currency, act July 17, 1862.....	5,252,147 34
	<hr/>
	193,329,783 59
Net increase.....	941,902,537 04

In the report of the Secretary for the year 1864, there was excluded from the public debt the sum of \$77,897,347 02, which amount had been paid out of the Treasury, but had not been reimbursed to the Treasurer by warrants, and was not reimbursed until after the commencement of the next fiscal year. This explains the difference between \$18,842,558 71, assumed in that report as the balance in the Treasury July 1, 1864, and \$96,739,905 73, the balance according to the warrant account, as above stated.

The following is a statement of the receipts and expenditures for the quarter ending September 30, 1865:

Balance in Treasury, agreeable to warrants, July 1, 1865.....		858,309 15
Receipts from loans applicable to expenditures.....	138,773,097 22	
Receipts from loans applied to payment of public debt.....	138,409,163 35	
	<hr/>	277,182,260 57
Receipts from customs.....	47,009,583 03	
Receipts from lands.....	132,890 63	
Receipts from direct tax.....	31,111 30	
Receipts from internal revenue.....	96,618,885 65	
Receipts from miscellaneous sources.....	18,393,729 94	
	<hr/>	162,186,200 55
		440,226,770 27

EXPENDITURES.

For the redemption of public debt.....	138,409,163 35	
For the civil service.....	10,571,460 99	
For pensions and Indians.....	6,024,241 86	
For the War Department.....	165,369,237 32	
For the Navy Department.....	16,520,669 81	
For interest on the public debt.....	36,173,481 50—	373,068,254 83

Leaving a balance in Treasury on the 1st day of October, 1865, of..... 67,158,515 44

The Secretary estimates that the receipts for the remaining three quarters of the year ending June 30, 1866, will be as follows:

Balance in Treasury October 1, 1865.....		67,158,515 44
Receipts from customs.....	100,000,000 00	
Receipts from lands.....	500,000 00	
Receipts from internal revenue.....	175,000,000 00	
Receipts from miscellaneous sources.....	30,000,000 00—	305,500,000 00
		372,658,515 44

The expenditures, according to the estimates, will be:

For the civil service.....	32,994,052 38	
For pensions and Indians.....	1,256,790 94	
For the War Department.....	307,788,750 57	
For the Navy Department.....	35,000,000 00	
For interest on public debt.....	96,813,868 75—	484,853,462 64
Deficiency.....		112,194,947 20

The receipts for the year ending June 30, 1867, are estimated as follows:

From customs.....	100,000,000 00	
From internal revenue.....	275,000,000 00	
From lands.....	1,000,000 00	
From miscellaneous sources.....	20,000,000 00—	396,000,000 00

The expenditures, according to the estimates, will be:

For the civil service.....	42,165,599 47	
For pensions and Indians.....	17,609,640 23	
For the War Department.....	39,017,416 18	
For the Navy Department.....	43,982,457 50	
For the interest on the public debt.....	141,542,068 50	
	<hr/>	284,317,181 88

Leaving a surplus of estimated receipts over estimated expenditures, of.. 111,682,818 12

The debt of the United States was increased during the fiscal year ending June 30, 1865, \$941,902,537 04, and during the first quarter of the present fiscal year \$188,773,097 22. The Secretary has, however, the satisfaction of being able to state that during the months of September and October the public debt was diminished to the amount of about thirteen millions of dollars.

If the expenditures of the remaining three quarters of the present fiscal year shall equal the estimates, there will be a deficiency, to be provided for by loans, of \$112,194,947 20, to which must be added \$32,536,901 for the five per cent. Treasury notes (part of the public debt), which become due the present month, and are now being paid out of moneys in the Treasury, and all other payments which may be made on the public debt.

The heavy expenditure of the last fiscal year, and of the months of July and August of the present fiscal year, are the result of the gigantic scale on which the war was prosecuted during a portion of this period, and the payment of the officers and men mustered out of the service. The large estimates of the War Department for the rest of the year are for the payment of troops which are to remain in the service, and of those which are to be discharged, and for closing up existing balances.

The statement of the probable receipts and expenditure for the next fiscal year is in the highest degree satisfactory. According to estimates which are believed to be reliable, the receipts of that year will be sufficient to pay all current expenses of the Government, the interest on the public debt, and leave the handsome balance of \$111,682,818 12 to be applied toward the payment of the debt itself.

By the statement of the public debt on the 31st of October, it appears that, besides the compound interest, the United States, and the fractional notes, the past-due debt amounted to \$1,373,921 09
The debt due in 1865 and 1866 to 187,549,644 46
The debt due in 1867 and 1868 to 848,323,591 80

During the month of October about \$50,000,000 of the compound interest notes, were funded in 5-20 six per cent. bonds under the provisions of the act of March 3, 1865.

The Secretary would be gratified if the Treasury could be put at once in a condition to obviate the necessity of issuing any more certificates of indebtedness, or raising money by any kind of temporary loans; but he may, for a short period, be obliged to avail himself of any means now authorized by law for meeting current expenses and other proper demands upon the Treasury.

Of the debt falling due in 1867 and 1868, \$830,000,000 consist of 7 3-10 notes. It may be regarded as premature to fund any considerable amount of these notes within the next year; but in view of the fact that they are convertible into bonds only at the pleasure of the holders, it will be evidently prudent for Congress to authorize the Secretary, whenever it can be advantageously done, to fund them in advance of their maturity.

FURTHER POWERS ASKED BY THE SECRETARY.

The Secretary has already recommended that he be authorized to sell bonds of the United States, bearing interest at a rate not exceeding six per cent., for the purpose of retiring Treasury notes and United States notes. He further recommends that he be authorized to sell in his discretion, bonds of a similar character to meet any deficiency for the present fiscal year, to reduce the temporary loan by such an amount as he may deem advisable, to pay the certificates of indebtedness as they mature, and also to take up any portion of the debt maturing prior to 1869 that can be advantageously retired. It is not probable that it will be advisable, even if it could be done without pressing them upon the market, to sell a much larger amount of bonds within the present or the next fiscal year than will be necessary to meet any deficiency of the Treasury, to pay the past-due and maturing obligations of the Government, and a part of the temporary loan, and to retire an amount of the compound interest notes and United States notes sufficient to bring back the business of the country to a healthier condition. But no harm can result from investing the Secretary with authority to dispose of bonds, if the condition of the market will justify it, in order to anticipate the payment of those obligations that must soon be provided for.

When the whole debt shall be put in such a form that the interest only can be demanded until the Government shall be in a condition to pay the principal it can be easily managed. It is undeniably large, but the resources of the country are even now ample to carry and gradually to reduce it; and with the labor question at the South settled on terms just to the employer and to the laborer, and with entire harmony be-

tween the different sections, it will be rapidly diminished, in burden and amount, by the growth of the country, without any increase of taxation.

After careful reflection the Secretary concludes that no act of Congress (except for raising the necessary revenue) would be more acceptable to the people, or better calculated to strengthen the national credit, than one which should provide that two hundred millions of dollars, commencing with the next fiscal year, shall be annually applied to the payment of the interest and principal of the national debt. The estimates for the next fiscal year indicate that a very much larger amount could be so applied without an increase of taxes.

Before concluding his remarks upon the national debt, the Secretary would suggest that the credit of the five-twenty bonds issued under the acts of Feb. 25, 1862, and June 30, 1864, would be improved in Europe, and, consequently, their market value advanced at home, if Congress should declare that the principal, as well as the interest of these bonds is to be paid in coin. The policy of the Government in regard to its funded debt is well understood in the United States, but the absence of a provision in these acts that the principal of the bonds issued under them should be paid in coin, while such a provision is contained in the act under which the ten-forties were issued, has created some apprehension in Europe that the five-twenty bonds might be called in at the expiration of five years, and paid in United States notes. Although it is not desirable that our securities should be held out of the United States, it is desirable that they should be of good credit in foreign markets on account of the influence which these markets exert upon our own. It is, therefore, important that all misapprehensions on these points should be removed by an explicit declaration of Congress that these bonds are to be paid in coin.

TAXATION OF GOVERNMENT BONDS.

In view of the fact that the exemption of Government securities from State taxation is by many persons considered an unjust discrimination in their favor, efforts may be made to induce Congress to legislate upon the subject of their taxation. Of course, the existing exemption from State and municipal taxation of bonds and securities now outstanding will be scrupulously regarded. That exemption is a part of the contract under which the securities have been issued and the money loaned thereon to the Government, and it would not only be unconstitutional but a breach of the public faith of the nation to disregard it. It would also, in the judgment of the Secretary, be unwise for Congress to grant to the States the power, which they will not possess unless conferred by express Congressional enactment, of imposing local taxes upon securities of the United States which may be hereafter issued. Such taxation in any form would result in serious, if not fatal, embarrassment to the Government, and, instead of relieving, would eventually injure the great mass of the people, who are to bear their full proportion of the burden of the public debt. This is a subject in relation to which there should be no difference of opinion. Every tax-payer is personally interested in having the public debt placed at home, and at a low rate of interest, which cannot be done if the public securities are to be subject to local taxation. Taxes vary largely in different States, and in different counties and cities of the same State, and are every where so high that unless protected against them, the bonds into which the present debt must be funded cannot be distributed among the people, except in some favored localities, unless they bear a rate of interest so high as to make the debt severely oppressive, and to render the prospect of its extinguishment well-nigh hopeless. Exempted from local taxation, the debt can, it is expected, be funded at an early day at five per cent.; if local taxation is allowed, no considerable portion of the debt which falls due within the next four years can be funded at home at less than eight per cent. The tax-payers of the United States cannot afford to have their burdens thus increased. It is also evident that the relief which local tax-payers would obtain from Government taxation, as the result of a low rate of interest on the national securities, would, at least, be as great as the increase of local taxes to which they would be subjected on account of the exemption of Government securities; while if those securities should bear a rate of interest sufficient to secure their sale when subject to local taxes, few, if any, of them would long remain where those taxes could reach them. They would be rapidly transferred to other countries, into the hands of foreign capitalists, and thus at last the burden of paying a high rate of interest would be left upon the people of this country without compensation or alleviation.

INTERNAL REVENUE SYSTEM.

It is important, therefore, that our revenue system should be frequently and carefully revised, in order that it may be accommodated to the habits and character of the people, to the industry of the country, to labor and capital, to wages at home and wages abroad. It is also of the highest importance that there should be a careful adjustment of our internal to our external revenue system.

That views somewhat similar to these were entertained by Congress is indicated by the provision in the amendatory act of March 3, 1865, by which the Secretary of the Treasury was 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."

This subject received the early attention of the Secretary, and under the authority of the act, after careful deliberation, a commission was organized, consisting of Messrs. David A. Wells, Stephen Colwell, and S. S. Hayes, representing, to a certain extent, different sections and interests, and also different political sentiments. The commission was fully organized in June, and has since then been actively engaged in the prosecution of its labors.

* * * * *

In view of the fact that the revision of the whole revenue system has been committed to this commission, the Secretary does not consider it proper for him to present his views upon this important subject in advance of their final report, which it is hoped will be made early in the session.

There are some subjects, however, presented in the report of the Commissioner of Internal Revenue, which require the attention of Congress before the report of the commission is received, and in relation to which there should be early action.

COLLECTION OF TAXES IN SOUTHERN STATES.

In putting into operation the system of internal revenue in the recently rebellious States, it became necessary for the Secretary to decide whether or not an effort should be made to collect taxes which accrued prior to the establishment of revenue offices therein. After giving the subject due consideration, the Secretary, in view of the facts that there were no Federal revenue officers to whom payment of taxes could be made, that the people (many of them involuntarily) had been subjected to heavy taxation by the government which was attempted to be established in opposition to that of the United States, and had been greatly exhausted by the ravages of war, issued a circular, under date of 21st of June, declaring "that, without waiving in any degree the right of the government in respect to taxes which had before that time accrued in the States and Territories in insurrection, or assuming to exonerate the tax-payer from his legal responsibility for such taxes, the Department did not deem it advisable to insist, at present, on their payment, so far as they were payable prior to the establishment of a collection district embracing a territory in which the tax-payer resided."

For substantially the same reasons that induced the Secretary to issue this circular, he deemed it to be his duty to suspend all further sales under the direct tax law. Tax Commissioners, however, have been appointed for each State, and collections have been made, as far as it has been practicable to make them, without sales of property. Some sales had, however, been previously made in many of the States, and large amounts of property had been purchased for the government. In South Carolina a portion of the lands thus purchased have since been sold under the 11th section of the Act of August 1863.

During the war, the laws in regard to stamps have been, of course, in the insurrectionary States, entirely disregarded; and, as a consequence, immense interests are thereby imperilled.

In view, therefore, of the recent and present condition of the Southern States, the Secretary recommends—

First. That the collection of internal revenue taxes which accrued before the establishment of revenue offices in the States recently in rebellion be indefinitely postponed.

Second. That all sales of property in those states, under the direct tax law, be suspended until the States shall have an opportunity of assuming, (as was done by the loyal States) the payment of taxes assessed upon them.

Third. That all transactions in such states, which may be invalid by the non use of stamps, be legalized as far as it is in the power of Congress to legalize them.

What action, if any, should be taken for the relief of persons in those States, whose property has been sold under the direct tax law, and is now held by the government, it will be for Congress to determine. The Secretary is decidedly of the opinion that liberal legislation in regard to the taxes which accrued prior to the suppression of the rebellion will tend to promote harmony between the government and the people of those States, will ultimately increase the public revenues, and vindicate the humane policy of the government.

RECIPROCITY TREATY.

The reciprocity treaty with Great Britain will expire on the 17th of March next, and due notice of this fact has been given, by circulars, to the officers of customs on the northern frontier.

There are grave doubts whether treaties of this character do not interfere with the legislative power of Congress, and especially with the constitutional power of the House of Representatives to originate revenue bills; and whether such treaties, if they yield anything not granted by our general revenue laws, are not in conflict with the spirit of the usual clause contained in most of our commercial treaties, to treat each nation on the same footing as the most favored nation, and not to grant, without an equivalent, any particular favor to one nation not conceded to another in respect to commerce and navigation.

It appears to be well established that the advantages of this treaty have not been mutual, but have been in favor of the Canadas. Our markets have been strong, extensive, and valuable—theirs have been weak, limited, and generally far less profitable to our citizens. The people of the Canadas and Provinces have been sellers and we buyers of the same productions for which we are often forced to seek a foreign market. It is questionable, in fact, whether any actual reciprocity, embracing many of the articles now in the treaty can be maintained between the two countries. Even in regard to the fisheries, it is by no means certain that, instead of equivalents having been acquired under the treaty, more than equal advantages were not surrendered by it. But, whatever the facts may be, this subject, as well as that of intercommunication through rivers and lakes, and possibly canals and railroads, are proper subjects of negotiation, and their importance should secure early consideration.

It is certain that, in the arrangement of our complex system of revenue through the tariff and internal duties, the treaty has been the cause of no little embarrassment. The subject of the revenue should not be embarrassed by treaty stipulations, but Congress should be left to act upon it freely and independently. Any arrangement between the United States and the Canadas and Provinces that may be considered mutually beneficial can as readily be perfected and carried out by reciprocal legislation as by any other means. No complaint would then arise as to subsequent changes of laws, for each party would be free to act at all times, according to its discretion.

However desirable stability may be, an irrevocable revenue law, even in ordinary times, is open to grave objections, and in any extraordinary crisis is likely to be pernicious. The people of the United States cannot consent to be taxed as producers while those outside of our boundaries, exempt from our burdens shall be permitted, as competitors to have free access to our markets. It is desirable to diminish the temptations now existing for smuggling, and if the course suggested of mutual legislation should be adopted, a revenue system, both internal and external, more in harmony with our own, might justly be anticipated from the action of our neighbors, by which this result would be most likely to be obtained.

MINING LANDS.

The attention of Congress is again called to the importance of early and definite action upon the subject of our mineral lands, in which subject are involved questions not only of revenue, but social questions of a most interesting character.

Copartnership relations between the Government and miners will hardly be proposed, and a system of leasehold, (if it were within the constitutional authority of Congress to adopt it, and if it were consistent with the character and genius of our people,) after the lessons which have been taught of its practical results in the lead and copper districts, cannot of course be recommended.

After giving the subject as much examination as the constant pressure of official

duties would permit, the Secretary has come to the conclusion that the best policy to be pursued with regard to these lands is the one which shall substitute an absolute title in fee for the indefinite possessory rights or claims now asserted by miners.

The right to obtain a "fee simple to the soil" would invite to the mineral districts men of character and enterprise; by creating homes (which will not be found where title to property cannot be secured), it would give permanency to the settlements, and, by the stimulus which ownership always produces, it would result in a thorough and regular development of the mines.

A bill for the subdivision and sale of the gold and silver lands of the United States was under consideration by the last Congress, to which attention is respectfully called. If the enactment of this bill should not be deemed expedient, and no satisfactory substitute can be reported for the sale of these lands to the highest bidder, on account of the possessory claims of miners, it will then be important that the policy of extending the principle of pre-emption to the mineral districts be considered. It is not material, perhaps, how the end shall be attained, but there can be no question that it is of the highest importance, in a financial and social point of view, that ownership of these lands, in limited quantities to each purchaser, should be within the reach of the people of the United States who may desire to explore and develop them.

In this connection it may be advisable for Congress to consider whether the prosperity of the treasure-producing districts would not be increased, and the convenience of miners greatly promoted, by the establishment of an assay office in every mining district from which an actual production of gold and silver amounting to ten millions of dollars is actually obtained.

PREVENTION OF SMUGGLING.

The attempts at smuggling, stimulated by the high rates of duties on imports, have engaged the attention of the department, and such arrangements have been made for its detection and prevention as seemed to be required by the circumstances, and available for that purpose.

It is quite apparent, however, that, with our extensive seacoasts and inland frontier, it is impracticable entirely to prevent illicit traffic, though checks at the most exposed points have, doubtless, been put to such practices.

In this connection, it may be remarked, that the revenue cutters are diligently and usefully employed in the preventive service, within cruising limits, so defined as to leave no point of sea and gulf coasts unvisited by an adequate force.

A similar arrangement will be extended to the lakes on the re-opening of navigation, the cutters built for that destination not having been completed in time to be put in commission before its close.

The cutters are an important auxiliary to the regular customs authorities, in the collection and protection of the public revenue, by the examination of incoming vessels and their manifest of cargo; affording succor to vessels in distress; aiding in the enforcement of the regulations of harbor police, and otherwise preventing or detecting violations or evasions of law. A service of this description is unquestionably useful, if not indispensable, to the administration of the revenue system of a maritime and commercial country with such extensive sea, lake, and gulf coasts as our own.

There are now in the service twenty-seven steamers and nine sailing vessels. Of the steamers, seven are of the average tonnage of 350 tons, and draw nine feet of water. These large vessels were constructed during the progress of the late rebellion, and were designed for the combined purpose of a naval force and a revenue coast guard. Their heavy armaments, large tonnage, and crews, however well fitted for such purposes, are not adapted for the revenue service in a time of peace. In consequence of their great draft of water, they must be used mainly as sea-going vessels, and are incapable of navigating the shallow waters of the coasts and their tributaries, which afford the most favorable opportunities for contraband trade. Independently of these considerations, they are so constructed as to be unable to carry a supply of fuel for more than three, or possibly four days, at the farthest.

It is recommended, therefore, that this department be vested with authority to sell the vessels of this description, and expend the proceeds in the purchase of others of a different character and lighter draft, and on that account better fitted to accomplish the purposes of a preventive service, and which can be kept in commission at a cost more than one-third less than those of the former class.

For example, the difference in the cost of running for twelve months the *Mahoning*, one of the first-named class, and the *Nansemond*, one of the latter class, is \$27,606.

The Mahoning, with twelve tons of coal per diem, can make but eight knots per hour, while the Nansemond, with eight tons of coal per diem, will make twelve knots per hour. The Nansemond, drawing but six feet nine inches, is enabled to cruise in waters entirely inaccessible to the Mahoning.

To render the service effective and economical, cutters should be of light draft, manned by a small crew, and able to navigate the shoal waters and penetrate the inland bays rivers and creeks, with which our sea, lake, and gulf coasts abound, but of sufficient tonnage to enable them to perform efficiently and safely the duties of a coast guard at sea, and to furnish succor to vessels in distress; and at the same time to navigate the interior waters for the prevention of smuggling, and reach readily a port of refuge in the tempestuous weather prevailing at times along our coast, should they be forced to do so.

NATIONAL BANKS AND THEIR CIRCULATION.

By the report of the Comptroller of the Currency, it appears that sixteen hundred and one banks had been, on the 31st of October last, organized under the National Banking Act. Of these, six hundred and seventy-nine were original organizations, and nine hundred and twenty-two conversions from State institutions.

The Comptroller recommends several amendments to the acts, which will arrest the attention of Congress.

* * * * *

The National Banking system was designed not only to furnish the people with a sound circulation, but one of uniform value; and this is not likely to be fully accomplished until the banks by compulsion, or their own voluntary act, keep their notes at par in the principal money markets of the country.

The establishment of the National Banking system is one of the great compensations of the war—one of the great achievements of this remarkable period. In about two years and a half from the organization of the first National Bank, the whole system of banking under State laws has been superseded, and the people of the United States have been furnished with a circulation bearing upon it the seal of the Treasury Department as a guaranty of its solvency. It only remains that this circulation shall be a redeemable circulation; redeemable not only at the counters of the banks, but at the commercial cities, to make the National Banking system of almost inconceivable benefit to the country.

The present law limits the circulation of the National Banks to three hundred millions of dollars; and it is not probable, when the business of the country returns to a healthy basis, that a larger paper circulation than this will be required. Indeed it is doubtful whether a larger circulation can be maintained on a specie basis. Should an increase, however, be necessary, it can be provided for hereafter. It is, perhaps, unfortunate that a greater restriction had not been placed upon the circulation of the large banks already organized, in view of the wants of the Southern States. It is quite likely, however, that the anticipated withdrawal of a portion of the United States notes (not to speak of the effect of the restoration of specie payments) will so reduce the circulation of the northern banks as to afford to the South under the present limitation of the law, all the paper currency which will be required in that quarter.

THE SEVEN-THIRTY LOAN.

The Act of March 3, 1865, authorized the Secretary to borrow any sums not exceeding six hundred millions of dollars and to issue therefor bonds or Treasury notes of the United States in such form as he might prescribe.

Under this act there was issued during the month of March \$70,000,000 of notes payable three years after date, and bearing an interest, payable semi-annually in currency at the rate of seven and three-tenths per cent per annum, and convertible at maturity, at the pleasure of the holders, into five-twenty gold-bearing bonds.

Upon the capture of Richmond, and the surrender of the confederate armies, it became apparent that there would be an early disbanding of the forces of the United States, and, consequently heavy requisition from the War Department for transportation and payment of the army, including bounties. As it was important that these requisitions should be promptly met, and especially important that not a soldier should remain in the service a single day for want of means to pay him, the Secretary perceived the necessity of realizing as speedily as possible the amount—\$530,000,000—still authorized to be borrowed under this act. The seven and three-tenths notes had proved to be a popular loan, and although a security on longer time and lower interest would have been more advantageous to the government, the Secretary considered it

advisable, under the circumstances, to continue to offer these notes to the public, and to avail himself, as his immediate predecessor had done, of the services of Jay Cooke, Esq., in the sale of them. The result was in the highest degree satisfactory. By the admirable skill and energy of the agent, and the hearty co-operation of the National Banks, these notes were distributed in every part of the Northern, and some parts of the Southern States, and placed within the reach of every person desiring to invest in them. No loan ever offered in the United States, notwithstanding the large amount of government securities previously taken by the people, was so promptly subscribed for as this. Before the first of August the entire amount of \$550,000,000 had been taken, and the Secretary had the unexpected satisfaction of being able, with the receipts from customs and internal revenue and a small increase of the temporary loan, to meet all the requisitions upon the Treasury.

On two hundred and thirty million of these notes the government has the option of paying the interest at the rate of six per cent in coin, instead of seven and three tenths in currency. The Secretary thought it advisable to reserve this option, because he indulged the hope that before their maturity specie payments would be restored, and because six per cent in coin is as high a rate of interest as the government should pay on any of its obligations.

SALES OF GOLD.

The receipts of coin have been for some months past so large that there have been constant accumulations beyond what has been required for the payment of the interest on the public debt. The Secretary has, therefore, deemed it to be his duty to sell, from time to time, a portion of the surplus for the purpose of supplying the wants of importers and furnishing the means for meeting the demands upon the Treasury for currency. The sales have been conducted by the Assistant Treasurer in New York in a manner entirely satisfactory to the Department, and, it is believed, to the public. The sales, up to the first of November, amounted to \$27,993,216 11, and the premium to \$12,310,459 76; thus placing in the Treasury for current use, the sum of \$40,303,675 87, without which there would have been a necessity for the further issue of interest-bearing notes.

SINKING FUND.

The necessities of the Treasury have been such that a compliance with the requirements of the act of February 25, 1862, for the creation of a sinking fund, has been impracticable. As long as it is necessary for the Government to borrow money, and to put its obligations upon the market for sale, the purchase of these obligations for the purpose of creating a sinking fund would hardly be judicious. After the expiration of the present year, the income of the Government will exceed its expenses; and it will then be practicable to carry into effect the provisions of the law. The Secretary is, however, of the opinion that the safe and simple way of sinking the national debt is to apply directly to its payment the excess of receipts over expenditures. He therefore respectfully recommends, that so much of the act of February 25, 1862, as requires the application of coin to the purchase or payment of one per cent of the entire debt of the United States to be set apart as a sinking fund, be repealed.

GOLD NOTES.

By virtue of the authority conferred by the fifth section of the act of March 3, 1863, the Treasurer of the United States, and the Assistant Treasurer in New York have been instructed to receive deposits of coin and bullion, and to issue certificates therefor in denominations of not less than twenty dollars.

Instructions were given for the issue of these certificates to promote the convenience of officers of customs and of the Treasurer and Assistant Treasurers, and for the accommodation of the public. Other considerations also prompted the Secretary to avail himself of the authority referred to. It is expected that the credit of the Government will be strengthened by the coin which will be thus brought into the Treasury, and that the effect of the measure will be to facilitate to some extent a return to specie payments. If the experiment should be satisfactory in New York, it will be extended to other commercial cities.

* * * * *

HUGH McCULLOCH,

Secretary of the Treasury.

HON. SCHUYLER COLFAX,

Speaker of the House of Representatives.

THE UNITED STATES DEBT.

WE give below the statement of the Public Debt, prepared from the reports of the Secretary of the Treasury for October and November, and January 1, 1866.

DEBT BEARING INTEREST IN COIN.			
Denominations.	October 31.	November 30.	Jan. 1, '66.
6 per cent, due December 31, 1867.....	\$9,415,250	\$9,415,250	\$9,415,250
6 do July 1, 1868.....	8,908,342	8,908,332	8,908,342
5 do January 1, 1874.....	20,000,000	20,000,000	20,000,000
5 do January 1, 1871.....	7,022,000	7,022,000	7,022,000
6 do December 31, 1880.....	18,415,000	18,415,000	18,415,000
6 do June 30, 1881.....	50,000,000	50,000,000	50,000,000
6 do June 30, 1861, exch'd for 7.30s	139,331,400	139,252,450	139,331,000
6 do May 1, 1867-82 (5.20 years).....	514,780,500	514,780,500	514,780,500
6 do November 1, 1869-84 (5.20 years)	100,000,000	1,000,000,000	100,000,000
6 do November 1, 1870-85 (5.20 years)	44,479,100	50,590,300	50,590,300
5 do March 1, 1874-1904 (10.40s) ..	172,770,100	172,770,100	172,770,100
6 do July 1, '81 (Oregon war).....	1,016,000	1,016,000	1,016,000
6 do June 30, 1881.....	75,000,000	75,000,000	75,000,000
Aggregate of debt bearing coin interest.....	\$1,161,137,692	\$1,167,169,942	\$1,167,148,292
DEBT BEARING INTEREST IN LAWFUL MONEY.			
4 per cent Temporary Loan { 10 days' }.....	\$612,728	\$612,228	97,257,195
5 do do { notice. }.....	21,309,710	21,644,710	
6 do do { notice. }.....	67,185,307	67,266,168	
6 do Certificates (one year).....	55,905,000	55,921,000	60,667,000
5 do One and two-years' notes.....	32,536,901	32,536,901	8,536,900
6 do Three years' comp. interest notes..	173,012,141	167,012,141	18,012,141
6 do Thirty-year bonds, (Cent'l Pacific R.)	1,253,000	1,898,000	2,362,000
6 do do (Union Pacific R. E. Div.) ..	.....	640,000	640,000
7.30 do Three years' treasury notes, 1st series	200,000,000	200,000,000	300,000,000
7.30 do do do 2d series	200,000,000	200,000,000	300,000,000
7.30 do do do 3d series	230,000,000	230,000,000	230,000,000
Aggregate of debt bearing lawful money Int. ...	\$1,191,819,787	\$1,177,531,149	\$1,179,475,235
DEBT ON WHICH INTEREST HAS CEASED.			
7.30 per cent Three years' notes.....	\$208,150	\$260,500	\$240,000
do do Texas indemnity bonds.....	760,000	726,000	726,000
Other bonds and notes.....	305,779	200,980	200,830
Aggregate of debt on which int. has ceased...	\$1,373,920	\$1,187,480	\$1,163,830
DEBT BEARING NO INTEREST.			
United States Notes.....	\$400,000,000	\$392,581,194	\$426,231,390
do do (in redemp. of the temp loan)	28,160,569	28,160,202	
Fractional currency.....	26,057,469	26,108,197	
Currency.....	\$454,218,033	\$432,850,264	\$452,231,810
Gold certificates of deposit.....	.....	7,200,440	7,288,140
Uncalled for pay requisitions.....	660,900	509,231	1,220,006
Aggregate of debt bearing no interest.....	\$454,868,938	\$460,556,264	\$459,519,950
Amount in Treasury—			
Coin.....	24,554,967	47,224,379	45,735,551
Currency.....	33,800,591	44,587,141	44,993,271
Total in Treasury.....	\$68,355,578	\$91,811,520	\$90,729,822
RECAPITULATION.			
Debt bearing interest in coin.....	\$1,161,137,691	\$1,167,169,942	\$1,167,148,292
Debt bearing interest in lawful money.....	1,191,819,787	1,177,531,149	1,179,475,230
Debt on which interest has ceased.....	1,373,920	1,187,480	1,166,880
Debt bearing no interest (currency).....	454,218,038	460,047,033	459,519,950
Uncalled for requisitions.....	660,900	509,231	1,220,006
Aggregate debts of all kinds.....	\$2,809,210,236	\$2,806,444,835	\$2,807,310,358
Cash in treasury.....	68,355,578	91,811,520	90,728,822
ANNUAL INTEREST PAYABLE ON DEBT.			
Payable in gold.....	\$67,670,340	\$68,032,275	\$68,030,976
Payable in lawful money.....	71,267,738	70,864,680	70,186,131
Aggregate amount of int. payable annually— not including int. on the 3 years' comp. int. notes, which is payable only at maturity....	\$138,938,078	\$138,896,955	\$138,217,107
LEGAL TENDER NOTES IN CIRCULATION.			
One and two years' 5 per cent notes.....	\$32,536,901	\$32,536,901	\$8,536,900
United States notes (currency).....	428,160,569	426,741,396	426,231,390
Three years' 6 per cent compound int. notes..	173,012,141	167,012,141	180,012,141
Aggregate legal tender notes in circulation....	\$633,709,611	\$626,290,438	\$644,780,431

COMMERCIAL CHRONICLE AND REVIEW.

Report of Mr. McCulloch—Government Receipts and Expenditures past, present, and prospective—Monthly Statement of Debt criticized—Prices of leading articles for eight years—Action of Congress on Contraction—Presidents Message and United States Securities—Railroad Stocks—Prices of Gold—Movements of Treasure for Year—Exchange prices of, &c.

THE reassembling of Congress, the message of the President, and the reports of his Secretaries to Congress, are the chief matters of interests the past month. Never has the annual report of the Secretary of the Treasury been looked for with more general anxiety, or been received with more distinguished marks of public approval than that of Mr. McCulloch, to which we devote a large part of this number of the Magazine. It comprises the transactions of the year ending 30th June last, and the financial history of the most critical period of the war, which it contains, will attract the attention of one class of readers, while its statements as to our future financial policy awakens the interest of all. This able state paper is valuable as a record of the past no less than as a forecasting of the future.

In looking over the balance sheet of the national Treasury here spread before us, the first point which attracts attention is the prodigious resources of our people who, after more than three years of exhausting war expenditure have, without resorting to any foreign loan, contrived to raise among themselves no less than 1,800 millions of dollars. To this most significant fact history affords no parallel, and to it, future republican nationalities in both hemispheres, will look with pride and emulation, in like times of crushing trial and patriotic self sacrifice. Let us briefly examine the details, however.

At the opening of the last session, Congress supposed, and the Treasury estimate stated, that the deficit for the fiscal year 1864-5 would amount to 482,000,000. Such, however, were the expenditures incident to the struggle, that we have had to provide for nearly twice that amount, or 942,000,000. And much of this sum was to be raised when gold was wildly fluctuating above 200, and United States bonds were quoted below 40. Besides this 942,000,000, however, we had to provide for over 150,000,000 of maturing short obligations, which were to be paid in money as they fell due. Moreover, our internal taxation proved less productive than was anticipated. Instead of yielding 300,000,000 it brought into the Treasury but 209,000,000. The customs also fell off from 102,000,000 in 1864 to 85,000,000 in 1865.

We will not now revive the unwelcome memory of the circumstances which, in the spring and summer of 1864, so damaged the national credit that the proposal for a loan of 33,000,000, advertised on the 25th of June was withdrawn on the 2d of July, as it was evident "that such loan would not be taken on terms which it would be the interest of the government to accept." Suffice it to say, that by skillful management the public confidence was gradually restored and all opposing difficulties were surmounted by Mr. Pessenden and by his successor Mr. McCulloch. The tabular exhibit on page 12 of the report, shows that of the 1,100,000,000 wanted, 257,000,000 were funded in five and six per cent long

bonds; 671,000,000 were raised by the Seven-thirties, and the remainder chiefly by the issue of compound-interest legal tenders, which have now almost ceased to pass current as active paper money.

Our space forbids a detailed account of this part of the report, and we content ourselves with simply compiling from it the following table, which shows the gradual increase of our national debt since the beginning of the war, with the responsive growth of our fiscal strength to bear the burdens it has imposed upon us. We have added the estimates for the years 1866 and 1867, and the amounts are stated in millions of dollars:

	Principal of debt. Millions.	Increase during the year. Millions.	War and navy expenses. Millions.	Customs & internal revenue. Millions.	Interest on debt. Millions.
1851.....	90·867			39·582	4·034
1852.....	514·211	423·343	437·042	49·056	13·190
1853.....	1,098·793	584·581	662·509	106·700	24·729
1854.....	1,740·690	641·897	776·525	212·057	53·685
1855.....	2,682·593	941·902	1,153·891	294·392	77·397
1866*.....	2,794·787	112·194	524·678	418·628	132·986
1867*.....	2,683·105	.....	82·999	375·000	141·542

But there are other points of the gravest practical importance which these figures illustrate besides the expansiveness of our national resources and our ability to bear a heavy fiscal burden. They show how rapidly the pressure on our other resources is diminishing. The war department, on which 1,031 millions were expended last year, is estimated at 473,000,000 in 1866, and 38,000,000 in 1867. The navy expenditure, which was 122,000,000 last year, will be 51,000,000 in 1866, and is to be reduced to 44,000,000 in 1867. The effect on the public credit produced by reductions on so vigorous a scale, and extended to all the details of the government expenditure, it is impossible to over estimate, for in national finances good credit chiefly means economy and good administration.

Secondly, it appears from Mr. McCulloch's estimates that this contraction will reach the national debt as well as the national expenditures. The debt of the United States, he says, has increased since the end of June last, when the fiscal year ended. He has borrowed \$138,773,097 22 since that time, but so large was the income from internal revenue and from other sources during the month of September, that he has paid off 13,000,000 of this amount, and he expects to reduce the 138,000,000 to 112,000,000 before the end of the current fiscal year. If so, we have traversed the highest peak in the mountain of our indebtedness, for during the year 1867 Mr. McCulloch is sanguine enough to expect that he will pay off 111,000,000 more. To estimate the full force of these reductions, we must remember that of our debt of 2,808,000,000, less than one-half is in long bonds, and the remainder has to be funded in a permanent shape with as little delay as possible. To facilitate still more this funding operation, Mr. McCulloch brings forward a scheme to pay off the national debt in a little more than a quarter of a century. On this plan we shall have some suggestions to make on another occasion. But apart from all considerations of early redemption, there is no doubt that our long bonds will be easily negotiated if Mr. McCulloch's anticipations prove true, and we realize an excess of income from taxation over the national expenditure.

* Estimated.

The last point we shall cite from the report is that which refers to the contraction of the volume of our paper money. True to the sound principles of finance which he has always professed, Mr. McCulloch opposes any increase of National Bank currency, and asks for further power to withdraw from circulation the interest-bearing legal tenders. In this matter of contracting the currency the policy of the government, as expressed by the President, the Secretary of the Treasury, and the Comptroller of the Currency, is approved by the press and by the people, and has also received the sanction of Congress.

The official monthly statement of our National Debt will be found on another page, and among its interesting details we may mention the new gold notes, which have not increased during the month, and are evidently less popular than was anticipated by their promoters. We were told that by the gold note policy vast amounts of coin would be gathered in from hoards, and attracted to the Sub-Treasury, where, in some mysterious way, this borrowed gold was to help the Government credit. So far, however, very little coin seems to have been deposited in this way. And the seven millions of gold deposits now in the Treasury vaults, appear to be chiefly useful as affording to the dealers in specie, free of charge, the facilities for speculation and for safe keeping of coin, which formerly they had to pay heavily for at the Bank of New York.

The compound interest notes have increased 13 millions since 1st December, and amount now to 180 millions. As the official statement is printed this month in much less convenient form than usual, and does not show, as heretofore, how large an amount of these compound notes has been destroyed, we have no opportunity of verifying the rumor which is again current in Wall street that Mr. McCulloch, to save the interest accumulated, is cancelling all the old inert notes that are paid into the Treasury, and supplying their place with new ones. It is to be observed also that the increase in the aggregate amount of compound notes have not arisen from Mr. McCulloch's having converted greenbacks into them as he has legal authority to do. The greenbacks amount still to 426 millions, at which sum they have stood for some time past.

The objection has been raised to this method of converting greenbacks into compound notes, that the process involves a considerable loss of interest. But there is an equal, or even a greater difficulty attending every other method of contraction; and yet the benefits far outweigh the cost. Moreover, this plan has the advantage of having stood the test of experience. It has been tried on a large scale, and so far the successful results have realized the anticipation of Mr. Chase, when he made the experiment of issuing compound notes in 1864. The importance in this point of view of the contracting of our active currency, which the conversion into compound legal tenders has effected, it is impossible to over-estimate. None of the plans of contraction hitherto proposed have done half as much, and none have operated so imperceptibly, and with so little derangement of the credit-machinery or of the business interests of the country.

The third point demanding special notice in the statement before us, is the increase of the demand loans. Their amount has now advanced to \$97,257,194, an increase of nearly eight millions for the month. It will be remembered that

the act of 30th June, 1864, authorized the increase of these call loans to one hundred and fifty millions. This increase was necessary as a war measure, and to give the necessary elasticity to our financial machinery during the prodigious fiscal efforts of the closing year of the war. There are, however, numerous evils which, since the return of peace, have arisen from the large unwieldy dimensions of these demand loans. The chief objection to them, however, is that they prevent contraction, and favor inflation of the currency. It is reported, and the rumor is welcomed with much satisfaction in financial circles, that Mr. McCulloch intends to announce the cessation of interest at an early day on all call loans above five per cent. This conservative movement could not but be attended by the best results.

We are glad to see that an increase is taking place in the certificates of indebtedness. These securities are extremely scarce, and before the excessive issues which flooded the market with them towards the close of Mr. Chase's administration, they were very much sought after for temporary investment, and commanded high rates. The aggregate now out is \$60,667,000, and this amount might no doubt be gradually increased to 100,000,000, if the issue could be made at about the present market price. Of all the short-date obligations of the Treasury, the certificates of indebtedness have probably been productive of the least practical embarrassment to the department. Had a freer use been made of these securities, the retiring of twenty-four millions of maturing five per cent legal tenders would not have necessitated an issue of thirteen millions of compound interest notes, or, what is even more objectionable, an increase of eight millions in the call loans.

To show the growth and extent of the inflation of nominal values by our greenback irredeemable currency we give below a comparative table of the wholesale prices at this port of the leading articles of foreign and domestic produce from 1859 to the present time. We do not, of course, wish to be understood as urging that the depreciation of our paper money is the sole cause of the advance which has taken place. We have repeatedly stated that the prices of all sorts of commodities are raised by our heavy taxes, by speculation, by a number of circumstances which during the war have either increased the cost of production, or disturbed the relations of demand and supply. No one whose opinion is entitled to credit can overlook these causes of the fluctuation of market values. But the point we raise is that the high prices which have prevailed among us are only partially and in a very subordinate degree accounted for by these minor causes. Beyond and above all these in its influence on values, is the depreciation of the currency. Prices have risen far more than they ever could otherwise have done, because the dollar is not worth as much as in specie paying times. The paper dollar has lost part of its purchasing power. It is not worth its normal value of ten silver dimes. To-day it only represents seven. Next month it may perhaps be worth eight. A year ago it would not purchase five. It requires no mathematical genius to show us that prices expressed in these depreciated paper dollars must be higher and more fluctuating than if expressed in gold dollars. Remembering, then, that depreciation of the currency is the great producer of high prices, let us examine in the light of this

principle the course of inflation as shown by the sales in open market from which we have compiled the subjoined table. We give the prices, January 3d, of each of the last eight years:

PRICES OF LEADING ARTICLES FOR EIGHT YEARS.

	1859.	1860.	1861.	1862.	1863.	1864.	1865.	1866.
	\$ c	\$ c	\$ c	\$ c	\$ c	\$ c	\$ c	\$ c
Ashes, pots..... 100 lbs.....	5 62½	5 12½	5 00	6 25	8 50	8 50	11 75	9 00
Pearls.....	6 00	5 37½	5 00	6 25	8 25	9 75	13 00	11 00
Breadstuffs—								
Wheat flour, State, bbl.....	4 30	4 30	5 35	5 50	6 05	7 00	10 00	8 75
Wheat, best ex. Genesee.....	7 75	7 50	7 50	7 50	8 75	11 00	15 00	14 00
Rye flour.....	3 75	4 00	4 00	3 87½	5 45	6 65	9 00	6 10
Corn meal, Jersey.....	3 40	3 90	3 15	3 00	4 00	5 65	8 80	4 25
Wheat, white Ge. n. bush.....	1 40	1 50	1 45	1 50	1 60	1 80	2 60	2 63
White Michigan.....	1 25	1 50	1 45	1 50	1 53	1 83	2 70	2 75
White Ohio.....	1 30	1 45	1 45	1 48	1 53	1 83	2 60	2 63
White Southern.....	1 45	1 45	1 45	1 52	.....	.....	2 75	2 45
Red Western.....	1 20	1 30	1 38	1 42	1 48	1 57	2 45	2 05
Chicago Spring.....	.....	.....	1 18	1 30	1 33	1 48	2 22	1 85
Rye, Northern, bush.....	78	92	75	83	96	1 30	1 75	1 05
Oats, State.....	53	46½	37	42	71	93	1 06	62
Corn, old Western.....	78	90	72	64	82	1 30	1 90	95
Corn, new Southern.....	75	80	72½	68	86	.....	.....	.....
Cotton, mid. upland, lb.....	12	11	12½	35½	68½	82	1 30	52
Mid. New Orleans.....	12½	11½	12½	36	68	.....	1 21	53
Fish, dry cod..... gtl.....	4 00	4 50	3 50	3 50	4 50	6 75	9 00	9 25
Fruit—Bunch raisins, bx.....	2 05	2 52	1 75	3 20	3 50	4 00	5 85	4 40
Currants..... lb.....	7½	6	4½	9	12½	15	21	15
Hay, shipping..... 100 lbs.....	80	1 00	90	77½	85	1 45	1 55	75
Hops..... lb.....	15	16	25	20	23	33	40	50
Iron—Scotch pig..... ton.....	25 00	24 50	21 00	23 00	33 50	45 00	63 00	52 00
English bars.....	55 00	53 00	52 00	57 00	77 50	90 00	190 00	120 00
Laths..... per M.....	2 12½	2 00	1 30	1 25	1 45	1 50	2 40	5 00
Lead—Spanish..... ton.....	5 50	5 65	5 25	7 00	8 00	10 50	15 00	10 00
Galena.....	5 85	5 77½	5 50	7 12½	8 00	10 50	16 00	.....
Leather—hemlock, sole, lb.....	24	30	10½	20½	27	30 00	42	36
Oak.....	30	30	27	28	33	42	52	39
Lime, com. Rockland, bbl.....	75	75	75	65	85	1 13	1 15	1 10
Liquors, brandy, cog. c. gal.....	3 00	3 26	2 00	4 00	5 25	.....	.....	.....
Domestic whiskey.....	24½	26	19½	20½	39	91	2 24	2 27½
Molasses, N. Orleans, gal.....	37	53	37	53	55	70	1 43	1 15
Naval stores—								
Crude turpentine..... bbl.....	3 68½	3 43½	2 75	10 00	.....	2 95	2 10	9 00
Spirits turpentine..... gal.....	49	44½	35	1 47½	2 60	2 95	2 10	1 05
Common rosin, N. C. bbl.....	1 55	1 65	1 25	6 10	10 50	30 00	25 00	6 50
Oils—crude whale..... gal.....	55	52	51	48	83	1 10	1 48	1 60
Crude, sperm.....	1 26	1 40	1 40	1 40	1 75	1 60	2 13	2 50
Linseed.....	65	57	50	86	1 27	1 47	1 50	1 45
Provisions—								
Pork, old mess..... bbls.....	17 00	16 37½	16 00	12 00	14 50	19 50	43 00	28 50
Pork, old prime.....	13 00	11 75	10 50	8 50	12 50	14 50	36 25	23 50
Beef, city mess.....	9 00	9 00	6 00	5 50	12 00	14 00	20 50	20 00
Beef, repacked Chicago.....	9 50	9 50	9 00	11 00	13 00	15 00	23 00	24 00
Beef hams, extra.....	15 00	14 50	14 00	14 50	15 00	18 30	27 00	35 00
Hams, pickled..... lb.....	9½	9½	8	6	8	11	20	16½
Shoulders, pickled.....	6½	6½	5½	4½	5½	8½	18	14
Lard.....	11½	10½	10½	8½	10	13	23	19
Butter, Ohio.....	18	16	14	15	22	24	45	30
Butter, State.....	20	20	18	19	22	29	55	48
Butter, Orange County.....	25	24	22	22	25	32	63	50
Cheese.....	9	11	10	7	12	15½	20	18½
Rice, good..... 100 lbs.....	3 50	4 20	4 00	7 00	8 75	10 00	13 00	12 50
Salt, Liverpool, ground, sk.....	90	1 15	65	86	1 25	1 85	2 27	2 00
Liverpool, fine, Ashton's.....	1 38	1 95	1 60	1 70	2 15	2 80	4 75	4 10
Seeds, clover..... lb.....	9½	8½	8½	7½	10½	12½	27	14
Sugar, Cuba, good.....	7	7½	6½	8½	10	12	19	13
Tallow.....	10	10½	9½	9½	10½	12	18	14
Whalebone, polar.....	95	90	85	76	1 65	1 60	2 25	1 55
Wool, fleece.....	36	40	30	50	60	75	95	75

Excluding cotton, iron, rosin, and a few other articles whose fluctuations in value are partly due to other well-known causes, we find the general course of prices tending upwards during the increase of our paper money. That increase reached its highest point some time ago, since which our paper money has been gradually diminishing, and as our paper currency has grown less so prices have fallen too.

Never since the passage of the legal tender act in February, 1862, has any more important currency measure received the sanction of Congress than the resolution which was offered on the 18th of December, by Mr. Alley, in the House of Representatives. This resolution declares that the House "cordially concurs in the views of the Secretary of the Treasury in relation to the necessity of the contraction of the currency with a view to as early a resumption of specie payments as the interests of the country will permit," and pledges "co-operative action to that end as speedily as possible."

The decisive vote of 144 to 6 by which this conservative and sound policy was adopted naturally seals the fate of the mischievous schemes of further inflation which of late have been urgently pressed forward in certain quarters; and gives a pledge that our redundant currency is not only to receive no further increase, but will be steadily contracted from this time forward, until its normal volume is reached and specie payments are resumed. This assurance is regarded with the liveliest satisfaction; and the various methods which have been proposed for calling in our superfluous paper money are everywhere canvassed with a warmth and earnestness which show that the public mind is alive to the delicacy of the work of contraction and to the mischiefs which will ensue if it be unwisely done.

The effect of the President's Message on Government securities both at home and abroad, is an instructive feature of the past month. On the publication of the Message here an upward impulse was at once given to all government bonds, but because of the continued depression in Europe the rise was checked. When, however, the steamer reached London with the Message the effect there was even more decided, and a rise of from two to three cents in the gold price of the bonds was at once established. This advance reacted here, and instead of last month's closing prices at about 100 for Five-twenties, the same bonds were selling the last of December at 105. We give below the prices each week.

The following table shows the prices of Governments and Gold since July :

PRICES OF UNITED STATES PAPER AND GOLD.

	—6's, 1881.—		—5-20's, new iss—		10-40's.	1 year certif.	Gold price.
	Reg.	Coup.	Reg.	Coup.			
July 5,....	110 $\frac{1}{2}$	110 $\frac{1}{2}$	104	105	97 $\frac{3}{4}$	99 $\frac{7}{8}$	139 $\frac{1}{2}$ @140 $\frac{1}{8}$
" 12,....	107 $\frac{1}{4}$	107 $\frac{3}{8}$	105	105 $\frac{3}{4}$	97 $\frac{5}{8}$	99 $\frac{7}{8}$	140 $\frac{1}{8}$ @142 $\frac{3}{8}$
" 19,....	107 $\frac{1}{2}$	107 $\frac{3}{8}$	104 $\frac{1}{2}$	105	97	99 $\frac{1}{4}$	142 $\frac{1}{2}$ @143
" 26,....	107	107 $\frac{1}{8}$	105	105 $\frac{1}{2}$	97	98	143 $\frac{1}{2}$ @143 $\frac{3}{4}$
Aug. 5,....	107	107 $\frac{1}{8}$	104 $\frac{7}{8}$	105 $\frac{1}{8}$	97 $\frac{1}{2}$	97 $\frac{5}{8}$	143 $\frac{3}{8}$ @143 $\frac{7}{8}$
" 12,....	106 $\frac{1}{2}$	106 $\frac{1}{8}$	104 $\frac{1}{2}$	104 $\frac{3}{8}$	97 $\frac{1}{2}$	97 $\frac{3}{4}$	141 $\frac{1}{2}$ @142
" 19,....	106 $\frac{1}{2}$	106 $\frac{1}{2}$	104 $\frac{3}{8}$	104 $\frac{3}{8}$	97 $\frac{3}{4}$	98 $\frac{1}{8}$	143 $\frac{1}{2}$ @144 $\frac{1}{8}$
" 26,....	106 $\frac{3}{4}$	106 $\frac{7}{8}$	104 $\frac{3}{4}$	104 $\frac{7}{8}$	98 $\frac{1}{8}$	98 $\frac{1}{4}$	144 @144 $\frac{3}{8}$
Sept. 2,....	107 $\frac{1}{2}$	107 $\frac{1}{2}$	104 $\frac{3}{4}$	104 $\frac{7}{8}$	94 $\frac{3}{4}$	98 $\frac{1}{2}$	144 $\frac{1}{2}$ @144 $\frac{3}{8}$
" 9,....	107 $\frac{3}{4}$	107 $\frac{7}{8}$	105 $\frac{1}{2}$	105 $\frac{5}{8}$	94 $\frac{1}{2}$	98 $\frac{7}{8}$	144 $\frac{3}{8}$ @144 $\frac{3}{4}$
" 16,....	107 $\frac{3}{4}$	107 $\frac{7}{8}$	105 $\frac{5}{8}$	105 $\frac{1}{2}$	94	98 $\frac{3}{4}$	142 $\frac{3}{4}$ @143 $\frac{1}{2}$
" 23,....	107 $\frac{5}{8}$	108	106 $\frac{1}{2}$	106 $\frac{1}{2}$	94 $\frac{3}{8}$	98 $\frac{3}{4}$	143 $\frac{1}{2}$ @143 $\frac{3}{4}$
" 30,....	107 $\frac{5}{8}$	107 $\frac{5}{8}$	106	107	94 $\frac{1}{2}$	98 $\frac{3}{4}$	144 @144 $\frac{1}{2}$
Oct. 7,....	107 $\frac{5}{8}$	107 $\frac{3}{4}$	101 $\frac{1}{2}$	101	92 $\frac{3}{4}$	98 $\frac{1}{2}$	146 @146 $\frac{3}{8}$
" 14,....	107	107 $\frac{1}{2}$	102	102	93 $\frac{3}{4}$	98 $\frac{1}{2}$	144 $\frac{3}{8}$ @144 $\frac{1}{2}$
" 21,....	106	106 $\frac{7}{8}$	101 $\frac{1}{2}$	101 $\frac{3}{8}$	93	97 $\frac{3}{4}$	145 $\frac{1}{2}$ @146 $\frac{3}{8}$
" 28,....	106	106 $\frac{7}{8}$	101	101 $\frac{1}{2}$	92 $\frac{7}{8}$	98	145 $\frac{3}{8}$ @145 $\frac{7}{8}$
Nov. 4,....	106 $\frac{1}{2}$	106 $\frac{3}{4}$	101 $\frac{1}{2}$	101 $\frac{1}{2}$	92 $\frac{3}{8}$	97 $\frac{3}{4}$	146 $\frac{7}{8}$ @147 $\frac{1}{8}$
" 11,....	105 $\frac{1}{2}$	105 $\frac{3}{8}$	100 $\frac{1}{2}$	100 $\frac{1}{2}$	91 $\frac{1}{2}$	97 $\frac{1}{2}$	146 $\frac{1}{2}$ @146 $\frac{1}{2}$

	--6's, 1881.--		--5-20's, new iss--		10-40's.	1 year certif.	Gold price.
	Reg.	Coun.	Reg.	Coup.			
" 18,....	105 $\frac{5}{8}$	105 $\frac{7}{8}$	100 $\frac{1}{2}$	100 $\frac{1}{2}$	91 $\frac{1}{2}$	97 $\frac{3}{4}$	146 $\frac{7}{8}$ @147
" 25,....	106	105 $\frac{3}{4}$	100	101 $\frac{1}{2}$	91	97 $\frac{3}{8}$	146 $\frac{3}{4}$ @147 $\frac{1}{2}$
Dec. 1,....	106 $\frac{3}{4}$	106 $\frac{3}{8}$	99 $\frac{1}{2}$	101 $\frac{1}{4}$	90 $\frac{1}{2}$	97 $\frac{1}{2}$	147 $\frac{3}{4}$ @148
" 8,....	103 $\frac{1}{4}$	107 $\frac{1}{4}$	99 $\frac{1}{2}$	102 $\frac{1}{2}$	91 $\frac{1}{2}$	97 $\frac{5}{8}$	145 $\frac{5}{8}$ @148 $\frac{7}{8}$
" 15,....	103 $\frac{1}{4}$	107 $\frac{1}{4}$	99 $\frac{1}{2}$	104	91 $\frac{1}{2}$	97 $\frac{1}{2}$	144 $\frac{3}{4}$ @146 $\frac{3}{4}$
" 22,....	103 $\frac{1}{4}$	107 $\frac{3}{8}$	100 $\frac{1}{2}$	103 $\frac{1}{4}$	92 $\frac{1}{2}$	97 $\frac{5}{8}$	145 $\frac{5}{8}$ @146 $\frac{3}{4}$
" 29,....	103 $\frac{1}{2}$	107 $\frac{7}{8}$	100 $\frac{1}{2}$	105	92 $\frac{1}{2}$	98 $\frac{3}{8}$	145 @145 $\frac{5}{8}$

Railroad stocks have been weak during the month. The prospect of future earnings being smaller leads to the belief or fear that many of our dividend-paying roads will soon cease to pay dividends. The immense increase of earnings during the war was due chiefly to the closing of the Mississippi. The blockade of that important outlet for Western produce not only forced an increased amount of freights over the Eastward routes, but by removing competition enabled the roads to largely enhance their rates of transportation. This temporary monopoly has enabled most of the roads to pay dividends; and their stocks have advanced to a price justifiable only by the prospect of their having reached a permanent dividend-paying basis. Many of the roads have reduced their debts, improved their roadway, increased their rolling stock and placed their works in a generally effective position, which are very material considerations in estimating the value of stocks. The question of chief importance is whether, in spite of these improvements, the reopening of the Mississippi route, when fully provided with steamers, will not remand many of the roads back into a non-dividend-paying condition? The roads connecting with the East will inevitably suffer a diminution in the amount of their traffic; and the river competition will materially reduce the rates of freight. The result of this competition is already showing itself in a decline of the current earnings of the leading roads. At the same time, it is necessary to set off against these disadvantages the fact that the steady decline in prices and the inevitable fall in wages will enable the roads to reduce their running expenses, while the natural expansion of commerce will increase the amount of produce seeking transportation. Certain roads will be subject to damaging competition from the Atlantic and Great Western road, when its arrangements are completed--a circumstance which alone might be considered unimportant, but when associated with the revival of river competition is of much practical consequence.

Upon the whole, these considerations appear to warrant the conclusion that, with energy and economy of management, many of the roads may permanently pay a good rate of interest upon their stock.

The following table exhibits the share price of the leading railways :

	PRICES OF RAILWAY SHARES.				
	Aug. 25.	Sept. 23.	Oct. 28.	Nov. 29.	Dec. 29.
New York Central	92 $\frac{7}{8}$	94	97 $\frac{1}{2}$	96 $\frac{1}{2}$	96 $\frac{1}{2}$
Hudson River.....	109 $\frac{1}{2}$	109 $\frac{1}{2}$	106 $\frac{1}{2}$	108 $\frac{5}{8}$	108 $\frac{1}{2}$
Erie.....	87 $\frac{1}{2}$	88	92 $\frac{1}{2}$	91 $\frac{3}{8}$	96 $\frac{1}{2}$
Reading.....	105 $\frac{3}{4}$	109 $\frac{1}{2}$	114 $\frac{1}{2}$	115 $\frac{3}{8}$	106
Mich. So. and N. I.....	64	68	78 $\frac{7}{8}$	78 $\frac{3}{8}$	74 $\frac{1}{2}$
Illinois Central.....	122	129	137 $\frac{7}{8}$	132	131 $\frac{1}{2}$
Cleveland and Pittsburg.....	71 $\frac{1}{2}$	71 $\frac{1}{2}$	82 $\frac{3}{8}$	91 $\frac{1}{4}$	83 $\frac{1}{2}$
Chicago and N. W.....	97 $\frac{3}{4}$	28	80	88 $\frac{3}{8}$	85 $\frac{7}{8}$
Chicago and R. I.....	109 $\frac{1}{2}$	112 $\frac{3}{4}$	107 $\frac{1}{2}$	107 $\frac{1}{2}$	108
Fort Wayne.....	96 $\frac{1}{2}$	98 $\frac{1}{2}$	99 $\frac{1}{2}$	105 $\frac{1}{2}$	106 $\frac{1}{2}$

There has been a pretty steady decline in the price of gold during the month. We give below the course of gold for December:

DATE	Opening	Highest	Lowest	Closing	DATE	Opening	Highest	Lowest	Closing
Dec. 1	148	148 $\frac{1}{2}$	148	143	Dec. 18	146 $\frac{3}{4}$	146 $\frac{3}{4}$	146 $\frac{3}{4}$	146 $\frac{3}{4}$
" 2	147 $\frac{3}{4}$	148 $\frac{3}{4}$	147 $\frac{3}{4}$	148 $\frac{1}{4}$	" 19	146 $\frac{3}{4}$	146 $\frac{3}{4}$	146 $\frac{3}{4}$	146 $\frac{3}{4}$
" 4	147 $\frac{3}{4}$	148 $\frac{3}{4}$	147 $\frac{3}{4}$	148 $\frac{1}{4}$	" 20	146 $\frac{3}{4}$	146 $\frac{3}{4}$	146	146
" 5	148 $\frac{1}{2}$	148 $\frac{3}{4}$	148 $\frac{1}{2}$	148 $\frac{1}{2}$	" 21	146 $\frac{3}{4}$	146 $\frac{3}{4}$	145 $\frac{3}{4}$	146
" 6	148	148	146 $\frac{3}{4}$	146 $\frac{3}{4}$	" 22	146	146 $\frac{3}{4}$	145 $\frac{3}{4}$	145 $\frac{3}{4}$
" 7	146 $\frac{3}{4}$	146 $\frac{3}{4}$	145 $\frac{3}{4}$	145 $\frac{3}{4}$	" 23	145 $\frac{3}{4}$	145 $\frac{3}{4}$	145 $\frac{3}{4}$	145 $\frac{3}{4}$
" 8	144 $\frac{3}{4}$	144 $\frac{3}{4}$	144 $\frac{3}{4}$	144 $\frac{3}{4}$	" 24	145 $\frac{3}{4}$	145 $\frac{3}{4}$	145 $\frac{3}{4}$	145 $\frac{3}{4}$
" 9	144 $\frac{3}{4}$	145 $\frac{3}{4}$	144 $\frac{3}{4}$	144 $\frac{3}{4}$	" 26	145 $\frac{3}{4}$	145 $\frac{3}{4}$	145 $\frac{3}{4}$	145 $\frac{3}{4}$
" 11	144 $\frac{3}{4}$	145 $\frac{3}{4}$	144 $\frac{3}{4}$	145	" 27	145 $\frac{3}{4}$	145 $\frac{3}{4}$	14 $\frac{3}{4}$	145 $\frac{3}{4}$
" 12	144 $\frac{3}{4}$	145 $\frac{3}{4}$	144 $\frac{3}{4}$	145	" 28	145 $\frac{3}{4}$	145 $\frac{3}{4}$	14 $\frac{3}{4}$	145 $\frac{3}{4}$
" 13	145 $\frac{3}{4}$	145 $\frac{3}{4}$	145	145 $\frac{3}{4}$	" 29	145 $\frac{3}{4}$	145 $\frac{3}{4}$	145 $\frac{3}{4}$	145 $\frac{3}{4}$
" 14	145 $\frac{3}{4}$	146 $\frac{3}{4}$	145 $\frac{3}{4}$	146 $\frac{3}{4}$	" 30	145	145	144 $\frac{3}{4}$	144 $\frac{3}{4}$
" 15	146 $\frac{3}{4}$	146 $\frac{3}{4}$	146 $\frac{3}{4}$	146 $\frac{3}{4}$					
" 16	146 $\frac{3}{4}$	146 $\frac{3}{4}$	146	146					
Month						148	148 $\frac{3}{4}$	144 $\frac{3}{4}$	144 $\frac{3}{4}$

The monthly fluctuations during the year have been as follows. We give elsewhere the price for each day of the year.

January	2.26	234 $\frac{3}{4}$	197 $\frac{3}{4}$	204 $\frac{3}{4}$	August	144 $\frac{3}{4}$	145 $\frac{3}{4}$	140 $\frac{3}{4}$	144 $\frac{3}{4}$
February	2.02 $\frac{1}{2}$	216 $\frac{3}{4}$	198 $\frac{3}{4}$	202	September	144 $\frac{3}{4}$	145	142 $\frac{3}{4}$	144 $\frac{3}{4}$
March	2.00 $\frac{1}{2}$	201	148 $\frac{3}{4}$	157 $\frac{3}{4}$	October	144 $\frac{3}{4}$	149	144 $\frac{3}{4}$	146 $\frac{3}{4}$
April	1.51	154 $\frac{3}{4}$	143 $\frac{3}{4}$	146 $\frac{3}{4}$	November	145 $\frac{3}{4}$	148 $\frac{3}{4}$	145 $\frac{3}{4}$	147 $\frac{3}{4}$
May	1.45 $\frac{3}{4}$	145 $\frac{3}{4}$	128 $\frac{3}{4}$	137 $\frac{3}{4}$	December	148	148 $\frac{3}{4}$	144 $\frac{3}{4}$	144 $\frac{3}{4}$
June	1.37 $\frac{3}{4}$	147 $\frac{3}{4}$	135 $\frac{3}{4}$	141 $\frac{3}{4}$					
July	1.41	146 $\frac{3}{4}$	138 $\frac{3}{4}$	144	Twelve months	226	234 $\frac{3}{4}$	12 $\frac{3}{4}$	14

The following tables are intended to show the principal movements in treasure for the years since 1860 to the end of 1865, and will explain in some degree the causes of the fluctuations in the prices of gold given elsewhere.

(1.)—GOLD RECEIVED FROM CALIFORNIA.

Months.	1862.	1863.	1864.	1865.
January	\$2,199,532	\$2,337,082	\$939,201	\$2,043,457
February	3,223,292	951,823	1,250,069	914,755
March	1,842,405	1,697,176	1,121,393	1,668,975
April	1,833,317	724,934	854,242	2,307,025
May	1,979,770	776,122	933,770	1,257,651
June	1,909,031	809,176	723,951	750,469
July	1,961,063	726,027	711,645	1,092,805
August	2,070,198	831,113	1,241,155	1,676,177
September	2,642,912	770,259	1,189,159	2,040,446
October	2,317,261	1,032,899	855,378	2,481,088
November	2,463,192	713,021	882,276	1,952,675
December	1,577,948	857,688	2,255,619	3,246,283
Year	\$25,010,116	\$12,207,320	\$12,907,803	\$21,531,781

(2.)—GOLD IMPORTED FROM FOREIGN COUNTRIES.

Months.	1860.	1861.	1862.	1863.	1864.	1865.
January	\$228,050	\$7,262,229	\$183,658	\$101,906	\$131,730	\$52,268
February	190,175	2,274,067	62,007	213,971	88,150	106,704
March	85,094	5,546,406	89,327	123,616	104,437	243,242
April	49,186	1,953,001	26,152	107,061	285,814	236,492
May	96,060	3,486,812	110,388	197,217	660,092	177,485
June	38,372	5,287,153	61,423	109,997	146,731	249,732
July	64,351	6,996,498	219,001	182,245	128,452	253,640
August	140,750	1,049,552	92,703	113,877	245,858	182,072
September	255,695	1,231,012	121,318	78,231	58,220	194,234
October	1,083,838	639,328	256,676	78,053	129,775	77,942
November	446,798	908,825	109,708	103,144	161,627	236,426
December	6,174,061	253,530	78,316	118,961	114,976	127,064
Year	\$8,852,830	\$37,088,413	\$1,390,277	\$1,528,279	\$2,265,522	\$2,137,016

(3.)—GOLD EXPORTED TO FOREIGN COUNTRIES.

Months.	1860.	1861.	1862.	1863.	1864.	1865.
January	\$853,562	\$2,059,202	\$2,658,274	\$4,624,574	\$5,459,079	\$3,184,853
February	977,009	2,528,737	3,776,919	3,965,664	3,015,367	1,023,201
March	2,331,663	3,488,926	2,471,293	6,585,442	1,800,759	381,913
April	2,995,502	1,643,262	4,037,675	1,972,834	5,883,077	871,439
May	5,529,936	979,145	5,164,636	2,115,679	6,460,930	7,245,471

Months.	1860.	1861.	1862.	1863.	1864.	1865.
June	8,842,080	885,062	9,867,614	1,367,774	5,170,551	5,199,472
July	6,553,985	2,069,591	8,067,337	3,268,881	3,309,887	723,986
August	7,454,813	1,553,824	3,713,532	5,465,261	1,001,014	1,554,398
September	3,758,734	1,642,533	3,058,919	3,480,385	2,835,398	2,494,973
October	2,106,395	1,672,617	6,707,519	6,210,156	2,496,221	2,516,226
November	525,091	1,851,385	6,213,250	5,433,393	7,267,662	2,046,180
December	292,401	2,234,847	3,673,112	5,259,053	6,103,377	2,752,161
Year	\$42,191,171	\$21,714,481	\$59,437,021	\$49,754,056	\$50,803,122	\$27,624,584

(4.)—GOLD PAID FOR CUSTOM DUTIES.

Months.	1860.	1861.	1862.	1863.	1864.	1865.
January	\$3,899,166	\$2,059,202	\$3,351,057	\$4,294,357	\$6,179,61	\$4,276,399
February	3,378,043	2,528,737	3,535,484	2,708,004	7,483,511	4,823,214
March	3,477,546	3,488,924	4,626,862	4,298,419	7,670,493	5,471,026
April	2,444,268	1,643,262	4,149,952	3,892,818	14,658,573	6,389,560
May	2,456,463	979,145	4,704,925	3,726,161	3,908,058	8,230,195
June	2,024,193	885,062	4,664,927	3,534,994	3,348,011	7,887,554
July	4,504,046	2,069,591	7,211,818	4,724,076	3,641,302	9,308,190
August	4,496,243	1,553,824	4,762,582	6,028,569	6,272,002	13,190,400
September	3,038,803	1,642,533	5,339,046	7,008,116	4,113,210	13,637,062
October	2,622,678	1,672,617	4,309,430	6,206,704	3,697,335	11,064,409
November	1,794,749	1,851,385	3,003,270	5,114,905	3,487,561	10,133,601
December	1,171,853	2,234,847	2,664,594	5,271,991	3,467,368	3,378,335
Year	\$35,327,481	\$21,714,981	\$52,254,117	\$56,943,454	\$67,926,585	\$102,794,945

(5.)—GOLD INTEREST PAID AT TREASURY.

Months.	1864.	1865.	Months.	1864.	1865.
January	\$3,156,904	\$2,449,290	July	\$1,881,009	\$5,714,267
February	1,114,002	913,429	August	2,106,784	454,575
March	258,116	2,009,665	September	3,113,699	4,117,419
April	5,195,731	163,181	October	1,895,006	5,885,808
May	4,351,898	10,292,800	November	4,032,956	4,243,786
June	2,261,772	1,066,274	December	3,163,406	2,783,684
Total during the year				\$33,126,874	\$40,304,279

(6.)—GOLD IN BANKS AND SUB-TREASURY.

1st day of—	1862.	1863.	1864.	1865.
January	\$29,030,031	\$40,970,990	\$37,992,534	\$30,054,450
February	29,656,711	40,394,786	29,963,522	30,342,250
March	31,335,319	41,050,421	43,111,317	34,522,341
April	32,971,999	37,238,770	41,160,843	36,850,985
May	35,730,817	38,465,314	41,026,220	39,896,077
June	38,297,236	40,160,452	36,564,325	42,968,190
July	36,634,118	42,641,035	31,057,550	44,098,091
August	37,391,876	39,644,227	31,898,050	49,731,490
September	37,828,015	38,012,019	33,07,799	52,403,883
October	41,382,201	39,146,457	31,944,614	46,595,964
November	40,804,481	38,370,251	33,955,867	44,565,483
December	38,154,279	36,847,190	28,961,268	50,694,027
Amount Dec. 31, 1865.				\$53,630,974

The following are the fluctuations in Exchange :

Dec. 1	RATES OF EXCHANGE IN GOLD.					
	London, 60 days.	Paris, 60 days.	Amsterdam.	Frankfort.	Hamburg.	Berlin.
1864.	109 1/2 @ 109 1/2	5.17 1/2 @ 5.16	40 1/2 @ 10 7/8	40 1/2 @ 11	36 1/2 @ 36 1/2	71 1/2 @ 72
1865.	109 @ 109 1/2	5.16 1/2 @ 5.15	40 1/2 @ 10 7/8	40 1/2 @ 11	36 1/2 @ 36 1/2	71 1/2 @ 71 1/2
15	109 1/2 @ 109 3/4	5.15 3/4 @ 5.15 1/2	40 1/2 @ 11	40 1/2 @ 11	36 1/2 @ 36 1/2	71 1/2 @ 72 1/2
22	109 1/2 @ 109 3/4	5.16 1/2 @ 5.13 1/2	40 1/2 @ 11	40 1/2 @ 11	36 1/2 @ 36 1/2	71 1/2 @ 72
29	109 1/2 @ 109 1/2	5.16 1/2 @ 5.15	40 1/2 @ 11	40 1/2 @ 11	36 1/2 @ 36 1/2	71 1/2 @ 71 1/2

JOURNAL OF BANKING, CURRENCY, AND FINANCE.

Increase of Bank Currency—Report of the Comptroller of the Currency—Bank Dividends—Bank Returns of New York, Boston and Philadelphia.

The report to Congress of the Comptroller of the Currency presents many facts of interest, showing, among other things, the wonderful growth of the National Banking system.

In November, 1864, there were 534 associations, with an aggregate capital of

\$108,964,597. Up to the end of October last 283 new banks had been organized, and 731 State banks converted, giving a total of 1,601 National Banks. Of these, no less than 679 were new institutions, while the capital of all the National Banks amounted to \$502,573,793. It is, however, a remarkable circumstance, as Mr. Clarke very properly points out, that although "nearly all of the State Banks have voluntarily changed into National associations, this transformation has been accomplished without deranging the business of these institutions."

The National Bank currency in circulation on the 1st October was 190 millions, while the old State bank circulation amounted to 79 millions. It is true that the State bank notes are being withdrawn, and from the 1st of July next they will be virtually suppressed by a tax of ten per cent. But, on the other hand, the National Bank notes are increasing, and will soon reach the maximum of 300 millions, making our available paper currency amount to \$960,167,326, while before the war the bank note circulation of the country never much exceeded 200 millions without producing over speculation, inflation of credit, and the other well-known precursors of financial revulsion.

The amount of circulation to which each State is entitled, on the ground of its representative population, has been greatly exceeded. This is contrary to the original intention of the banking law, but the extension was authorized at the close of the last session of Congress, when it was enacted that only half of the 300 millions should be distributed according to population, while the other half should be allotted by the Secretary of the Treasury. Out of this change has grown the demand for more currency for the Western, and chiefly for the Southern States, which, it is contended, are deprived of their fair share. A method of meeting this demand, without increasing the aggregate volume of the currency, Mr. Clarke proposes, in the following terms:

"In view of the urgent demand that will undoubtedly be made for an increase of the national bank circulation, and as a gentle mode of further reducing the volume of legal tender notes, it is suggested that the national currency act be so amended as to allow an increase of the limit to four hundred million of dollars, on conditions only that all the banks be required to redeem their notes in New York, Boston or Philadelphia; and also that an issue of six per cent 5-20 bonds be authorized to the amount that it will require to secure the additional circulation under the provisions of the act, which bonds the banks, when organized, shall purchase as each may require of the Secretary of the Treasury, at such fair rate as he may from time to time prescribe, but not less than their par value, and pay for the same in the United States legal tender notes, and all notes so received shall be cancelled and destroyed. The bonds so issued would not affect the price or demand for other bonds, as they would be held as security for the circulation, and only offered in market in the event of the failure or closing of a bank. With the requirement to redeem at the central and accessible points mentioned, there would be but little danger of bank issues exceeding the limits prescribed by the demands of legitimate business."

It is superfluous to say that we do not approve of any extension of the bank currency beyond the 300 millions authorized by law. Congress we trust, will resist all attempts to urge such an increase under any pretext whatever. As there has been an undue issue in certain sections of the country the obvious remedy is to withdraw the excess from those sections. It is a very pernicious policy to correct one over issue by another. In the deranged and depreciated state of our paper money every consideration of the public good and every principle of sound finance condemns further issues as dangerous. Moreover, it is not the least of the objections to Mr. Clarke's proposal that it would

check and render nugatory all attempts at contraction for some time to come.

The profits of the banks throughout the country have been very large the past year. We have compiled the following table, showing the dividends of the New York banks for the past year, compared with those of the preceding five years :

DIVIDENDS OF NEW YORK CITY BANKS.							
Companies.	1860.	1861.	1862.	1863.	1864.	1865.	Latest.
America.....	7	7	7	8	10	10	Jan., 1866..5
American.....	..	..	..	..	..	4	Oct., 1865..4
American Exchange.....	7	3½	6	7½	9	10	Nov., 1865..5
Atlantic.....	..	..	..	..	9	10	Jan., 1866..6
Bowery, (new).....	..	..	..	..	..	..	..
Broadway.....	10	10	10	11	20	22	Jan., 1866..12
Bull's Head.....	8	8	8	11	12	15	Jan., 1866..4 q'y
Butchers' and Drovers'.....	10	10	10	10	10	15	Jan., 1866..5
Central.....	..	..	..	..	6	12	Nov., 1865..6
Chatham.....	7	6½	..	9	10	13	Jan., 1866..7
Chemical.....	10	24	24	24	24	24	Jan., 1866..6 q'y
Citizens'.....	8	8	7½	8	8	14	Jan., 1866..5
City.....	8	8	8	8	12	12	Nov., 1865..6
Commerce.....	7	6	6	7	8	10	Jan., 1866..5
Commonwealth.....	7	6½	6	7	10	10	Jan., 1866..5
Continental.....	7	3	6	7	8	8	Jan., 18 6..5
Corn Exchange.....	7	7	7	7½	9	10	Aug., 1865..5
Croton, (new).....	..	..	..	..	..	..	..
Currency.....	..	..	..	..	..	45	Jan., 1866..15 q'y
Dry Dock.....	8	7½	7	7	7	7	Jan., 1866..3½
East River.....	7	7	7	7	8	8	Jan., 1866..4
Eighth National.....	..	..	..	..	..	10	Jan., 1866..5
Fifth National.....	..	..	..	..	8	8	Jan., 1866..5
First National.....	..	..	..	..	30	20	Nov., 1865..10
Fourth National.....	..	..	..	..	4	9	Jan., 1866..5
Fulton.....	10	10	10	10	10	10	Nov., 1865..5
Gallatin (National).....	7	6½	6	8	10	10	Oct., 1865..5
Greenwich.....	12	12	12	12	12	12	Nov., 1865..6
Grocers'.....	7	7	7	8	10	10	Jan., 1866..5
Hanover.....	7	6½	6	6½	9	11	Jan., 1866..6
Imp. and Traders'.....	8	7	6½	7½	8	10	Jan., 1866..4
Irving.....	7	6	..	3½	8	5	Jan., 1866..5
Leather Manufacturers.....	10	10	10	10	10	10	Aug., 1865..5
Manhattan.....	10	9	8	10	10	10	Aug., 1865..5
Manufacturers.....	5	10	10	7	8	9	Jan., 1866..5
Manuf'rs & Merchants.....	..	..	6	8	10	10	Jan., 1866..5
Marine.....	6	3½	7	9	12	16	Jan., 1866..6
Market.....	7	6½	6	7	8	11	Jan., 1866..6
Mechanics'.....	8	7½	7	7½	9	15	Jan., 1866..5
Mechanics' Banking Association.....	7	7	7	7½	8	10	Nov., 1865..5
Mechanics & Traders.....	8	7	7	10	10	10	Nov., 1865..5
Mercantile.....	10	9	8	10	10	10	Nov., 1865..5
Merchants.....	7	6½	6½	7	9	10	Dec., 1865..5
Merchants' Exchange.....	7	6½	6	6½	7½	9	Jan., 1866..5
Metropolitan.....	8	7	6	11	9	15	Jan., 1866..6
Nassau.....	7	6	6½	7	8	10	Nov., 1865..5
New York.....	6	6	6	7½	10	10	Jan., 1866..5
New York County.....	7	6½	6	8½	11	16	Jan., 1866..9
New York Exchange.....	9	7	7	14	61	9	Jan., 1866..6
Ninth National.....	..	..	..	..	..	10	Jan., 1866..5
North America.....	7	7	6½	7½	8	15	Jan., 1866..5
North River.....	7	6½	3½	7	8½	11	Jan., 18 6..6
Ocean.....	7	6½	..	6	8	8	Aug., 1865..4
Oriental.....	7	6½	6	6½	7½	10	Aug., 1865..5
Pacific.....	10	10	10	10	15	20	Nov., 1865..5
Park.....	8	8	8	9	20	22	Jan., 1866..7
People's.....	7	7	7	7	8	9	Jan., 1866..5
Phoenix.....	7	7	6	7	8	10	Jan., 1866..4
Republic.....	10	9	..	7½	8	10	Aug., 1865..5
St. Nicholas.....	6½	..	3½	7½	8	10	Aug., 1865..5
Seventh Ward.....	10	10	10	..	..	..	..
Second National.....	..	..	..	..	5	10	Nov., 1865..5
Shoe and Leather.....	8	8	8	8	8	8	Jan., 1866..5
Sixth National.....	..	..	..	..	5	12	Nov., 1865..6
State of New York.....	7	6	6½	7½	10	10	Nov., 1865..5
Tenth National.....	..	..	..	..	..	10	Jan., 1866..5
Third National.....	..	..	..	..	5	9	Jan., 1866..5
Tradesmen's.....	8	7	6½	7½	11	16	Jan., 1866..7½
Union.....	6	6	7	9	10	10	Nov., 1865..5

The dividends declared for January, 1866, are not included in the aggregate dividends given for 1865.

It has always been hitherto observed, that under the influence of a depreciated currency, while the inflation was going on almost all the banks prospered and made immense profits; but when the reaction came, and contraction of currency brought a contraction of credits, great numbers of the banks failed. The first half of this circle of results we see reflected in the dividends of 15, 20, 40, and even 60 per cent recorded above. Shall we ere long see the second part of the circle? or will our bankers have caution enough to foresee and provide against the evil day, which may be nearer than the most clear sighted of us suppose? One of the most suggestive facts relative to the foregoing dividends, is that some of the banks having the largest capital and the safest, most judicious management seem to earn the more limited profits. Of the dividends on the eighty millions of banking capital above represented, the smallest institutions carry off the largest prizes.

We give below the returns of the Banks of the three cities the past few weeks, omitting the returns previous to this month.

NEW YORK CITY BANKS.

Date.	Loans.	Specie.	Legal tender.	Circulation.	Deposits.	Clearings.
Dec. 2,	229,197,844	13,431,103	48,220,803	15,867,400	175,523,894	487,045,569
" 9,	227,839,344	15,622,780	48,271,757	16,570,513	176,460,562	420,105,053
" 16,	227,814,356	16,981,435	48,887,556	16,724,725	167,247,251	501,690,868
" 24,	228,572,084	16,055,037	53,841,520	17,629,125	183,021,870	507,237,904
Jan. 2,	229,445,730	15,331,769	71,134,996	17,990,689	189,224,861	393,281,042
" 8,	233,185,659	15,778,471	71,617,437	18,588,423	195,482,254	370,617,523

The following are the returns of the Philadelphia Banks:

PHILADELPHIA BANKS.

Date.	Loans.	Specie.	Circulation.	Deposits.
November 27,.....	45,415,940	003,181	7,065,275	34,050,109
December 4,.....	45,662,762	£91,993	7,084,286	34,995,138
" 11,.....	45,596,327	896,141	7,123,240	34,310,272
" 18,.....	45,598,293	937,333	7,141,389	34,272,551
" 26,.....	45,650,301	898,565	7,169,293	34,117,482
January 2,.....	45,941,001	890,822	7,226,369	35,342,306

The statement of the Boston banks the last three weeks, shows the following results:

BOSTON BANKS.

	Jan. 1.	Dec. 25.	Dec. 18.
Capital.....	\$41,900,000	\$41,900,000	\$41,900,000
Loans.....	91,421,477	88,481,540	86,917,722
Specie.....	801,415	657,005	657,831
Legal tender notes.....	19,807,300	19,365,928	18,900,074
Deposits.....	38,451,794	38,481,794	36,987,613
Circulation (national).....	21,497,354	21,146,721	20,812,373
Circulation (state).....	1,404,721	1,480,718	1,550,230

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