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AN ENGLISHMAN'S VIEW OF AN INTERNATIONAL COINAGE.

The International Exhibition held last year at Paris, it is well known, was arranged in sections for each country, all of which emanated from one common centre. Around this central point was a circular case, in the compartments of which were displayed specimens of the coins, weights and measures of the leading countries whence the numerous articles exhibited around had proceeded. This was, doubtless, a most appropriate centre for such a widening circle; unfortunately, however, beyond the mere designation of the objects exhibited, and a label showing the country where they were in use, but little information was communicated to the mass of visitors as to the principles (if any) upon which these coins, weights and measures are based. This portion of the Exhibition, therefore, spoke to the eye, but hardly to the mind, a defect which was, however, in some measure remedied by the assembling of delegates from many of the countries represented, to discuss the various principles involved in the several systems. Their deliberations resulted in the expression of an ardent desire on the part of almost all the delegates to introduce some coin which should have universal currency, in the hope of thereby diminishing the difficulties in the way of international traffic. This desire was thus limited to money alone, which was felt to be a step in the right direction, if practicable, because the question of some universal standard of weights and measures was acknowledged to be attended with greater difficulties, owing to the complication of system in which some of the countries concerned were involved.

The several delegates parted with the understanding that the one question so generally adopted should be recommended by each to the consideration of his government, and this country, and I believe the United States, have exhibited their readiness to deliberate as to the advisability of acting upon the suggestion, by the appointment of commissions to consider this idea of an international coinage.

The majority of the delegates were evidently struck with the symmetry of the metrical system decimally divided. The English delegates, however, were rightly not prepared to go the length of recommending the adoption of this system, as the question had already been extensively ventilated, and the supposed advantages of a decimal system had wonderfully faded from view on a comparison being instituted between that system and the one we enjoy, which latter proved itself superior in the practical points of its adaptability for binary subdivision, and for the common requirements of traffic, leaving altogether out of view the important matter of the alteration of fiscal arrangements which would follow upon the adoption of a decimal system.

In considering the question of an international coinage, one point we must never lose sight of is, that, if adopted, the coins issued under any international convention must in every country contain practically the same amount of the precious metal, or aliquot parts thereof. Now, some countries have established their moneys upon the basis of a gold coinage, some upon gold and silver, and others upon that of silver alone. In this country our coinage is based upon the principle that one pound troy of gold bullion, containing 22 parts fine gold and 2 parts alloy, shall be coined into £46 14s. 6d.

Our silver coinage is issued much above its intrinsic value, one pound troy of silver bullion, containing 11 oz. 2 dwts. of pure silver and 18 dwts. of alloy (or, in other words, 37-40ths pure silver and 3-40ths alloy) being coined into 66 shillings. This gives the standard silver in our coins a nominal value of 5s. 6d. per oz. (the market price of standard silver ranging lately from 5s. 0⅜d. to 5s. 0⅞d. per oz.) the relative value of (pure) gold to (pure) silver being thus established at 14 1393-4840 to 1.

In France, where they have a double standard and a mixed gold and silver currency, the old standard of value is based upon silver, the five-franc piece being coined out of 25 grammes of their standard silver, which contains 9-10ths pure metal and 1 10th alloy. Their gold standard was fixed by the law of the 7th Germinal, year XI. (1803), according to which 155 pieces of 20 francs are coined from each kilogramme of bullion containing 9-10ths pure gold and 1-10th alloy, the relative value of gold to silver being by law fixed at 15½ to 1.

In Germany they have only a silver standard, Prussia and Bavaria, by a mutual convention, coining out of 1 mark of fine silver, to which is added 1-9th alloy (making the bullion 9-10ths fine), 14 thalers, or 24 guldens, respectively. Prussia also coins gold Friedrichs d'Or, nominally worth 5 thalers, (but practically in commercial transactions current for 5 2-3 thalers,) of which 35 contain 1 mark of metal composed of 21 2-3 parts pure gold and 2 1 3 parts alloy. The relative value in the Coinage of (pure) gold to (pure) silver is thus established as 13 11-13 to 1.

In the United States, several changes have taken place in the standard of their Coinage. For our present purpose, it is sufficient to state that, by Act of Congress of January, 1837, the standard of fineness for both gold and silver coins was assimilated to that prevalent in France, or 9-10ths pure metal and 1-10th alloy. The weight of the gold eagle or 10-dollar piece was confirmed at the same time as 258 grains troy, and that of the silver dollar as 412½ grains troy. This shows the relative proportion of gold to silver as 15 85-86 to 1. At the same time, it may be observed that the silver dollar is altogether in an exceptional position,—coined not so much for internal circulation as for export to China and the East Indies,—and is issued by the Mint at 108 cents. Seeing that the half-dollar by law weighs no more than 192 grains, the actual relative proportion between gold and silver may therefore be set down as 14 38-43 to 1.

The Spanish Coinage appears, in the present century, to have undergone several modifications. According to "Martin and Trubner's Current Coins," 1863, the gold doubloon of 100 reals of 1860 contains 129·430 grains of 9-10ths gold. It is, however, chiefly in connection with the silver dollar that the Spanish currency is so universally known. According to the same authority, the duro or 20-reals piece of 1859, which is coined of bullion of 9-10ths fineness, weighs 400·623 grains troy. The relative value of gold to silver is thus established in the Spanish Coinage as 15·4765 to 1, being very nearly the same as in France.

Reducing the foregoing principles of Coinage to a common measure of weight, we find the contents in *pure* gold of the several moneys named and their respective values, at the Mint price of £3 17s. 10½d. per ounce troy, of 11-12 or standard gold, as follows :

	Contents pure grs per Troy.	Value at £3 17s. 10½d ounce standard.		
England.—Sovereign........................	113·0016	£1	0s	0d
France.—20 Francs...........................	89·6168	0	15	10·3338
Prussia.—Friedrich d'Or....................	93.9635	0	16	5·6542
United States.—Eagle........................	232 2000	2	1	1·1611
Spain.—Doubloon..............................	116.4870	1	0	7·4025

The comparison of the silver moneys of the respective countries it is unnecessary to recapitulate, as it is felt universally that, in future, the basis of all Coinage must be gold; and there is no doubt but that this opinion is not generally entertained, but that in all European communities it will be, sooner or later, acted upon. A double standard has become a practical impossibility, for, as Monsieur Emile de Laveleye, in an article in the *Revue des Deux Mondes* for April, 1867, very properly remarks, "Where a double standard prevails, practically only coins of one of the two metals from the circulating medium, and from the nature of the thing this metal must always be that which is the most depreciated in value."

Let us then see if any means of approximation between the several systems of coinage above referred to exist for the construction of an international coinage. Before we enter upon this point, we must clearly see what is implied by an international coinage. Two views of such a coinage must evidently be held, viz., either one which shall annihilate all, or almost all, existing systems, by adopting in its entirety some one system already in existence, or some yet to be invented; or, on the other hand, one which after certain modifications in some or all current coinages, admits of the production of coined pieces which shall be capable of representing exactly some aliquot part o fcoins of every system. The first of these views may be at once dismissed from consideration by a simple illustration. The question of the decimalization of British moneys has been much ventilated and the opinion that it is capable of introduction into Great Britain has, after deliberation, been virtually set aside as impracticable. Consequently, if this, the lesser alteration, has been found undesirable, it follows that a greater and more universal alteration is altogether out of the question, the second view submitted for consideration remains, therefore, as the only possible solution left to us. If then we look back to the above table, we find that certain approximations of value exist in the monetary systems named.

Starting with the British coin of £1, we find—

The French 20 franc piece worth..........................	£0	15	10·3338
Add one-fourth, 5 francs....................................	0	3	11·5834
And we have 25 francs, worth............................	£0	19	9·9172
The Prussian Friedrich d'Or (representing really 5 thalers 20 silver groschens)..	£0	16	5·6542
Add four-seventeenths, 1 thaler 10 silver groschen...........	0	3	10·5068
And we have 7 thalers, worth............................	£1	0	4·1610
The United States eagle, worth..........................	£2	1	1·1611
The half-eagle (5 dollars)................................	1	0	6·5805
The Spanish doubloon, worth............................	1	0	7·4025

Clearly, if we are to have a coin of universal currency amongst these nations, four out of the five must give way more or less to the necessities of the case. Which shall it be? and what will be the result of thus giving way? In our humble opinion, for England to give way will be attended with much more obstacles than would be the case were all the other nations to embrace her system of valuation. Besides, standing midway in the valuation of her coins between France, the lowest on one hand, and Spain, the highest on the other, international obligations, as expressed in present moneys, would suffer a less severe shock. Were the French system adopted, other nations even now are almost ready to grant their consent, and yet this would involve for this country an alteration in the value of the pound of 2.082744d., or nearly $\frac{7}{8}$ per cent. As applied to the national debt, taking this in round figures at £790,000,000, this would show an amount of £6,912,500 of which the public creditor would be defrauded But it is well known that this country is the banking house of the universe, and that a vast proportion of the commercial transactions of the world are settled in this country. Now the revenue returns for the year ending 31st March, 1867, exhibit an amount of £730,070 as received for stamps on bills of exchange an promisory notes, and £127,847 as composition for bankers' bills or notes, forming together the handsome sum of £857,917. The duty levied is 1s. for each £100, or fractional part thereof. If we assume that on an average each 1s. of duty paid represents no more than £75 of bills of exchange, it follows that the amount of the bills of exchange in this country subject to duty for the year was £1,286,875,500. If we further assume that these drafts have an average currency of three months, it follows that there are always running £321,718,875 of commercial paper. A depreciation of $\frac{7}{8}$ per cent. upon this sum is upwards of £2,800,000. The same Returns state that the amount of property and profits assessed for the year was £364,430,000 A depreciation of the value of the £ will seriously affect this vast sum, although, of course, not in the same relative proportion as running commercial bills, seeing that property will be worth in the market a higher amount in a depreciated currency. We will only further allude to balances in the hands of bankers, to fixed and stated incomes, to bank notes issued, or to contracts running, all of which would be liable to a depreciation forming in the aggregate an immense sum. Were this country to depreciate the £1, the loss to individuals would far exceed anything which could possibly be the case with all other nations put together. But, further, were the French system universally adopted, the relative loss would be proportionately aggravated in the case of other nations, seeing that their coins would have to be still more depreciated.

But would the French not be willing themselves to make an alteration? We fully believe they would offer fewer obstacles than any other nation to an assimilation of their coinage to the £. They have seen the disadvantages attending the mixed systems now prevailing; they are the moving power in the consideration of the present question. They are alive practically to the objections to a double standard, which has drained their country of its silver in consequence of the erroneous proportionate value attached by their law to gold as compared with silver. They are prepared to abolish their double standard, and to discard silver altogether as a legal tender beyond 50 francs; and what more ready means could they find to bring back the errant silver to their country than by adding a few grains of pure gold to their 20-franc pieces, so as to counteract the baneful effects from which they have suffered, and which have compelled them to have recourse to so precious a metal as gold, entailing heavy loss by abrasion in such small pieces as those of 5 francs, in order to provide the means of small change to meet the requirements of the community? At the present time 1 kilogramme of gold, of 9-10ths purity, is coined into 155 pieces of 20 francs, *i.e.*, into 6,100 francs, and by a decree of the 8th April, 1864, a seignorage is charged upon this quantity of 6·70 francs. We propose that in future they should coin 1 kilogramme of their bullion into 3,075 francs only, and let them, if they please increase their seignorage to 10 francs. Let us compare this proposed new French Coinage with our existing British money:

France.

1,000 grammes bullion.
100 alloy, 1-10th deducted.

900 grammes pure gold, = 3,075 francs, or at 25 francs per £=£123.

England.

900 grammes pure gold, or
13,890·618 grains troy.
1,262·783 add alloy 1-11th.

15,153,401 grains troy standard.

Which, at the rate of £46 14s. 6d. for 5,760 grains, represents £122,924, which is sufficiently near to come within the allowance of remedy.

Were the French to exhibit a readiness to accept such a system, the Germans would unquestionably join in approximating theirs to that in use here. They have felt for a long time the inconvenience of a silver standard. The British sovereign is everywhere in North Germany freely accepted as the representative of six and 2 3rds thalers, being at the rate of three shillings sterling per thaler. A piece of seven thalers would represent one guinea here. Their gold Friedrich d'Or might easily be reclaimed by a coin bearing the name of the "Wilhelm d'Or," current for seven thalers, containing 118,651,685 troy grains pure gold.

At the present moment the state of the currency in the United States is peculiarly favorable to any change, seeing that specie payments are suspended; and any arrangement made by the government in the shape of a convention to join other nations in the introduction of an international coinage would, on the part of the States, remain practically a dead letter until the resumption of payments in specie. There need only be passed an act of Congress doing away with the existing anomaly of the silver dollar, issued by the mint at 108 cents, and confining the legal tender (as soon as the present greenbacks shall be withdrawn in fav r of a metallic currency) to gold, basing this upon the eagle of ten dollars, and enacting that the eagle shall weigh 251 grains troy in place of 258, as at present required. This would make the value of the proposed eagle, as compared with our British Coinage, £1·9991, which is sufficiently near to justify the acceptance of the United States' dollar as the exact equivalent of four shillings, and of our sovereign as five dollars, as already adopted in the British American Colonies. The public creditor would not suffer, as he would doubtless gladly accept the depreciated dollar rather than the greenback with which he is threatened, and the community at large would have time to fall into the changed valuation of the currency with no greater difficulty than will have to be encountered when specie payments are resumed.

Amongst the systems before considered, there remains only that of Spain to remark upon. That unfortunate country has been subjected to so many alterations of standard, that the people would hail with delight the adoption by their Government of any system which, from its being bound up with the more stable systems of foreign countries by an International Convention, would, to a certain extent, place their Coinage beyond the power of their rulers to tamper further with it.

Italy, Belgium, and Switzerland, who have already accepted the French system, would doubtless follow the example of France should she be disposed to make the change indicated. Greece has already evinced a desire to join the Powers who have a monetary convention with France. Portugal, Turkey, Russia, Austria, and Denmark would be unable to resist the necessity for a modification of their coinage to meet the requirements of the case, if all other European Powers decide upon the adoption of International coins; and the smaller German Powers, such as Hamburg, Bremen, and Lubeck, have already made up their minds that they must throw in their lot (so far as regards monetary systems) with their giant neighbour, Prussia.

The American States and Eastern countries, who are bound up in the Mexican dollar, it will be hopeless to attempt to move, even if it were prudent. Very little faith, for instance, would be placed in the purity or exactness of assay of any gold coins which might be issued by the Mint of Pekin. The inveterate habits and prejudices of the semi-barbarous Eastern nations would render it impossible to overcome their preference for silver at an earlier date than the Greek Kalends, and we need not await on their account the slow process of their conversion to more enlightened views. They cannot reason back from effects to causes in matters of national economy, and will go on their way, until they see that their interest is really consulted by their modifying their views.

From the preceding observations it is tolerably evident that a general feeling prevails in the most civilized countries that an effort to effect a *rapprochement* between the populations is considered desirable. It is felt that possibly some heartburnings may be alleviated if, in the important matter of money as it passes from hand to hand, misunderstanding is obviated. But it is shown, in the foregoing brief investigation, that, to carry into effect so laudable a design, a great national injustice can scarcely be avoided if we are to be called upon to modify our £. It is also shown that in the case of France, some change is indispensable from a double standard. To attempt by law to fix the ratio of value between gold and silver is seen to be futile; both metals are commodities, the value of which, like that of all other articles, depends upon supply and demand. As knowledge grows, and skill and science are brought to bear upon the extraction of the precious metals from their raw materials, the amount of time, labour, and expense spent upon the production of any given weight of pure metal must relatively diminish; consequently, the more accomplished a nation becomes, the less value of gold or silver becomes; in other words, the tendency under such circumstances of the prices of agricultural and manufacturing products is upwards, although this tendency may be in some degree neutralized and counteracted by similarly applied skill and science being brought to bear in the relatively cheaper production of such articles.

We thus have the metals on the one hand, and the necessities or luxuries of life on the other, alternately vibrating now in one direction, and now in the other, and what is true of the metals as compared with other articles, must, from the nature of the case, be true as between themselves. The French, therefore, find themselves in such a position that they *must* modify their previous legislation. What, then, can be more natural than for them, whilst carrying this modification into effect, to approximate their system to that of their British neighbours? And in the matter of their public debt, see how just it is that they should do so. Their creditors under their law are entitled to look for payment of their claims in silver just as much as in gold. But by the course of their legislation they have virtually driven silver from their realm, and now have only gold to offer their creditors in satisfaction of their claims. Why should their creditors be compelled to accept payment in an article of depreciated value? Is it not right and proper, if they insist upon paying by such a medium, that they should increase the quantity of the metal composing the integer of their Coinage, so as to meet the justice of the case? These remarks apply equally to running commercial bills in France, as well as to all open balances and contracts, so that no national injustice would be done if some grains of gold were to be added to the 20-franc piece, as would be the case were some grains abstracted from the British sovereign.

On the ground, therefore, of justice, as well as of expediency, we hope we have shown that the desirable end of an International Coinage may be attained, at least as between Great Britain and France, by the retention of the British £ as the measure of value, and by the raising of the French system of money in gold to that value. We have also shown that the Germans are ready to revise their system, and there can be no greater objection (putting the matter in its mildest form) to their adhesion to our valuation, than there would be to their acceptance of the French valution, whilst the advantages they would derive are patent. The reasons why the United States should follow in the same course are also seen to be strong, whilst their business relations with this country being so much greater, their personal predilections should be more in our favor.

By the adoption of the views enunciated, intercourse between civilized communities would be facilitated, and, as a necessary consequence, feelings of good-will would be promoted at the smallest possible sacrifice of existing interests.

It is not improbable that at the bottom of their hearts the promoters of this movement may have hoped to lead mankind at large to the reception of the grander and more philanthropic idea of *universal* Coinage, by which we mean, that the coins of every country should pass current in all other countries, but this opens up a much wider field for discussion, inasmuch as it would inevitably involve the adoption of one universal system of weights and measures, for the reception of which we apprehend the world is not yet prepared. In the meantime, a step in the right direction in regard to International Coinage, as laid down in an International Convention, could not fail to facilitate the larger and more interesting question.

THE CURRENCY QUESTION IN THE COMMERCIAL CONVENTION IN BOSTON.

BY CHARLES H. CARROLL.

I was glad to find that the members of the Commercial Convention in Boston of last February were generally readers of this MAGAZINE. Having had the privilege of presenting a few remarks, as an outsider, to the Committee on Currency and Finance of that Convention, by their courtesy, I would like to offer through your pages to the gentlemen who composed that committee, and to your readers generally, some further explanation of the views which there was not time to elaborate on that occasion.

Several members of the Committee having urged the need of a lower rate of interest at the West, as a reason for the increase of banks and currency there, I took occasion to say that to increase currency in relation to capital is a sure way to increase the rate of interest, as well as general prices, and that even the supply of money itself does not change this law, because interest is not a price for the loan of money merely; it is the rent of capital. It is not, therefore, currency that is needed at the West to reduce the rate of interest, but *capital*, since the more capital there is the less is its rent, and capital can only be obtained by labor, or it is the fruit of labor wherever and however obtained.

In support of this doctrine, as to the rate of interest, I presented the example of California, and stated that money runs away from a high rate of interest all the world over, as it runs away from that State, where it is 24 to 30 per cent per annum, to New York, where it is 6 to 9 per cent; thence to London where it is 4 per cent, and thence to Paris, Hamburg, &c., where it is only 2 or 3 per cent. The question was asked why, under these circumstances, does money leave California? I could only reply, because of the deficiency of other capital there, California is too poor to retain the great amount of money she produces, the pressure of business before the Committee precluding any further explanation.

The question of interest is closely connected with the policy of expanding the currency, and is important for a reason the reverse of that contemplated by the advocates of that policy in the Convention. To give the subjects of interest and currency, therefore, proper consideration, let me repeat that interest is the rent of capital—loanable capital—and capital is as effectually loaned in wheat, or iron, or groceries, or dry goods, or in any other form, as in money. When goods are bought and sold on credit, obviously the rent of the capital is considered in the price of the goods. Interest includes, always, more or less of guarantee against bad debts; hence a debt currency, which is a fruitful source of bankruptcy, is a powerful agency in raising the rate of interest where, from the abundance of capital, it would be naturally low. There can be nothing more absurd, as the matter presents itself to my mind, than to expel and repel money with a debt currency, and thus force the business of the country into the credit system, with all its needless embarassment and direct cost, and an increased rate of interest besides.

Money is but one of the exchangeable commodities of commerce, only that it possesses extraordinary utility as the common equivalent and recompense in exchange, the demand for which is without limit. To this utility it owes its value, which varies with the needs and means of payment of all who desire it, differing in this respect not at all from every other exchangeable commodity. I agree perfectly with Professor Lieber, that money existed before government; that it is a commodity; and that, virtually, there are no such two words or acts as buying and selling; there is only *exchange.* The blindness of the public in regard to it seems to be owing to the interference of legislation in separating the unit of money from the ordinary weights of commerce by which it was formerly known and exchanged. Every student of the subject knows that the British pound sterling was once a pound of silver, and the French livre the same. Cheating by the governments made these two units the meaningless things they are. Our dollar was originally an ounce of silver, and the German thaler the same.

Gold or silver offered in exchange, or buried in the miser's hoard, for its intrinsic value, is money. Whoever buys a barrel of flour for a gold eagle is at the same time buyer and seller; he buys flour and sells gold, and bargains as much for the value of the gold he sells as of the flour he buys. Whether in bullion or in coin, whether reckoned by ounces or dollars, until its value is augmented by labor in the arts, as plate, jewels, &c., gold is money.

The rate of interest is opposed to the value of money. That is to say, where the rate of interest is high, except momentarily sometimes in the crisis of a bank contraction, the value of money is low, and *vice versa.* Loss by the depreciation of the value of money is just the same in every respect to its owner, as the loss by the depreciation of the value of wheat to the owner of wheat. The value of money is as simple an expression as the value of wheat; it is, of course, its purchasing power, and that can only be expressed in the thing it purchases. If ten dollars of money purchases a barrel of flour, so much flour is the value of so much money. If a bushel of corn exchanges for a dollar, the value of a dollar is a bushel of corn. Where little money buys much of other things its value is high: where much money buys little of other things its value is low. Nothing can be plainer; yet, and although this fact, and the distinction between the rate interest and the value of money, have been clearly set forth by the best scientific authority in England—John Stuart Mill—we find the *London Economist* habitually calling the rate of interest "the value of money." I cannot suppose this to be the result of ignorance, but of the curious and unaccountable persistence with which the practical, so called, and the theoretical, in political economy refuse to become acquainted with each other. By this misuse of a significant term the *Economist* helps to intensify the corruption of the nomenclature of that science which obscures the subject in the public mind.

Money is capital, if free of hoards. It is exchangeable or circulating capital, like every other thing that is offered for exchange, and it is wealth not currency, to the miser. It is wanted everywhere as capital and wealth "to serve a purpose and satisfy a desire" for its purchasing and *paying* power, and for its security; functions which nothing else possesses in like degree or in like convenience and perfection. It finds customers without effort, wherever it is known to exist; it is the thing promised in debt, both in and out of the currency, and it makes payment in quality and value all the world over free from doubt or uncertainty. I say it is wanted as capital and wealth, *not as currency*, because as currency it serves only to make price which adds nothing to value or to wealth. Had we but one-tenth of the currency we have to day in this country, other things being as they are, we should have but one-tenth the price of things in general, but not a particle less of value in our property and not a particle less of general wealth. We should have, in that case, simply ten times the value or purchasing power in every dollar of our currency, and, were such an extreme case possible, it would give us a wonderful advantage in commerce over every other people on the globe. Who could compete with us in the production and sale of anything that we have the natural soil and ability to produce, or the ability to procure? Who could make such profits in foreign trade as we? The barrel of flour costing ten dollars now, would cost but one dollar then, and we could exchange it, say with England, for a yard of broad cloth of the present currency value of ten dollars, which, no matter what might be its price, would cost us but one dollar, because our imports cannot cost any more than the exports that pay for them. Could we not then supply France and Germany with broad cloth cheaper than they could make it? Could we not build ships and sail them, and supply cargoes, cheaper than any other people? Who then but we would cover the ocean with ships and steamers, and conduct the carrying trade of the world?

And what prevents us or any other people from realizing this imaginary advantage? Simply the irrevocable law of value in exchange, by which money, as capital, the great object as well as instrument of commerce to all nations, flows to the market where its value is the most; that is to say, where the least money will exchange for the most of other things. This being so, no folly can be greater than legislating for a supply of currency, since money itself is naturally in repletion everywhere to prevent any one country or people from having the advantage of others in international trade, except by the normal exercise of industry and intelligence in producing and cheapening capital.

The more of anything there is produced the cheaper it is, of course; but this fall of special value is nevertheless an increase of wealth. The miners and the State of California are enriched as much by producing money, although cheapening it all the while, as they would be by producing a like value of wheat. This fact stares us in the face in the rapid strides of that new State to wealth, and puts to shame the speculative theory of certain scholars and writers that money is not capital. It would be as absurd to oppose the cheapening of money by its increase, as of Indian corn or wheat by an increase of the crops. But to cheapen money, as currency, without increasing it, as capital, to compensate the depreciation and supply the export demand which that depreciation creates, is quite another thing, that should be restrained as rigidly as counterfeiting, for it amounts to the same thing in its effect upon the wealth of the nation. A bank that has nothing to lend, and lends that nothing in a promise to pay money on demand, creates a fiction, and puts it into the currency to the degradation of the value of money, and loss of capital to the community, as effectually as the counterfeiter who does the same thing, the difference being only in the intention, and in public credulity which believes in and accepts the one and rejects the other.

This same thing, in principle, has been tried in dealing in wheat in Chicago: but it lacked that support from public credulity, or, as it is called, "confidence," which is so freely granted in dealing in money under the name and cloak of banking, a useful and naturally an honest business, the name of which is used to cover a multitude of sins. The quality of wheat, as of gold, may be uniform, and determined accurately by competent inspection, and the supply of various owners may be stored in bulk of one grade, and delivered in detached parcels, regardless of the distinction of ownership without injustice to any one. Thus, as every one knows, wheat is stored and delivered in Chicago. The warehousemen issue receipts, or certificates of deposit, as the wheat is received, and by and on those certificates it is sold and delivered. These men were not slow to discover that, as wheat was coming and going continually, and keeping their warehouses replenished, they could establish the "credit system" in the business, by dealing on their employers capital, counting upon an average forbearance of demand, without borrowing or paying interest for it. In other words, they could issue certificates of deposit for wheat that was never deposited or produced—fictitious bushels of wheat in promises—cause sales be made by those certificates, and meet them out of their employer's supplies.* Some of them did this thing; how many or to what extent is immaterial, and whether with or without intentional wrong is also immaterial to our argument, which is concerned only with the principle, and that is swindling. The Illinois legislature so considered it, and passed a law enacting that any person who shall negotiate or put in circulation any such receipt "shall be deemed guilty of felony, and, on conviction thereof, shall be fined in a sum not less than one thousand dollars, nor more than five thousand dollars, and imprisoned in the penitentiary not less than one nor more than five years." Some failures among the warehousemen, I think, brought this law about.

Nevertheless, the same thing is done with money in Chicago and elsewhere not only with impunity, but with encouragement. It is popular among the commercial nations; it is not banking, which is dealing in loanable capital, but currency making, the illegitimate, fictitious "credit system" of the Bank of England. You deposit, say, one thousand dollars of coined money in a bank, and the bank will promise to deliver it on demand to four other men as well as to yourself; that is, will lend its employers capital on the Chicago certificate and Bank of England plan four times over by discounting, withont borrowing or paying interest for it, each of the four customers having the same privilege of checking upon your money that you have, the bank counting upon an average forbearance of demand, by circulating its debt in the place of money, so that 20 per cent reserve of specie will enable it to meet these preposterous promises. Whether the promises are in certificates, *i. e.*, notes issued, or inscribed credits called "deposits," makes no difference; the bank creates a fiction of dollars of money, as the Chicago warehousemen created a fiction of bushels of wheat, and with the same effect in degrading the value of circulating capital.

In this country 20 per cent of specie is considered ample for the bank reserves; in England $33\frac{1}{3}$ per cent; in France, I think, rarely if ever less than 40 per cent; and the Bank of France,the only currency making institution in that country, is apt to be in trouble at that; for France has had such sharp experience with "paper money" that "confidence" is not quite sufficient there to give it free scope.

If there be any difference in principle or effect between the spurious wheat traffic of Chicago, now suppressed, and the currency making of banks, which is encouraged, in degrading the value of circulating capital to the loss of its owners and the country, I must say that, after many

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* Betting on the price of wheat is a different thing, because it brings into the market both buyer and seller simultaneously, and by the same act, and the one balances the other.

years of careful study of the subject, aided by practical experience in active business, I cannot see it. The loss falls first upon the owners of the capital in the local market where the spurious loan is made, and ultimately is distributed through the country.

"Everything," says De Quincey, "that enters a market we find to have some value or other. Everything in every case is known to be isodynamic with some fraction, some multiple, or some certain proportion of everything else." It is by this law of equivalents, this isodynamic or equal force and intensity of value, tending to an equilibrium constantly, but never resting, that money moves from place to place, and that every fraction of capital is attracted by and to every other fraction of capital throughout the commercial world.

"New countries are always understocked." California is understocked. She has not a sufficiency of other capital to reduce its general or average value to a level with her natural and large supply of money, or, what is the same thing, to raise the value of her money to a proportionate or isodynamic* equivalence with her other capital, and it is impossible that she should have it, because of her insufficiency of population and productive power. Hence, capital in general is dear there in money value and real prices are high; in other words, money is cheap; and money as cheap capital leaves California, as wheat and corn leave Illinois, being attracted abroad by other capital according to supply and demand.

No matter what may be the currency in use in this country, whither dollars or promises to pay dollars in circulating notes or demand deposits, so far as it is interchangeable with money, or passes for money, it will follow the California rule of running away from dear capital—from the market where capital is relatively scarce to the market where capital is relatively plenty—from the poor State to the rich one. The western Atlantic States cannot retain a dime more of it than will be naturally attracted to them by their circulating capital; and, if they make a currency of debt among themselves, that currency will as surely fall into the hands of Eastern creditors, in the cities where capital is in greater proportion to currency, as does the surplus money of California. But the result will be widely different; they send out in such case not money and capital, but debt and embarrassment, to return and plague them, whereas California sends money and capital that pays as it goes.

Not that California is ever out of debt to the eastern States. She is comparatively poor, as I have said, and borrows capital of them, by buying

* *Isodynamic.* "Logic of Political Economy," page 49. This scholastic term of Mr. DeQuincey's aptly defines the equivalence of money. Montesquieu supposed money to be the equivalent of all other values combined, which is an error. It is the equivalent of each particular thing for or against which it exchanges; but it is the common equivalent, acknowledged and accepted by the trading world. This is the sole peculiarity of money as an exchange value. Other values are equivalents, that pay by the higgling of the market but money is the only universal recompense accepted without question.

goods on credit, her surplus money being of no more advantage to her than an equal value of wheat or of any other surplus capital is or would be. But by avoiding a debt-currency she secures exemption for her capital from a great amount of utterly needless embarrassment, *pro* and *con*, in the notes and bonds of individuals for and against the notes and credits of banks, required for no purpose but to create and maintain such a currency, which, in the nature of the case, by expelling and repelling money, precludes a like amount of sales for cash in prompt exchange. At the same time she secures the production, export, and exchange for foreign goods, of large quantities of wheat and other staples that she would not otherwise produce, because the export demand would fall upon the cheapened commodity money, which would be exported in their stead.

Many a bushel of wheat and of barley, many a pound of wool and gallon of wine, are produced and exported by California more than she would produce if the prices and cost of these staples were raised by a paper currency, since every step in the direction of high prices limits their market. Her facilities for producing these things are such that, notwithstanding her cheap money, she supplies them as cheaply, and, being equivalent thereto in value, they unite with money in the exports. But let her mix paper with her money, and the first dollar of it will be an abnormal depreciation of a dollar in the value of her money, which, there being no new dollar produced to compensate the depreciation and supply the export demand, will inevitably cause a dollar to be exported from her pre-existing stock of money, instead of merchandise. She will have precisely the same additional price to pay for her imports as if she had a new dollar to pay it with, and she will lose the money absolutely in an old dollar by having only paper price, not money value, returned for it.

California might in this way, by adding paper dollars to her circulating medium, nearly divest herself of money, and, notwithstanding her vast production and receipts of gold, come into line with her sister states in suspension and bankruptcy. It is a wonder to me that she has not been prevailed upon to do this already—that cunning men have not persuaded the people of California that they need more "money" to transact their business, and that banks have not been crowded upon them to borrow their capital blindly for nothing, and charge them interest upon it, by calling the instruments of this borrowing "money." It is a blind scheme by which the first principles of justice and common sense in the employment of capital are reversed, and its lenders are made to pay interest to its borrowers, or rather its takers; the result being that so much capital is withdrawn from its owners and the country, and irrecoverably lost. California needs this sort of thing precisely as much as any of our Western Atlantic States, or as any other place in the wide world, and that she has it not, argues that she is favored with leading minds wiser than those of Australia where it prevails with a natural excess of money, and where the list of bankruptcies are unexampled and appalling.

The proportion of wealth, active and inactive, to money in circulation is naturally about as 25 to 1; and when a currency that is a mere medium of exchange and not money, is mixed with money, or, as in our present experience, takes the place of money, the proportion of wealth to the whole currency continues the same—that is to say, the aggregate price of the property of the country is twenty-five times the sum of the currency. There is in property what is called by an excellent economist, J. Y. Smith, Esq., of Madison, Wisconsin, "a greediness of price," which secures this result. Every new dollar that enters into the circulating medium is soon taken up in the price of things, and if the dollar is money, the product of labor that price is value; otherwise it is *price* without value.

Mr. Calhoun, in his speech, March 21, 1834, on the recharter of the United States Bank—one of the most suggestive speeches on banking and currency, I think, ever delivered in Congress—suggests 1 to 25 or 30 as the proportion of *circulation* to the aggregate property of a community. If by this term "circulation" he means to exclude the demand deposits from the currency I object to the idea and to his reckoning, for it is impossible to find the slightest difference in principle or effect between a bank note and a bank deposit payable on demand. The bank note is but a check of a bank upon itself—the holder of any sum of bank notes pays out as much as he has occasion to use at the moment, and keeps the remainder for future use in his iron safe or his pocket. So the owner of a bank deposit pays out in a check the sum he has occasion for at the moment, and keeps the remainder for future use in his bank. It is not the payment, the mere manipulation of the paper, that operates upon the value of money and the price of things, but the whole sum of the demand debt, since the whole acts as a purchasing power precisely as the whole of any commodity in market acts upon the value of that commodity, although nine-tenths or any other portion of it may be at rest in warehouses and seeking demand all the while. Every one operates in money or goods with reference to his means at hand.

As this question of the nature of bank deposits came up in the currency committee referred to, I desire to be distinctly understood in reference to it. No one doubts that one thousand dollars of coin and one thousand dollars of bank notes in your counting house safe, which you are circulating in various amounts by daily or occasional payments and renewals, constitute two thousand dollars of currency. Suppose you transfer the whole sum to a bank, check upon it, and renew the deposit to suit your purposes; in what respect is the principle altered or the currency character of the two thousand dollars changed? Or suppose your wife takes one hundred dollars in coin and bank notes to go a shopping, is not this sum currency? The demand she makes at the shops enters into or is a part of the average purchasing power of the whole circulating medium of the country and the world, and tends to raise prices whether she spends any of the currency or not, and this demand is of course *in* the one hundred dollars; for if you did not possess it some one else would, and would exercise the average demand in it as you do. But your wife meets with no satisfactory bargains, and the currency is deposited to your credit in bank. Is it any the less currency than when it was in her hands? Again, you sell a quantity of coffee for a merchant's note which you get discounted, and the net sum of the discount is added to the deposit to your credit. You check upon this sum as you did upon the coin and notes. All these items are mixed into one deposit, one power, and one effect. You make an average use of this deposit, as you make an average use of the goods in your warehouse, in the operations of exchange; and, in the long run, there will be a proportional amount and purchasing power of currency and of goods at rest in this way throughout the community. Yet all are in circulation, because all are being offered in exchange.

As to the word currency there can be but one rule for its interpretation, and that is very plain. Currency is what and where would be money under a metallic system of like volume, free of hoards; and it is obvious that, under such a system, a great, if not the greater, part of the money employed in trade would be in banks on deposit subject to check at sight; and another great part would be held by the banks against certificates of deposit in circulation instead of bank notes. This simple rule distinguishes currency from the ordinary commercial notes, bills of exchange and ledger debits, which are of the nature of mortgages on property, and represent capital as against money when offered in market. No one pretends to consider a promissory note or bill on time, received for goods, as money. No one debits it to his cash account, and no debtor holds money in reserve against his bills running to maturity. The effect of selling such bills in market is to convey the equitable ownership of so much of his goods or capital; it is to demand money or currency, and so far to appreciate the value of money and reduce general prices.

Whereas, if the note is manipulated by a bank, and its proceeds are mixed with money in a deposit, the sum at the credit of the depositor acts as it would do under a metallic system on the money side of the exchanges, as money or currency against other capital, tending to depreciate the value of money and raise general prices, directly the opposite of its power as a promissory note.

I beg leave to dissent from the opinion of John Stuart Mill and the English country bankers on this point entirely. Under an exclusively metallic system such bills would exist and be discounted by banks for money actually in their possession. The bills if sold would act then, as they act now, as other capital before the discount, and as money or currency in their proceeds afterwards. In their nature they are instruments of legitimate credit having no tendency to inflation whatever. The source of inflation, and of the commercial crisis, is in the nature of the system which pretends to lend money, but creates currency by discounting such bills when there is no such money in existence. The English bankers endeavor by their argument to escape the odium of the commercial crisis, and cast it upon the increase of credit in overtrading; but they are in error. Prices are raised by currency, not by simple credit.

In computing the currency, of course, the bank reserves must be deducted from the total of bank demand liabilities, and placed where they belong in the reckoning, or we shall reckon the same thing twice over. Then adding the net sum of these liabilities to the money in circulation, and now to the outstanding government notes also, we have an amount of currency that is as 1 to 25 of the aggregate price of the property of this country, as nearly as an estimate can be made. Reckoning thus, by the aid of the bank returns at Washington near January 1, 1861, I find the currency in the latter part of 1860 amounted to 640 millions of dollars, which sum multiplied by 25 gives 16,000 millions of dollars as the aggregate price of the property of the country. This corresponds with the census estimate of 1860.

As London is the settling place or great clearing house of the commercial nations, we can determine by the course of sterling exchange very nearly the relation of our currency to its natural volume at any time. Nine and a half per cent nominal premium for sight bills, as every merchant knows, is the true par of exchange on London. By the latter part of 1860 sterling exchange had fallen below this point materially, indicating very clearly that the currency was below the true money volume. Had there never been a bank note or uncovered demand deposit in existence, we should have had 640 millions of dollars of gold and silver in circulation at that time unquestionably. As it was, we had but about $200,000,000; 440 millions of money being repelled by the kiting of debt against debt to maintain a bank currency within the amount naturally belonging in solid money to the capital of the country.

I believe that capital has increased so much that, but for the repulsive power of the debt currency, we should have at this time 800 millions of gold and silver in circulation, instead of which we have a mixture chiefly of poverty and embarrassment, amounting to 1,400 millions, maintaining average prices at 75 per cent above money value, real estate being now in the greatest fever of inflation, other things having subsided a little to make room for it.

Now, in view of the ratio of 1 to 25, let us inquire what California would need to do to retain the gold she now sends away, and we may learn what any State must do to avoid sending to other States a currency of debt to her own loss and embarrassment, instead of merchandise to her profit and advantage. In round numbers the population of the United States in 1860 was 32,000,000. It will be observed, therefore, that the average of currency was $20 per capita for the whole country. California cannot retain so much as this, because she is young in enterprise and opportunity, and her capital does not equal the average of all the States. But allow her, for argument's sake, $20 per capita, and, her population being in round numbers 400,000, she can retain but $8,000,000 of money free of hoards. What she may retain in hoards is of no consequence to our argument, as it is of no consequence in commerce, nor in determining the value of money. The aggregate price and real money *value* of the developed property of California is, then, $200,000,000, according to my computation as 25 to 1 of the currency, and this sum is, I think, an extreme allowance.

San Francisco receives yearly $50,000,000 of gold, which, the currency of her State being full, she sends to the Eastern States, and to foreign countries. To retain this gold California must produce, every year, one thousand, two hundred and fifty millions of dollars ($1,250,000,000) of wealth of all sorts, over and above her present annual production. This, and nothing less than this, as 25 to 1 of the money, will enable her to retain all this gold. Any one may see at a glance the impossibility of her doing any such thing, since after eighteen years of great industry in mining, and in every other sort of production that would present a promise of profit to the most acute and enterprising people that ever colonized a country, she has accumulated, altogether, but 200 millions of property.

Here let me remark that I prefer this method of estimating the wealth of a community to the most elaborately prepared statistics, since every portion of wealth, whether in market or out of it, must have an estimation in price, and that price must depend upon and fluctuate with the volume of the currency. It is possible to make a comparatively satisfactory and accurate computation of the currency of this country from the ample returns of the banks to the government, intelligent commercial estimates of the movements of the precious metals, and the treasury report of its own issues. No other nation is, or ever was, so well supplied with information in these particulars. Merchants and bankers generally know how to keep accounts and state them. But it is impossible to make anything satisfastory out of the figures supplied by the various government agents, widely distributed over this great country, who are selected, not for their competency, but for their politics, or the politics of those who have an interest in finding them employment. Many of these men are turned into office ignorant of the work they have to do, and turned out again before they have time and opportunity to learn it, if they would, by the whirligig of partisan politics which turns upon the rule: "To the victors belong the spoils," ignoring experience and qualification entirely.

The Director of the Bureau of Statistics, Mr. Delmar, in his report to the Secretary of the Treasury, Nov. 14, 1867, gives some instructive and amusing examples of the character of government returns that deserve attention in this connection. Referring to certain tabular statements, of a few years past, he says:

"The tonnage returns were swelled with thousands of ghostly ships—ships that had gone to the bottom years ago. Newport swelled her coastwise movements with the daily arrivals and departures of the Sound steamers; and at some of the border-districts, every time a ferry boat entered and left a slip, her tonnage, against a standing regulation of the department, found its way into the account of the foreign entrances and clearances."

"The collector of Pembina reported that he had erroneously returned imports for exports, because he had a *felon* on his finger."

The imports for 1861 have been variously reported at $286,500,000, up to $352,000,000; those of 1862, from $205,700,000 to $275,300,000; and minor discrepancies follow in 1863–'4–'5. The exports of 1861 are returned in different reports all the way from $227,900,000 to $389,700,000; those of 1864 from $281,800,000 to $320,200,000; and differences of smaller amounts occur in those of 1862–'3–'5.

Now, if the Custom House can do no better than this, what can we expect of the departments of more recent and imperfect organization? In computing the wealth of the country I am better satisfied to rely upon the currency.

Returning to California experience, we find that State cannot keep her yearly surplus of money, $50,000,000, in circulation at home, unless she can make a yearly addition to her property of $1,250,000,000 in money value.

By the same rule Illinois, for example, could not keep $10,000,000 of bank currency in circulation, in addition to her present supply, unless she could simultaneously produce $250,000,000 of wealth of all sorts over and above the regular production, measuring price by the existing depreciated currency. And if she produced the wealth she would have the currency without producing it, because she would sell goods to other

States. and receive their currency in return. It is beginning at the wrong end of the operation to make the currency before the capital, because if she does so she will buy goods of other States, remit currency, and run into debt to them, and into difficulty altogether, unless the currency is itself capital, *i. e. money*, and then, of course, she will remit the surplus without embarrasment, and with as much advantage as she would remit anything else, by paying, instead of running in debt, for the returns.

The population of Illinois numbers at this time, probably, 2,200,000, and it may be presumed that her capital equals, *per capita*, the average of all the States. Hence, at $20 a head, she can maintain $44,000,000 of currency in money, or at par with money and no more: multiplied by 25 this gives $1,100,000,000 as the aggregate money value of the developed wealth of the State. As all but six or seven per cent. of the wealth produced in any State, or in all the States, in any one year is consumed in the same year, the accumulation of $250,000,000 of value, in addition to the existing wealth of Illinois, must require much time and labor; but $250,000,000 of *price* may be added to that wealth in very little time, and with very little labor—only so much as is needful to make speculations and promises, or fly-kites of exchanged paper, that by bank discounting will serve for inscriptions of credit to the amount of $10,000,000; provided all the other States expand their circulating medium in the same proportion. But if they do not unite in the expansion; if they keep down their circulating medium to its present relation to capital, Illinois will buy of them in price more than she sells to them; the $10,000,000 additional of her currency will be diffused temporarily among the States, Illinois retaining but her fraction according to capital, and in due time the whole will return "to plague the inventor" as surely as chickens come home to roost. It is utterly impossible for Illinois, in the long run, to maintain a dollar of currency in relation to capital more than the other States.

Let us not forget that science is experience classified and recorded, but its theory is what men think about it, which may be as wide of the truth as Ptolemy's doctrine of the immobility of the earth. Illinois has had ample experience of the truth in this matter of a debt currency, and one would think might by this time have reduced that experience to science. By simply exchanging bank liabilities, payable on demand, against the liabilities of various States, payable, as it now appears, mostly never, she had accumulated a currency of bank notes and demand deposits amounting to $13,000,000, the banks having only $300,000 of specie to pay it with. This was the work of nine years—1851 to 1860, and it culminated in extensive financial ruin to the banks and people of that State.

This being an addition from time to time to the natural sum of the circulating medium of the State, by raising general prices and furnishing "accommodation" to merchants and farmers, encouraged the holding over of domestic products which checked production, and the sales of merchandise to other States, whi e it stimulated purchases from them, and the consequence was, as I have said it always must be with such a currency, it took the place of money cheapened by excess, and was remitted to the credit or cities of the east. Thence it returned mostly in the traveling bags of banker's, broker's and merchant's agents, who met with all sorts of evasion and opposition to their demands for payment. They were told that they were paid already. Was it not *money* they had in their bags? What more could they want? It is good money, "well secured currency," said th Illinois people, and when some of these agents could not see it, they were, in certain interior places where a bank was about as necessary as the Temple of Jerusalem, hustled and mobbed out of town. This sort of experience ought to show that debt is not money, and that the promise to pay a thing is not the thing itself. A crash of baukruptcy sponged the slate of this business.

It is well to observe in this connection that the wealth of a community naturally divides itself into three fractions, say two-fifths of circulating capital, two-fifths of fixed capital, and one-fifth of unproductive, enjoyable wealth. In the fixed capital I include wealth intended for productive purposes, but not ready for market, and, therefore, not circulating or offered in exchange. Of these fractions only one, *i. e.*, the circulating capital, which is in the ratio as 10 to 1 of the currency, makes any demand for, or has any influence upon the value of money that will prevent its export, so that we have only to persevere in the production of circulating capital to secure the utmost degree of material prosperity, and all the value in money or currency that we can possibly possess. Any scheme to p oduce or procure more money or currency than will naturally or necessarily be attracted by and to this circulating capital, except on the California principle for export, is worse than folly, it is mischief, because it increases debt, wastes capital, and substitutes poverty and embarrassment for wealth.

And it will be observed that in creating circulating capital we increase *pari passu* the other divisions of wealth, into which it distributes itself by a law that is as certain of obedience as the law of gravitation; hence, after all, we must put twenty five times the labor into the production of general wealth that we employ in the production or procurement of money, or it will fall in value, and run away by its depreciation, which, if natural because of the increase of gold and silver, is a gain of wealth, like the depreciation of breadstuffs by an increase of the crops, that, but for this increase of quantity would not be exported; but if unnatural, because of the increase of "paper money" it is a loss of wealth, it merely robs the country of so much pre-existing money and capital, and we might as well throw so much gold into the sea.

In conclusion, let me advise the reader to bear in mind the experience of California and Illinois in the investigation of the currency question; and I take leave to enter a *caveat* against the deductive method of reasoning on this or any other question of political economy, which is quite too common; that is, from theory downward to fact. The opposite or inductive method, upward from the fact of experience, is, in my view, the true course to pursue with economical questions. Adam Smith's method is deductive. He supposes a wagon way through the air, which "enables the country to convert, as it were, a great part of its highways into good pastures and cornfields, and thereby to increase very considerably the annual produce of its land and labor." By this downward logic, from the clouds to the earth, he finds a saving of gold and silver in the use of "paper money." A paper wheel or a paper machine, which costs less than a metallic one, is another of his metaphors. "A certain quantity of very valuable materials, gold and silver, and of very curious labor," is thus saved for other uses than distributing the revenue of society among its members. Looking from the clouds he does not see that these valuable materials, gold and silver, form, themselves, like other circulating capital, a portion of that revenue which is lost by the degradation of their value through the previous increase of the currency, before "paper money" takes their place.

I have the highest respect for Adam Smith's teaching generally, but this deductive process of his, to prove the profit and advantage of "paper money," seems to me *inductive nonsense.* When we have a wagon way in the air, to reason from, which transports goods and passengers with the directness, celerity and security of railways and earth roads, we shall doubtless cultivate the ground beneath with profit and satisfaction. When we find a paper wheel or a paper machine, to do satisfactorily the powerful work of a metallic one, miners and metal-workers will keep holiday or starve, perhaps, and then it may answer to accept Adam Smith's theory of "paper money" as scientific truth.

THE POWERS AND RESPONSIBILITIES OF DIRECTORS.

Recent events have not tended to strengthen public confidence in the good faith of the directors of our large corporations. The exposure of the internal workings of some of our prominent companies has revealed a condition of things which is a scandal to the business morals of the times. We have seen directors subordinating the interests of stockholders to their own temporary speculations in the most reckless manner. Indeed, to such an extent has this evil grown that they appear to seek their position as much for private speculations as politicians seek office for the sake of bribes and spoils. The position affords peculiar facilities for gaining information upon the affairs of a company which may be turned to great advantage in the ventures of Wall street; it supplies the loaded dice of cliques, which, in hands of ordinary skill, generally carry off the stakes of the gullible "outside public;" and in pursuing this object the duties and responsibilities of the position are, of course, lost sight of. When changes occur in the affairs of a company affecting the value of its stock, the matter is kept a strict secret by the directors until they have laid their plans for victimizing the stockholders by adroitly using these facts, which all were entitled to know at once. This use of the superior information of directors is in the nature of a fraud upon their constituents; a fraud of agents upon proprietors. Nor is this the only or most culpable form of abuse. Directors are permitted to effect loans in behalf of the company in such amounts and for such purposes as they may please. One case of this kind is notorious, in which the board of directors borrowed $3,500,000 from one of its members, in a manner which enabled the lender to use the stock given as collateral for speculative purposes. The facilities for speculation afforded by this transaction are generally supposed to have been turned so shrewdly; that the accumulated profits amount to almost as much as the loan itself, the public having been mulcted of the money. This is an illustration of one of the ways in which our railroad capitalists become millionaires at the expense of the public. We have seen the directors of the same company, within the last few weeks, guaranteeing or engaging to guarantee the bonds of other companies to the extent of $8,000,000, and indirectly issuing new stock to the extent of $10,000,000: and this most secretly and without one word of consultation with the stockholders. Another company has issued, with the utmost secresy, $4,900,000 of new stock for purposes about which the stockholders were never consulted and without their authorization; and when the question of the legality of the issue was brought into the courts, the directors, in order to escape the consequences of an unlawful issue, placed themselves and the effects of the company beyond the reach of the courts, organized under the laws of another State, and secured from a foreign legislature, the legalization of their abuse of power. That the directors speculated themselves in connection with these transactions is admitted in their own evidence before the courts. These cases are but illustrations of what is going on upon a smaller scale continually.

Is it not high time it were understood whether this sort of abuse of the powers of directors is to be continued or placed under legal restraint? If it is to be continued, then stockholders ought to understand that the property in which they have invested is under a system of management which admits of systematic breach of trust; which keeps the shareholder ignorant of all he is interested in knowing, until the information is of no avail; which permits in the directors the carrying out of sinister purposes; which, by conferring large powers upon trustees, attracts into the direction the most unscrupulous of our capitalists, and tends to bring high positions of trust into contempt; which, in fine, constitutes chosen agents absolute masters, and makes the real proprietors tools and dupes. We think all must agree that this evil is becoming unbearable and should be placed under check, and the only question is, what are the best means of accomplishing that object?

There are two main essentials in any plan seeking this end—greater publicity respecting the affairs of companies, and a stringent limitation of the powers of directors or trustees. As to publicity, an annual report is now about the only in formation communicated by directors to stockholders; and even this is often made up in a partial manner and so as to conceal what it is especially important should be known. A yearly exhibit is wholly inadequate for affording the information which a stockholder needs in order to judge of the position of his investment. A merchant who took no further interest in his business than to require from his clerks a yearly balance sheet would be deemed a singular and very unreliable man of business; and it is somewhat of a marvel that so many should be found willing to put their capital into enterprises the condition and prospects of which they have such meagre data for estimating. True, some of our railroads are accustomed to issue a weekly statement of their gross earnings; but even this meagre information is optional with the directors, and is frequently withheld for speculative reasons when there are any variations of revenue calculated to affect the value of the stock. The issuing of these statements should be made compulsory on every road, and the scope extended so as to include the current expenses and the net earnings. This, of itself, would afford very important information, and would tend to hold in check the speculative propensities of directors. Stockholders, however, have a right to expect an explicit statement of traffic and finances, made out according to a searching formula, every quarter. Such an exhibit should especially include every branch of expenditure and a detailed statement of outstanding temporary obligations. This would remove the veil of secrecy under which so much official speculation is now carried on, and by revealing the condition of the corporations would enable the public to judge of the true value of stocks, bespeak confidence in them, and arrest that wild street speculation in securities which is now productive of such manifold mischief. It is true that the law gives to the stockholder the right of examining the books of the company at will. But of what avail is this right in ordinary cases? When the information sought is especially important, the directors or their agents usually so hamper the enquirer that he has to resort to legal process to get at the secret. Few are qualified to make an intelligent search of the books of a company; and fewer care to take the trouble. Besides, the stockholders have a right to expect, for the sake of their own convenience and interest, that their agents shall furnish them at frequent and regular periods, a full statement of affairs, and this right should be duly required by legal enactment.

The chief remedy, however, is to be sought in the limitation of the powers of directors. The present theory of the railroad law of this State is that the directors are not agents at will, and subject to consultation and instruction from their principals the stockholders, but that, for the period of their office, they are, with but slight qualification, absolute masters of affairs. Without the consent of the stockholders they can buy property or roads, lease other lines, guarantee the loans of other companies, extend the road, make what they may deem improvements at discretion, contract loans upon their own terms, and increase the capital stock through the issue of convertible bonds. What more absolute powers could be conferred upon them? That such prerogatives are dangerous to the interests of corporation and of stockholders is too evident from the recent doings of directors in cases which have attracted much public attention. It would seem that the case would be fully met by an amendment to the general railroad act providing, among other things, as follows: 1, That no new issues of stock or of bonds shall be made, except with the consent of two-thirds in interest of the stockholders; 2, That all issues of stocks or bonds shall be made by open tender, and to the highest bidder; 3, That no purchases of land, or of other roads, and no leasing of other roads shall be made without such consent; 4, That directors shall not guarantee the stock, bonds or coupons of other companies, nor extend their track, nor make improvements involving more than a limited outlay without such consent; and, 5, That directors shall not borrow money, upon temporary loan, beyond a certain limited amount, except with such consent.

Under some such limitation of the powers of directors as this, we should have a speedy end to the abuses which now create so much scandal, and are sapping the very foundations of judicial honor and probity. We trust that some of the many influential citizens, who are daily protesting against this venality in high places, will take the matter up with spirit, and carry it to the Legislature. Such action on the part of the Chamber of Commerce would be a proper sequal to its late doings in connection with the Erie struggle.

THE CONDITION AND PROSPECTS OF THE SOUTH.

In estimating the industrial future of the South, we have no alternative but to leave wholly out of the question the political conditions affecting its prospects. At present, its ten millions of population are under military control—the worst possible condition for social and industrial progress—and how long they may remain so is quite uncertain. A system of reconstruction is now in process of experiment, but two great difficulties attend it; in the first place, it is opposed to the wishes of the white population, and next, even if generally adopted, it would be subject to radical rearrangement upon a change in political administration. We must, therefore, in any case regard the South as destined to suffer from an unsettled and unsatisfactory political status for some years to come; which is about all that can be said definitely as to the bearing of politics upon its future prosperity.

Material improvement, however, although necessarily retarded, is by no means inconsistent with unfavorable political conditions; and there is reason for hoping that this fact may receive illustration in the immediate future of the South. That section was, as is well known, utterly prostrated by the war; but connected with its prostration there is this qualified consideration, that its losses received full expression at the close of hostilities. They were not represented by an enormous issue of obligations to be held by capitalists as a future lien upon the industry of the people, and could be exchanged abroad for commodities which had not been earned through actual production. If there was poverty, it was poverty undisguised by false appearances of wealth, and not only without temptation to an unjustifiable extravagance and expansion, but attended with the most effective inducements to effort and industry. The loss of past accumulations constituted an imperative motive for a large class, who had previously been idle population, to engage in useful pursuits, whereby the South gained a new source of ultimate wealth. The change of condition necessarily involved a temporary interruption of industry. The transition from slave labor to free required from the planters a certain amount of ready means for the payment of wages which means they had not and could not readily command, in consequence of their loss of credit with the factors. In many cases the homesteads had been ruined by the army, and in most the appliances for planting had become dilapidated. The whole system of credit by which planting and trading were alike conducted was utterly broken down. Under these circumstances, there was necessarily an extensive interruption of production, but the great essentials to production remained. There was still the fruitful land and the waiting labor; labor which, as little as the land, was capable of migration to more prosperous sections. Thus the conditions for making occupation possible existed. For a time, however, the high cost of living and the tendency toward inaction among the negroes, following emancipation, necessitated the payment of a high price for labor, which, together with a burthensome tax upon cotton, and bad crops, involved a heavy loss to the planters, adding temporarily to their difficulties. This very poverty, however, necessitated the application of a prompt remedy in the employment of the laborers upon easier terms and under conditions calculated to insure more regular work. From the close of the war to the present time, the South has been engaged in restoring the normal conditions of production, and although the process is far from complete, yet considerable progress is being made, and affairs are in a much more promising condition than at any time since 1865. This fact is encouraging, showing that, prostrated as the South was, it was not so far weakened as to have lost its powers of recuperation.

Mistaken inferences are drawn from the present low price of property in the Southern States. While in the North real estate has about doubled its former value; in the South plantation lands and dwellings do not bring more than one-half to two-thirds their worth in 1860; from which fact extravagant conclusions are drawn as to the ruined condition of that section. Southern lands are depreciated at present, mainly from two causes: first, because, owing to the exceptional conditions of production above noticed, they cannot be made to yield the same profit as formerly, and next because, from like causes, there are many sellers and few buyers. The very fact of land being so cheap, however, is calculated to draw agriculturists from other sections of industrious habits and with adequate means for farming effectively.

It is worthy of note that, during late months, we have heard fewer complaints of depression. The negroes appear to be more generally recognizing the necessity of labor to subsistence, are working for lower wages, and are steadier in their application to work. The planter's family, too, is generally becoming a working part of the community, fewer hands are employed in domestic duties, leaving a larger proportion of the negroes to engage in productive pursuits; all of which, though humiliating to many heretofore affluent, is yet highly conducive to the restoration of prosperity. Reports as to the condition of the growing crops are generally quite satisfactory. The cotton crop has been temporarily put back by ungenial weather, but not to an extent threatening to affect appreciably the ultimate yield. The planter is now relieved from the oppressive $2\frac{1}{2}$ cents tax, and present probabilities favor the prospect of a fair profit upon his cotton. The grain crops are said to be very promising. The unprofitableness of last year's cotton crop has caused an enlarged area of land to be placed under cereals, and it is quite likely that the South may have a good surplus of breadstuffs for export. Considering how largely corn and pork contribute to the sum of the negroes' wants, it is apparent what an important bearing an abundant supply of grain must have upon the price of labor and the contentment of the colored population. Besides, the planters are beginning to understand that they have a ready relief from the temporary derangements connected with cotton growing, in an extended cultivation of grain crops. In many sections the land is admirably adapted for grain culture; and the farmer has the advantage not only of being able to raise the finest quality of wheat, but also of being in a position to place it in the market in advance of the Western crop. His transportation facilities are equal to those of the Western farmer, and he is about as near to the large grain markets. If, therefore, the production of cotton be hazardous through the competition of the India staple, or if it require more capital than the planter can at present command, there is a ready resource in resort to the growth of cereals, while the consequent limitation of the cotton crop would probably enhance the price to a point at which it would become profitable to increase its cultivation.

Estimating the prospects of the South then, not by comparing the present with the past, but by what it has in the way of land, climate, labor, experience and transportation facilities, we see no reason why we should anticipate for it anything short of a steady, sound and healthy progress. Its white population certainly will not soon regain their former luxury and extravagance, and its civilization is likely to be assimilated to that of other sections, with less of sumptuous living among the wealthy and a more equal distribution of comforts among the working classes, so that its trade with the North must be regulated accordingly, that is as respects the character of the goods supplied. But, if our assumption be true, that the South is now in a position to produce what will supply moderate wants, and yet leave a surplus for accumulation, there is, after all, sufficient ground for anticipating henceforth a steady trade in the lower and medium grades of merchandise with the Southern States. And when this recuperative movement is fairly inaugurated we look for very rapid progress.

PANICS AND PREVENTION.

"Every financial conflagration," it has been said, "is prepared beforehand. The combustible materials must be first piled up, and not until that is done will the igniting spark produce the explosion." No one who remembers the great panic of 1857 is ignorant that it was ascribed to the sudden failure of the Ohio Life and Trust Company on the 24th August of that year. This incident was but the spark which fired the train, the exploding compound having long been accumulating. From this theory of the causation of panics it follows that such desolating catastrophes are not beyond control. They may be foreseen. They may be prevented. Their progress may be checked, and each panic which occurs teaches something to thoughtful men which helps them to devise methods for averting similar future evils. Not a few of the incidents disclosed by our recent monetary trouble are worthy of notice in this point of view, and may be fruitful in cautions and suggestions bearing upon the present anomalous financial position of this country.

Among these incidents we will briefly cite two or three of the most prominent. The failure of H. J. Messenger of this city for some half a million of dollars a few days ago, gave a glimpse of the contrivances, formerly too common and even yet existing, by which country banks not under the sharp, keen inspection of the National Currency Bureau, may be manipulated by a central office in New York, and of the end of such combinations when the bubble bursts. Another of the perils of our financial position was brought to light in the sudden break in Atlantic Mail last April, with the supposed loss thereby to a leading savings bank in this city, It was well that the other investments of the bank were so sound; and the "run" upon it seems only to have strengthened its credit. Better far, however, if the bank had held no Atlantic Mail shares, nor any other securities of less than the highest credit. As Government bonds constitute now so large a part of the floating securities dealt in at the Stock Exchange, there is less need than ever for savings banks to hold, either for investments or as collateral for call loans, anything but Government bonds. A law placing these institutions under more severe censorship was proposed at the last session of the Legislature of this State, but failed to pass.

A third fact, and by no means one of minor interest, is forced on our attention in the late defalcation in the National Hide and Leather Bank of Boston. It is the old story of a confidential clerk of a bank placing himself in the power of a speculative schemer; and being thus led into breach of trust, one defalcation led to another, till neither the duper nor the duped could tell positively whether the bank had been robbed to the extent of $100,000, $150,000 or $180,000. Perhaps the most singular part of the story is that the defaulting cashier declares with solemn asseverations that he has not had a dollar of the stolen money for himself, but that he contrived, matured and perfected, without personal profit, the whole complicated meshwork of frauds, extending over a series of years, requiring an exertion of adroitness and skill greater probably than all the rest of the bank business, and involving the forgery of signatures, the mutilation of correspondence, the tampering with bank books and bank records, and the harmonizing of evidence from far distant points. Who can wonder if this dishonest clerk, under the harrassing tortures which had no respite, day or night, has been struck with incipient paralysis, and has sunk beneath his prodigious burden of guilt and fear!

What are the practical lessons from these three incidents each of which represents a class which might be indefinitely extended? The first inference is that the National Banking law is worth all that it costs the country if by its ægis we are only guarded from such extreme and unsafe expansion as in 1837, 1847, and 1857 culminated in a general panic. We have so often exhibited evidence for the belief that by the safeguard of the national system the banks are kept within safe limits that we need not repeat the argument here. Suffice it to say that if any large part of the banks of this State had been in the condition of Mr. Messenger's satellites, and if we had had to ride through the late gale with such unseaworthy craft, no human power could have saved us from shipwreck.

Secondly, the national banking discipline, or rather such methods of inspection and publicity, as it applies to the foundations of the banks, compelling them to be sound, stable, cautious; and to do good business or else to close their doors, might be very advantageously applied to our savings banks, and no time should be lost in bringing about the needed reform, not only in this State but throughout the country.

Thirdly, the national bank system, much as it has done, is not incapable of practical improvement. The defalcation of half a million in the New York City Bank, the previous defalcations at Baltimore and Washington; with the minor incidents of the like sort here and elsewhere, have stimulated the Comptroller and his intelligent corps of bank examiners to increased zeal; but the affair of the Boston Hide and Leather Bank shows that there is need for more care in the work of inspection, and for new safeguards against dishonesty. We are far from thinking that the blame rests with the Government inspector exclusively. There must be hearty co-operation between him and the president, cashier and directors of each of our national banks before the system can work well. Still, we have here a fraud successfully carried on for several years—a fraud which it was the duty of the inspector, as well of the bank president and directors, to discover and to stop—a fraud which was so covered up as to elude the vigilance of all except the one culprit in the bank, and his single confederate outside. Mr. Hulburd, we trust, will have a complete report made of the transaction, and will print it for the information of the public that we may get at the exact facts, and try if a remedy cannot be applied to prevent the possibility of a similar fraud succeeding hereafter in keeping itself so long hid. "It must needs be that offences come," we are told on the highest of all authorities, but human experience and human effort must combine to teach us the art by which offences and crimes of the sort we are discussing may be transmuted into the means of prevention, and the instruments of safety.

NATIONALIZATION OF THE TELEGRAPH.

We have frequently had occasion to call attention to the prevailing tendency to place the larger movements of capital under the direct control of the central government. The latest development of this mania is a scheme for centralizing the direction of the telegraph system of the country. A measure to that effect appears to have been matured, and is to be early introduced into Congress. The details of the plan have not yet been made public, and we can therefore discuss the proposal only upon general grounds.

It is alleged, in justification of the scheme, that the present telegraph companies are monopolies, that they are selfish and regardless of the public convenience, that they charge unreasonably high rates for messages, and leave large tracts of country without telegraphic facilities. There is nothing new in the character of these charges; they are the same in principle as those usually urged in defense of governmental assumptions of power. On like grounds the European governments take from the people the right to manage their own affairs in their own way, and constitute the central power a sort of universal guardian, the people being regarded as minors, and unfit to take care of their own interests. In the same spirit England, in strange inconsistency with the aggressive tendency of popular power in that country, even now contemplates the transfer of the railroads of the Kingdom under the power of the government, and a bill is at present before Parliament proposing to authorise the Postmaster-General to purchase all the telegraph lines of the country. This proposed substitution of official for individual responsibility is a proceeding peculiarly strange in this eminently inventive and commercial era, when practical intelligence is believed to have attained an unprecedented perfection. Now, if ever, it would seem that the people should be eminently independent of governmental leading strings, and be granted a *carte blanche* in the management of their affairs.

Especially would this conclusion seem to be reasonable under a republican form of government, which is based upon the acknowledgement, in the broadest sense, of the manhood, intelligence, conscience and general social competency of the citizen.

But, to confine ourselves to the more practical inquiry, what reason have we to expect from the Government a better management of our telegraphs than obtains under their present corporate control? Granted, that we have monopolies in our present system and that our gigantic corporations temporarily defy competition. Does this afford a reason for the concentration of all the companies under one grand monopoly? The pecuniary success of our telegraph associations is one of the surest guarantees of the extension of telegraph facilities; for it holds out the strongest incentive to the formation of new enterprises. It is invariably found that monopolies, unless protected by exclusive franchises, beget their own cure through the inducements they hold out to competition. They may be able to kill off the earlier competitors, but they are weakened by each successive attack, and at last they find their equals. Not so with a Government monopoly. That is omnipotent. It allows no competition; it is subject to none of the natural laws controlling commerce; and it is equally independent of the influences which in private enterprises tend to development and improvement; and worse still, it is too apt to prove perpetual. As a choice between monopolies, then, the temporary corporate form is far preferable to the perpetual national.

Again, what reason have we for supposing that under a national system the public convenience would be better served than under the present organization? Does it accord with observation that Governments with large powers are considerate of the public convenience? On the contrary, are not bureaus notoriously indolent, indifferent, assuming, and ready to sacrifice the weightiest concerns in their punctilious devotion to red-tape routine? A private corporation has a very direct interest in consulting the public convenience; for so far as it meets a public want it augments its business and profits; and any company failing in this respect affords the wider scope for competition. A government bureau has no such interest. Its officers are responsible to their superiors, but for nothing beyond the observance of a fixed routine of duty, which always adapts slowly, and only after much outside pressure, to the constant changes in the wants and convenience of the public.

Those who favor the nationalization of the telegraph should be prepared to show that, under the control of the Government, we should have a more efficient management of the business than exists under the present companies. It devolves upon them to prove from the antecedents of federal administration that officers are always selected with a chief regard to their experience and qualifications, that good officers are retained in service, that clerks and employees are well trained and expert, that they are held to duty by a sense that their position depends upon their efficiency, and that the management of bureaus is stimulated by the constant spur of competing interests. All these things are essential to good management; and yet it is notorious that, from the manner in which the Government departments are supplied with officers and employees, these qualifications are held in entire abeyance, or that where efficiency exists it comes by accident. The public offices are filled too frequently without regard to merit or adaptation. The applicants generally belong to that floating class of population who find it difficult to succeed in the common competition for the awards of honest industry, and whose only recommendation is that they have done questionable service in a political canvas, or are the friends of a politician. Not only are the qualifications of experience and general ability ignored in the selection of officers and employees, but they are equally disregarded as a ground for retaining their services when a change of administration throws open the bureaus to a new batch of office seekers. Among public officers and servants there is no *esprit du corps*, no professional ambition, and none of the ordinary rewards of efficiency. Their position is held only temporarily, and is sought in many cases less for the sake of its legitimate compensation than for its occasions for making indirect gains. To expect that, under such a system, we should have an efficient management of an interest so entirely dependent upon experience, ability and vigilant oversight as telegraphing, would be an absurdity.

Besides, the revelations of corruption in the public departments afford poor guarantee that a gigantic telegraph bureau would be treated otherwise than as a new source of peculation. Candor compels the assertion that our political officeholders are not the men to be entrusted with the handling of the large amount of funds that would pass through such a department. The purchase of stores, the construction and repair of lines, &c., would afford ample occasion for officers benefitting themselves at the expense of the public. In truth, the scheme promises little else than an increase of government power and patronage for political purposes. That politicians should initiate such a project is not remarkable; but we think private capitalists will be slow to sanction the forcible transfer of one of the chief agents of commerce and civilization from the legitimate sphere of public competition to the corrupt control of a government monopoly.

THE POLITICAL REVOLUTION IN ENGLAND.

It is important that we should not suffer the engrossing character of the political complications by which commerce and industry are just now surrounded in our own country, to make us indifferent to the grave events which are actually occurring, and to the still more grave events which seem to be preparing, in the political world of Great Britain.

It is unnecessary for us to dwell upon the fact that the interests of Great Britain and of the United States are destined to be more and more closely interwoven with every year's development of either nation. This fact is obvious to every competent observer of the world's affairs, and neither those who anticipate the predominance of American over English interests in the markets of the world as a result to be rapidly reached by the completion of our new system of communication with the East, nor those who look forward to a protracted tenure of her imperial position by the great British metropolis, will deny that a serious change in the political constitution of the British Empire must entail upon America, as well as upon England, social and financial consequences of the greatest moment.

That such a serious and decided change is now actually impending over Great Britain, we hold to be demonstrable. It was observed, the other day, by the *Pall Mall Gazette*, which, though one of the youngest, has already commanded for itself a general recognition as one of the very ablest of the London journals, that up to the present time the influence of the Atlantic cable, upon political matters in both continents, had been unredeemedly deplorable. The remark may have been a trifle too sweeping, but it is, nevertheless, full of truth. The value of political news sent from England to America, or from America to England, is contingent upon the just interpretation of that news by the intelligence of either nation. The satirical statement of the great economist, Mr. John Stuart Mill, that so-called "practical persons," in his experience were, for the most part, men who had observed, collected and *misunderstood* a great store of facts, has a direct application here. The rapidity with which political items are now flashed through the wires, and the curtness with which they are necessarily stated, when every word represents a small ingot of gold, combine to make it extremely difficult, not to say impossible, for most men to form any exact and coherent notion of the significance of the news which has hardly reached them before its impression is followed up and effaced by a fresh wave. Brevity, which is the soul of wit, is too often the tomb of truth. Almost all important human transactions require to be fully stated, with all their modifications, bearings, and relations before they can be usefully understood, or their real drift ascertained.

The bare announcements, for example, which have recently from day to day been made to us, that Mr. Gladstone, as the leader of the opposition in the English Parliament, has assailed the British Premier, Mr. Disraeli, on the question of dis-establishing the English Church in Ireland: that the assailant has carried repeated majorities in the House of Commons: that, in spite of these repeated majorities carried against him, the Premier still retains his place, and after consultation with the Queen refuses either to resign or to dissolve Parliament; these bare announcements, we say, may suffice to produce the impression that a sharp contest for political power is going on within the walls of Parliament between two of the cleverest and most ambitious of living English statesmen. But they do not suffice to convey to the hasty reader of the daily journal, no matter how well informed he may be, or how deeply interested in regard to British politics, any just sense of what we believe to be the truth, that this sharp Parliamentary contest is only the beginning and the indication of a coming contest on a wider field, which threatens to assume the proportions of a genuine political revolution. The existing British Parliament is the last which will ever be assembled under the existing laws regulating Parliamentary representation, unless Mr. Disraeli should suffer himself to be forced into, or should conclude it to be wise to order a dissolution with a fresh election during the current summer. Should he do so he would inflict almost equal annoyance upon his supporters and his opponents. An English Parliamentary election involves to each member engaged in the contest, whether he be elected or whether he be defeated, an extraordinary outlay of funds. Cases have been known in which an ambitious candidate has expended more than one hundred thousand dollars for the pleasure of seeing himself beaten at the polls; and it is but rarely that any man succeeds in reaching a seat at St. Stephen's without drawing his cheques to a large amount. Now, as it will be necessary next year to make a new appeal to the new constituencies which will then be called into being by the Reform Bill of 1867, it is clear that neither the friends nor the foes of Mr. Disraeli can be gratified by the prospect of a dissolution which would entail upon them all the burdens of two electoral contests within a single twelvemonth.

When, therefore, Mr. Gladstone and his majority brought the question of the disestablishment of the Irish church before the existing Parliament, Mr. Disraeli took the ground, in resisting Mr. Gladstone's proposition, that while he did not believe a majority of the existing constituencies were in favor of such a measure, and, therefore, in ordinary circumstances would not hesitate to dissolve Parliament and "go to the country" upon the issue, he felt still more certain that a majority of the future constituencies to be next year created would take the same view of the case, and that he should therefore reserve the question for a future decision by them, and decline to abdicate under the pressure of the majority. Although this was a most unusual course for a British Premier to adopt, the circumstances of the case also are so unusual that Mr. Disraeli's conduct in the matter is applauded even by many of those who dislike him most as a man, and distrust him most as a Minister. It is felt and conceded by liberals who have no immediate interest in Mr. Gladstone's immediate advent to power, that to "force the hand" of Mr. Disraeli at this time is a blunder, if not in its way a crime in politics. A dissolution and election under the existing Parliamentay laws would be a public annoyance and misfortune. A change of government would also be a calamity, in the face of the fact that the Disraeli Ministry by which the English Reform Bill had been passed, or at least accepted, is now anxious to complete its work by passing the Scotch and Irish Reform Bills also. Men who feel this, and say what they feel, are vexed and mortified by the spectacle of a Liberal leader who shows himself impracticable, impolitic, hot-headed, selfish and greedy of immediate office, when he has it in his power to strengthen both himself and his party permanently by resting on his victories, and helping the Tory government to an easy death.

Mr. Disraeli, on the contrary, is no doubt quite as much delighted as the supporters of Mr. Gladstone are provoked by the disposition of his rival; and relying upon a continued term of office until the expiration of the existing Parliament, he is organizing his forces and his policy for a future conflict when the new constituencies come into being. And he is doing this, we repeat, on a basis and in a way which indicates that he at least believes the political constitution of England to be on the eve of undergoing a serious revolution. The new Reform Bill will introduce into the politics of Great Britain a vast multitude of new voters, variously estimated at from half a million to a million of men. But no estimate has yet been made of them, which does not concede to them the power to swamp the existing constituencies, or, in other words, to make the House of Commons a representation not of the teritorial, nor of the mercantile, nor of the financial, nor of the intellectual, but of the numerical force of Great Britain. Many enthusiastic British liberals anticipate from this change a fresh impulse to progress in a liberal sense. Other liberals of a less sanguine or of a more cynical turn of mind, already begin to question the soundness of such anticipations. Mr. Disraeli evidently relies upon a widely different result of the great change. The astute and unscrupulous Premier, who has seen himself elevated to the first rank in the affairs of the empire by combining the tory aristocracy with the new democracy in support of a democratic reform bill, plainly believes that he will be enabled to retain the rank which he has won by combining the new democracy with the tory aristocracy against the establishment of religious equality in

Ireland. "Justice to Ireland" is the cry, and a very noble and commendable cry it is, of the liberals, whose victories Mr. Gladstone is abusing. But who can be sure that "justice to Ireland" will be as potent a cry with the suddenly enfranchised masses of a strongly Protestant England as it is with the educated leaders of English liberal thought, and with the intelligent voters of the upper middle classes in England? Mr. Disraeli has been a close observer of men and things in his time. He has seen in France, if nowhere else, that sudden spasms of democratic fervor may as often conduce to fortify prejudices, and to establish arbitrary power as to enlighten politics and to extend true liberty. He knows that in England Ireland is not loved. Englishmen, and especially Englishmen of the classes now about to be enfranchised, hate Irishmen, in the first place, because Ireland has long been oppressed, and there is no dislike so bitter as the dislike of men who have played the part of oppressors for the men whom they have oppressed; in the second place, because Irishmen are Roman Catholics; in the third place, because Irish labor invades and cheapens the labor market of England.

When we reflect that all these illiberal possibilities in the temper and training of the new English constituencies are to be played upon by so ingenious a politician as Mr. Disraeli, backed by the whole power of the British Church, which feels that in defending the Irish Establishment it is really fighting for its own life, and by the whole power of the landed aristocracy outside the Whig party, which feels that if the endowment principle in the church be overthrown, the entail principle in the State must be the next point of attack; when we reflect on these things it must be plain that the political battle to which Mr. Disraeli looks forward is certain to be one of the most fiercely contested and the most dubious which England has ever witnessed.

And whether it be won or lost by Mr. Disraeli it must inaugurate a political revolution of which Mr. Disraeli himself, perhaps, hardly foresees the possible eventualities. For it will give the new constituencies a keen and formidable consciousness of their power and their importance. It will introduce into British politics something, at least, of the temper and the tactics of universal suffrage. It will democratize the intrigues, and, therefore, by a fatal and inevitable logic, it will democratize the machinery also of British politics. It will begin at least to modify the tenure of office in England by calling into being there a powerful class of politicians hitherto few and unimportant in numbers on the other side of the Atlantic, but neither few nor unimportant, alas! among ourselves, to whom politics will be a trade, and offices a prize. Of such a change as this who can wisely prefigure the full force and the possible fruits? Neither the fiscal, the commercial nor the industrial policy of Great Britain can be said to be fixed from the day when, over a million new voters at the polls of England, the wand of a fierce religious and political excitement is deliberately waved by the most reckless, if not the most dangerous, public man who has ever appeared at the head of British affairs since the revolution of 1688.

FOREIGN TRADE WITH THE UNITED STATES.

The last monthly report of the Director of the Bureau of Statistics enables us to present a tolerably accurate statement of the foreign trads of the country for a series of months past. The returns for the later months are subject to slight modification upon the receipt of the monthly schedules from the Pacific and some of the minor ports; but these changes will not materially affect the general result. The imports for each month of 1867 have been as follows:

IMPORTS INTO THE UNITED STATES IN 1867.

1867.	Merchandise. Free.	Merchandise. Dutable.	Merchandise. Total.	Gold and silver.	Total.
January	$1,004,570	$25,818,879	$26,823,449	$1,111,018	$27,934,467
February	1,241,852	33,737,833	34,979,685	686.227	35,665,912
March	2,770,682	29,404,137	32,174,819	605,666	3[illegible],7[illegible],485
April	1 871,259	37,068,226	38,939,485	644,038	39,583,523
May	1,692,695	33,593.047	35,285,742	1,320,000	36,605,8[illegible]2
June	1,659,327	29 572,944	31,232,271	615,033	31,847,304
July	1,255,249	31,982,542	33,237,791	1,197,893	34,435,684
August	1,419.676	31,905,788	33,325,464	1,175,831	34,501,295
September	1,473,521	29,098,714	30,572,235	1,199,606	31,671.841
October	1,390,631	27.986,431	29,377,062	1,262,189	30,639,251
November	1,462,826	24,022,927	25,485,753	329,203	25,814,956
December	1,219,873	19,263,448	20,483,321	984,924	21,468,245
Total imports					$383,048,825

These figures, it will be perceived, are for the calendar year, and as the ordinary official returns are made up for the fiscal year, viz., from July to July, it is difficult to present an exact comparison of this total with that of former years. As the best parallell obtainable, however, we give the following statement of annual importations for the last ten fiscal years:

IMPORTS INTO THE UNITED STATES FROM 1857-8 ro 1866-7.

	Specie.	Merchandise.	Total.
1857-58	$19,274,496	$263,338.654	$282,613,150
1858-59	7,434,789	331,333,341	338,768 130
1859 60	8,550,135	353,616,119	362,166,254
1860-61	46,339,611	288,310,542	335,650,153
1861-62	16,415,052	258,941,999	275,357.051
1862-63	9.584,105	243.335,815	252,919,920
1863-64	13,115,612	316,447,283	329,562,895
1864-65	9,810,072	238,745,580	248,555.652
1865-66	10,700,092	434,812,066	445,512,158
1866-67	22,308,345	389,924,977	412,233,322

Although the imports began to decline toward the close of last year, yet the aggregate for the year is largely in excess of the highest period before the war, is $135,000,000 in excess of the last year of hostilities, and $62,000,000 below the year next succeeding peace, which was far in excess of the most active year in the history of our trade. There can be no reasonable doubt that, for the years 1865–66 and 1866–67, the importing trade was largely overdone, and a period of reaction was to be expected. The process of contraction appears to have set in with the preparations for the trade of this Spring, and hence we find the receipts from November to the present time to have been upon a conservative scale. The following comparison shows the importations into the United States (specie included) for the past three months of the current year, compared with the same period of 1867 :

IMPORTS FOR JANUARY, FEBRUARY AND MARCH, 1868 AND 1867.

	1868.	1867.
January	$22,243,651	$27,934,467
February	28,785,637	35,665,942
March	33,038,066	32,780,485
Total 1st quarter	$84,067,354	$96,380,894
Decrease 1868	12,313,540	

It is thus apparent that the receipts for the first quarter are at the rate of $50,000,000 per annum, or 12 per cent less than for the same period of 1867. This reduction, however, has not been such as to render the importing trade much more profitable than it was a year ago ; so that it would seem to be fairly presumable that the preparations for the Fall importation will not be on a scale exceeding the arrivals for the current season.

We now turn to the export movement. The Director's returns present that portion of the produce exports usually entered in currency values reduced to gold ; and for the convenience of comparison we shall therefore give the entire exports in gold values :

EXPORTS OF THE UNITED STATES FOR 1867, GOLD VALUE.

	Domestic produce.			For re-exports.	
1867.	Atlantic ports	Pacific ports.	Specie and bullion.	Merchandise.	Specie.
January	$27,891,753	$1,008,992	$3,851,532	$1,130,364	$190,459
February	29,610,032	1,108,141	3,017,548	1,672,364	475,542
March	37,775,064	763,262	2,622,442	2,037,982	397,818
April	31,021,884	1,147,350	3,244,358	2,072,128	941,688
May	21,362,020	1,064,106	10,660,713	1,273,269	598,873
June	20,165,941	511,582	8,052,403	1,212,792	848,808
July	18,537,087	861,490	15,520,293	699,500	1,578,173
August	14,385,289	1,617,827	2,978,081	980,197	516,396
September	12,745,792	1,384,587	3,468,334	1,151,937	877,6 8
Octobe	17,867,475	1,652,069	3,223,056	1,073,881	524,415
November	24,576,445	1,049,392	2,061,272	911,191	432,839
December	25,162,125	1,222,433	8,955,060	830,564	755,827
Total	$281,100,907	$13,891,331	$67,455,092	$15,056,179	$8,138,506

RECAPITULATION OF ITEMS.

Domestic produce at Atlantic ports	$281,100,907
" " Pacific ports	13 891,331
Domestic specie and bullion	67,455,092
Foreign merchandise	15,056,179
" specie	8,138,506
Total exports	$385,642,015

It thus appears that the total exports for the year 1867 amounted to $385,652,015, gold value, against $383,048,825 of imports, showing an excess of exports amounting to about $2,500,000.

The exports for the first three months of the current year show a material decline from those of the same period of last year, as will appear from the following comparative statement :

EXPORTS FROM THE UNITED STATES FOR JANUARY, FEBRUARY AND MARCH, 1867 AND 1868, GOLD VALUE.

	1868.			1867.		
Months.	Domestic produce.	Domestic specie.	Foreign re-exports.	Domestic produce.	Domestic specie.	Foreign re-exports.
January	$26,211,337	$7,287,767	$1,779,735	$28,900,745	$3,851,532	$1,320,823
February	27,134,412	4,005,632	1,119,798	30,718,173	3,017,548	2,147,906
March	26,295,455	3,223,696	1,758,934	38,538,326	2,622,442	2,435,800
Total	$79,641,204	$ 4,517,095	$4,658,467	$98,157,244	$9,491,522	$5,904,529

RECAPITULATION OF TOTALS.

	1868.	1867.
Domestic produce	$79,641,204	$98,157,244
Domestic specie	14,517,095	9,491,522
Foreign re-exports	4,658,467	5,904,529
Total, three months	$98,816,766	$113,553,295

The total exports for the past quarter of the year are thus $98,816,766, against $116,553,495, showing a decrease of $14,736,529. This falling off is due mainly to the lower value of our shipments of cotton this year. The quantity and value of cotton shipped in each of these months in 1867 and 1868, stands on the Bureau reports as follows:

	1868.		1678.	
Months.	Pounds.	Cur. value.	Pounds.	Cur. value.
January	109,164,492	$16,691,424	91,662,704	$29,832,988
February	101,723,505	18,018,189	91,607,260	29,476,413
March	101,031,453	21,546,685	123,264,739	38,275,314
Total, 3 months	311,919,450	$56,256,298	306,534,703	$97,584,715

While we have shipped 5,400,000 lbs. of cotton during the first quarter, more than last year, yet the declared value is $41,300,000, currency, less than then. This heavy falling off in the value of this staple has been, to a large extent, compensated by an increased value in nearly all the other exports. It may be of interest, as affording a criterion of the probable movement of the precious metals, to ascertain the balance of our foreign trade, so far as indicated in these returns; we therefore present the following comparison of imports and exports for the first quarter of the year:

IMPORTS AND EXPORTS FOR FIRST QUARTER OF 1867 AND 1868.

	Imports.	Exports.	Exc. of exp'ts.
First quarter, 1868	$84,067,354	$98,816,766	$14,749,412
First quarter, 1867	96,380,894	113,553,295	17,172,401

According to these figures, the exports for the three months were $14,749,412, in gold, above the value of the imports. This, however, is not an infallible indication of the real position of the trade balance.

Much of the cotton sent out was consigned on account of home shippers, and during the late advance on the staple would realize much higher prices than the invoice value; while, as a rule, consignments of foreign merchandise to this market have not realised the invoiced price. Upon the whole, this showing cannot be deemed an unsatisfactory one.

THE CONDITION OF TRADE.

Those who anticipated a prosperous Spring trade, now find that the event does not square with their hopes. The complaints common in nearly every branch of the vast distributing trade of this city are evidence that, from some cause or other, business is in an unhealthy condition. We should hardly construe these murmurs as implying an extreme depression, or as meaning that trade is generally without profit. Traders cling to the memory of old times; they regulate their expectations by their experiences during and preceding the war; and anything falling short of the active business of those days appears unsatisfactory to them. For this reason every season now brings a disappointment to the merchant; and it may be years before he forgets to mold his hopes from a history that is not likely to be repeated within this generation.

There is, however, valid reason for a certain amount of complaining. Trade is not so prosperous as we have a right to expect even under the changed circumstances of the country. Capital is not yielding the average return; enterprise is timid and discouraged; capitalists shun the risks of trade and production, and prefer letting their means rest in the Funds to actively employing them in business. The retail trade appears to be overdone, and goods are accumulating in the hands of shopkeepers, with consequent loss. Manufacturers complain that they cannot distribute their products at prices proportionate to the cost of labor and materials, although relieved of the oppressive internal duties. In fact, the agricultural interest alone appears to be prosperous. The high prices of grain, animals and animal products are just now causing farming operations to be unusually prosperous; but at the expense of the rest of the community who have to take these products at such high prices. Nor does the farmer return to other interests compensation proportionate to his increased profits. He is apt to be penurious and hoarding; and instead of investing his profits in the means of enlarged production he puts them into Government securities, with no resulting advantage to any but himself.

This condition of things is due very largely to the many derangements, social, commercial and financial, growing out of the war. To a superficial observer it may seem strange that, at the expiration of three years from the close of hostilities, trade should appear less prosperous than then. And yet there are reasons for expecting that such would be the fact. During the height of the war, many new enterprises of an essentially unsound character were started. In 1865, they were giving employment to a certain amount of labor and capital, which, though unremunerative, yet gave a semblance of activity and produced a real expansion of business. Now, these enterprises are languishing and declining, with consequent losses to capitalists and discouragement to trade generally. Again; the war left us with an enormous accumulation of Government obligations in the hands of the people. Simultaneously, the trade of Europe was in a languishing condition, and foreign capitalists were seeking investments as safe and remunerative as the commercial employment of capital. Our people, flushed with the illusion of inflation, had no idea of contracting their expenditures; and it consequently suited the mood of both parties to make an exchange of bonds for merchandise. For nearly three years succeeding the war, we have consequently had an immense importation of foreign products; the distributing of which has given activity to business. We have now a reaction from this process from causes operating in both directions. Foreigners are no longer prepared to take any important amount of our bonds; and our people are not able, to the late extent, to purchase foreign goods. Sagacious observers have foreseen that an importation based largely upon remittances of obligations was destined to a speedy contraction; and that result has already come, with a consequent limitation of the business of the country. This system of conducting our foreign commerce was overtrading in the worst of forms; for we were buying largely in excess of our means of payment. We have given long-dated promises to pay in settlement, and for the next fifteen years must remit several millions of products in payment of the interest—a severe penalty for our extravagance. The end of this spendthrift policy has not come one day too soon; and it is well that, at present, we see no worse result than a temporary contraction of business.

The trade of the country now begins to feel the full effect of our onerous taxation. Last year the Government collected $490,000,000 of taxes, $179,000,000 in the form of imports on foreign goods, and $311,000,000 from internal and direct taxes, a larger amount *pro rata* than is levied upon the people of any other country. Nor is the collection of this large revenue the end of this oppression upon commerce. A large proportion of the taxes are levied in such a manner as to seriously aggravate the burthens. The duties being imposed upon products in the hands of the importer or manufacturer, and a profit being charged upon the impost by these parties and by each dealer through whose hands the goods subsequently pass, there is ultimately an immense addition to their cost to the consumer. This process is well illustrated by the Hon. Amasa Walker in the May number of the MERCHANTS' MAGAZINE. To ascertain the actual taxation imposed by Custom House duties, he first takes the amount so paid, and to this (in our present monetary condition) adds 40 per cent for the gold premium, and upon this aggregate the importer's profit, which he assumes to be ten per cent; upon this amount is charged the jobber's profit, estimated at 7½ per cent, and the retailer's at 12½ per cent, as follows:

Duties collected in 1867	$176,417,810
Gold premium paid at 40 per cent	70,567,124
Cost of duties in currency	$246,984,934
Importers' profits 10 per cent	24,698,493
	$271,683,427
Jobbers' profit, 7½ per cent	20,376,257
	$292,059,684
Retailers' profits, 12½ per cent	36,507,460
Total paid by consumers	$328,567,144
Duties collected	176,417,810
Total	$152,149,334

—equal to something more than 46 per cent of the whole amount paid by the consumers, or 86 per cent upon the amount received by the Government.

The same calculations also apply to the internal revenue, except that no importer's profits are to be charged. As American goods are generally of a more staple character than foreign, they naturally pay a smaller profit, besides they pass through fewer hands, and many of them for a commission of only 2½ per cent:

Whole Internal Revenue		$265,920,474
Of this Cotton Tax, Income Tax, Licenses, &c., pay	$143,465,879	
Manufactures, iron machinery, &c., pay	122,454,595	265,920,474
Upon these last articles, amounting to		122,454,595
The wholesale dealers charge say 7½ per cent		9,184,094
		$131,638,689
Retailers' profit 12½ per cent		16,454,836
Total		$148,093,525
Deduct the original cost		122,554,599
Paid in profits *on taxes*		$25,638,930

Equal to an additional cost upon the taxed commodities of 21 per cent, or equivalent to about 9½ per cent upon the whole internal revenue.

Thus, with a system of taxation which enormously increases the cost of commodities to consumers, it is evident that the effect of taxation must be to severely depress the trade and industry of the country. Our people had become so habituated to free expenditure, that it required time to inure them to habits of economy corresponding to this heavy drain upon their resources. For a time, therefore, they have been living upon their accumulations; and it is only now, when they find their resources materially reduced, that they begin practically to recognise the necessity of economy. On every hand, therefore, we see the beginning of a process of contracting expenditures. Luxuries are being curtailed; as an illustration of which we find the piano forte market oversupplied, and dealers advertising their instruments for sale upon monthly instalments. Families are refusing to pay the late high rents for dwellings; and hence the 1st of May found large numbers of houses unlet. In every household the question is—how to reduce expenditures; and the result is very general complaints from the retail trade. This process of contracting expenses must go on yet further, until consumption is more evenly regulated by production; and then, but not till then, may we expect a healthier condition of trade. Consequent upon this curtailment of consumption there must be ere long a diminished demand for labor; which again will work out a reduction of wages, and a resulting decline in the cost of all products. There is reason for hope that this much needed reduction in the cost of labor may be facilitated by an abundant harvest and cheaper food—a boon which would also tend to the general amelioration of the condition of trade.

Business, moreover, has still to battle with the mischievous tendencies of an inflated currency, and its concomitant ficticious fluctuations in prices; while the exciting agitation of fundamental political issues has also a very unsettling effect upon commercial confidence. For all these things, however, time will work out an ultimate remedy; but, for the immediature future, it would be to hope without reason to expect our former average prosperity.

RAILROAD EARNINGS.

The recent prosperity of the agricultural interest has naturally conduced to an increased traffic on the railroads. This influence has been fostered by the premature closing of the canals and the consequent locking up of some millions of bushels of grain in transit, which has necessitated the forwarding by rail of a large amount of breadstuffs pending the suspension of navigation. The roads, thus flooded with produce, have been enabled to make their own terms as to rates of freight, and their earnings for the last four or five months have consequently been almost unprecedented. From the subjoined returns from fourteen leading roads it will be seen that the gross earnings for the month of April amount to $5,521,000, against $4,764,000 for the same month last year.

GROSS EARNINGS FOR APRIL, AND FOR THE FIRST FOUR MONTHS OF 1867 AND 1868.

Railroads.	April 1867.	April 1868.	Four Months 1867.	Four Months 1868.
Atlantic and Great Western	$443,029	$421,008	$1,620,064	$1,529,284
Chicago and Alton	282,165	270,386	919,745	1,088,020
Chicago and Northwestern	774,280	1,068,959	2,802,225	3,467,283
Chicago, Rock Island and Pacific	280,283	288,700	1,069,405	1,217,000
Illinois Central	440,271	467,754	2,029,332	1,885,381
Marietta and Cincinnati	72,768	108,461	330,532	380,975
Michigan Central	362,783	415,758	1,325,759	1,390,272
Michigan Southern & North'n Ind	391,163	455,983	1,387,869	1,548,257
Milwaukee and St. Paul	316,389	435,629	1,220,206	1,488,278
Ohio and Mississippi	284,729	252,149	1,026,233	961,378
Pittsburg, Fort Wayne and Chicago	590,557	774,103	2,286,431	2,553,740
St. Louis, Alton and Terre Haute	168,162	213,097	693,451	661,314
Toledo, Wabash and Western	317,052	300,000*	1,026,149	1,107,764
Western Union	40,710	49,231	144,457	175,547
Total (14 roads)	$4,764,341	$5,521,218	$17,881,858	19,454,493

The April earnings this year show the very large increase of 15½ per cent over 1867. For the past four months of the year, the earnings of these roads aggregate $19,454,000; which is a gain of $1,573,000, or 8½ per cent upon the same period of last season. In order to make the comparison strictly accurate, however, it is necessary to take into account the difference of mileage at the two periods; we therefore reduce the earnings of each road to the average per mile, for the four months, as follows:

GROSS EARNINGS PER MILE DURING FIRST FOUR MONTHS OF 1867 AND 1868.

Railroads.	Miles 1867.	Miles 1868.	Earnings 1867.	Earnings 1868.	Differ'e Incr.	Differ'e Dec.
Atlantic & Great Western	507	507	$3,195	$3,016	$...	$179
Chicago and Alton	280	280	3,284	3,889	605	...
Chicago and Northwestern	1,152	1,152	2,432	3,009	577	...
Chicago, Rock Island & Pacific	410	452	2,607	2,692	85	...
Illinois Central	708	708	2,866	2,663	...	203
Marietta and Cincinnati	251	251	1,356	1,517	161	...
Michigan Central	285	285	4,652	4,878	226	...
Michigan Southern & Northern Ind	524	524	2,648	2,955	307	...
Milwaukee and St. Paul	740	740	1,649	2,011	362	...
Ohio and Mississippi	340	340	3,018	2,827	...	191
Pittsburg, Ft. Wayne and Chicago	468	468	4,885	5,456	571	...
St. Louis, Alton and Terre Haute	210	210	3,302	3,149	....	153
Toledo, Wabash and Western	521	521	1,971	2,126	155	...
Western Union	180	180	802	975	173	...
Total	6,576	6,618	$2,720	$2,939	$219	$...

By the above table we find that, for the four months, the gross earnings average $2,939 per mile, against $2,720 per mile for the corresponding months of 1867, the gain averaging 8 per cent. As there is no

* Estimated.

reason for supposing that the working expenses of the roads have been increased materially, in connection with this enlarged traffic, it is to be presumed that their business this year has been unusually profitable.

It is easy, however, to draw erroneous conclusions from the enlarged earnings of the roads. We not unfrequently see these increased totals of current gross earnings paraded by the side of those of six or seven years ago, for the purpose of showing the large improvement in the value of railroad properties. Such a comparison, however, ignores very important elements involved in this question. For instance, if railroads have doubled their gross earnings since 1862, it is very obvious that there has been a necessity for the change, in the largely increased expenses of running and management. It is evident from a comparison of the increased cost of materials and labor in every branch of industry, that the expenses of the roads must have been well nigh doubled within the last few years; and this consideration must obviously be set off against the gain in the gross earnings. The question to be ascertained then is, what is the proportion between the gross earnings and the expenses of the two periods? In order to elucidate this point, we have compiled the appended tables, showing the earnings and expenses of fourteen principal roads in 1866 or 1866–7, compiled from the latest published reports, and giving like statistics from reports issued in 1862, and representing the traffic of 1861-2:

EARNINGS AND EXPENSES OF FOURTEEN PRINCIPAL RAILROADS IN 1866–7.

	Gross earnings.	Expenses.	Net earnings.
Chic. Bur. & Quincy, 1866–7	$6,083,000	$3,093,000	$2,990,000
Chicago & Northwestern, 1866-7	10,161,000	7,103,000	3,058,000
Clevland, Columbus & Cinn, 1866	1,933,000	1,254,000	679,000
Michigan Central, 1866–7	4,325,000	2,826,000	1,499,000
New York Central, 1866–7	13.979,000	10.653,000	3,326,000
New York & New Haven, 1866–7	2,068,000	1,364,000	704,000
Central of New Jersey, 1866	3,581,000	1,963,000	1,618,000
Chicago & Alton, 1866	3,695,000	2,210,000	1,485,000
Illinois Central, 1866	6,546,000	3,944,000	2,602,000
Ohio & Mississippi, 1866	3,380,000	2,929,000	451,000
Toledo, Wabash & Western, 1866	3,717,000	2,311,000	906,000
Erie, 1865–6	15,372,000	12.083,000	3,289,000
Hudson River, 1866	4,845,000	3 090,000	1,755,000
New York & Harlem, 1866	2,783,000	1,664,000	1,119,000
Total (14 roads)	$82,468,000	$56,987,000	$25,481,000
Miles of road owned & leased by 14 comp's		5,254 miles	
Average per mile	$15,696	$10,846	$4,850

The following table shows the annual business of the same roads for a period five years antecedent:

EARNINGS AND EXPENSES OF FOURTEEN PRINCIPAL RAILROADS IN 1861–2.

	Gross Earnings.	Expense.	Net. Earnings.
Chicago, Burlington and Quincy	$2,412,000	$1,073,000	$1,339,000
Chicago and Northwestern (242 miles)	1,083,000	635,000	448,000
Cleveland, Columbus, and Cincinnati	1,724,000	668,000	1,056,000
Michigan Central	2,946,000	1,272,000	1,674,000
New York Central	9,356,000	5,667,000	3,689,000

	Gross Earnings.	Expenses.	Net Earnings.
New York and New Haven	1,036,000	582,000	454,000
Central of New Jersey	1,397,000	751,000	646,000
Chicago and Alton	1,225,000	768,000	457,000
Illinois Central	3,445,000	1,615,000	1,830,000
Ohio and Mississippi (192 miles)	1,134,000	797,000	337,000
Toledo, Wabash and Western (242 miles)	1,938,000	988,000	950,000
Erie	8,400,000	4,861,000	3,539,000
Hudson River	2,730,000	1,368,000	1,362,000
New York and Harlem	1,154,000	698,000	456,000
Total 14 roads	$39,980,000	$21,743,900	$18,237,000
Miles of road owned and leased by 14 comp		3,809 miles.	
Average per mile	$10,496	$5,708	$4,788

The annual gross earnings of all these roads in 1866–7 amounted to $82,468,000, against $39,980,000 in 1861–2, an increase of 106 per cent. The expenses aggregated $56,987,000, against $21,743,000 in 1861–2, an increase of 162 per cent. The net earnings were $25,481,000, against $18,237,000 in 1861–2, an increase of 41½ per cent. In 1866–7 the expenses were 69 per cent of the gross earnings; and in 1861–2 54½ per cent. To this extent, the showing for 1866–7 is decidedly unfavorable as compared with 1861–2. Here, however, it is necessary to take into account the changes in the mileage of the roads. In the earlier period under comparison, these companies owned and leased 3,809 miles of road; in the latter, 5,254 miles. The yearly earnings and expenses of all the roads combined averaged per mile, for the respective periods, as follows:

	Gross earnings.	Expenses.	Net earn.
1861–2	$10,496	$5,708	$4,788
1866–7	15,696	10,846	4,850
Increase in 1866–7	$5,200	$5,138	$62
Increase per cent	50	90	1⅓

It thus appears that while the gross earnings have been increased from $10,496 per mile to $15,696 per mile, a gain of 50 per cent, the expenses have grown from $5,708 per mile to $10,846, an increase of 90 per cent; while the net earnings show an average gain of $62 per mile, or 1⅓ per cent. Virtually, therefore, the net earnings of the roads are about the same per mile as at the beginning of the war. It should be stated, however, that these roads have now about $7,000,000 more net earnings to be devoted to the purposes of construction, interest and dividends than they had in 1861–2. But, on the other hand, the costs of construction have been doubled, the bonded debt of many of the roads has been increased, and a very large addition has been made to the share capital. Of course the unusually large earnings of the last four months, shown above, place the finances of the roads in a better position financially than they held in 1867. We leave our readers to determine how far these considerations should temper the current estimates of the value of railroad securities.

THE CHINA TRADE.

NUMBER I.

"This mission," said Mr. Burlingame, in rather oracular explanation to his San Francisco entertainers of the purposes of his Embassy, "*means progress.*" Without giving way to unreasonable hopes, we may well be inclined to accept the sign in this sense, and to enquire in what manner and to what extent this progress is to reach and affect the commercial part of the world, of America especially, which has heretofore divided with the diplomatists and the missionaries, (taking the lion's share) the intercourse, limited as it has been, that has taken place between the Western nations and the Chinese.

The diplomatists have until recently been engaged in a long and weary struggle, by chicane and force alternately, to fasten upon a powerful and elaborately civilized nation, a foreign policy of which it recognized the injustice. Resistance to that policy was baptized "Oriental duplicity."

The missionaries have labored, for the most part with zeal and fidelity, in a fruitless field. To people who not only believed but practiced a morality which was old when christianity was born, it was naturally not easy to appeal in favor of a religion the mass of whose professors, so far as the Chinese saw them, did not practice but only believed its precepts.

Commerce has been practically limited, on the one hand, to the capacity, always increasing, of Europe and America to consume the teas, silks and other products of China; on the other, to the disposition and ability of the population embraced within a narrow area near the "open ports" to use the fabrics of the Western looms, and to poison itself with the opium, to supply which, in defiance of the Chinese government, has been one of the most cherished rights of European civilization. Lucrative as this commerce has been to the individuals concerned in it, and important so far as regards the wealth and power of Europe, and now of America as well, it has only touched the shell of China.

A few wealthy merchants, branches of flourishing firms in England or America, have established their houses in China, with ramifications at each of the lesser ports, including of late those of Japan; in the conduct of this traffic have amassed princely fortunes in a few years, and, when still young perhaps, have returned to their native country to enjoy them and to give place to the army of young men by whom the succession has been maintained. These great houses have been princely in their hospitality and display, no less than in their fortunes and the number of their retainers. With the general convulsion of commerce which followed the close of the war, and the subsequent prolonged depression, this state of things appears to be passing away, or at least undergoing a decided change. Some of the oldest and most honored names have disappeared entirely. Operations are no longer conducted on the same grand scale. Economy in expenses is thought of. The necessity and practicability of monopolizing trade by means of expensive branch establishments at all the ports is beginning to be doubted. Since the establishment of steam communication between California and China, the Chinese merchants of Hong Kong and San Francisco have been, collectively, shippers of by far the greater portion of the large cargoes carried by the mail steamers of the Pacific Company. These native merchants, some of them of considerable wealth, were able, by reason of their greater frugality in all respects, to ship at a profit which would not have enabled their European neighbors to live. The steamers, as common carriers available to all alike, gave them an opportunity, never before realized, for adventures large or small and of quick issue: they were not slow to avail of it, and thus new branches of business have sprung into existence.

In all this there is room for progress, and promise of it. Between the oldest nation and the youngest: China, frugally supporting her population of four hundred millions on an area of 1,300,000 square miles; America, prodigally scattering thirty millions over 3,000,000 square miles; the former elaborately organized, reposing under a civilization which came out of the furnace centuries ago; the latter with no organization whatever, more than a town meeting, boasting of a bran new civilization whose chief characteristic is a fierce unrest; the one profoundly conservative, the other eagerly radical: between the people who before the birth of Christ discovered gunpowder, printing, and the compass, and that other people, who, within a single life time, have wrested from each untold uses, and given to each its highest practical application, surely there is room for the interchange of more than a few boxes and bales of merchandise.

In California there are now sixty thousand Chinamen, of whom it is said ten thousand are engaged on the Central Pacific Railroad, the others being occupied in mining, agriculture and various industries. It is difficult to foresee to what extent may be carried this transfer of population from a land where it exists in inconvenient excess of numbers to one where the demand for labor is apparently insatiable, and the means of providing for its wants practically unlimited. Unjust laws and unequal application of them, united to the violence, unrestrained by law, with which the Chinese laborers, partly because of their frugal habits and patience under abuse, were treated by the laborers of other foreign nations, had the effect, for several years before the establishment of the steamship line, of checking and, indeed, of reversing the current of this migration; but it has again revived, and with vigor, since the last named event, and under the influence of a healthier sentiment among the people of California and an administration of the laws which recognizes in a Chinaman some rights that an Irishman is bound to respect. The annual movement of population for the past five years compares as follows:

	Arrived at an Francisco.	Departed from San Francisco-
1863	6,467	2,959
1864	2,166	3,684
1865	3,066	2,198
1866	2,284	2,993
1867	4,137	4,311
Total	18,120	16,145

Bullion began to be an important article of export from California to China about the year 1854, when the annual shipments reached a million dollars. Since then this trade has gradually increased, the shipments since 1863 having been as follows. For the sake of comparison we have placed in parallel columns the shipments from California to Japan for two pears, previous to which they were wholly unimportant, and also the shipments from Great Britain to all China and Japan, reduced to dollars:

	From San Francisco.		Gt. Britain to all China and Japan.
	To China.	To Japan.	
1863	$4,206,370	......	$9,979,545
1864	7,888,973	......	4,456,645
1865	6,963 522	......	2,800,130
1866	6,533,084	$105,890	1,515,980
1867	9,039,530	6[illegible]8,049	1,328,830

The steady and rapid growth of the export from the Pacific coast is in remarkable contrast to the decline in the flow of silver from England, and at first sight there would appear to be some intimate connection between the two; but the causes are, on examination, seen to be, for the most part, quite distinct. The heavy shipments from England to India and Asia during the war in this country were part of the overgrown speculation to which the mercantile community of England abandoned itself at that time: the course of the bullion flow accurately marks the progress and subsidence of the fever. The reaction has been the more severe because the excitement of disease was accepted by the patient as a sign of health. On the other hand, the trade between California and Asia has been growing in bulk and value, and the sudden increase of about twenty-five per cent in the treasure movement of 1867 results from a combination of this cause with the establishment of the steamship line on the 1st of January of that year, and an anomalous state of the India exchange market, coincident with the plethora and low rate of money in London, in consequence of which heavy operations were carried on, resulting in losses that will probably prevent their repetition in 1868.

The values of domestic merchandise exported from San Francisco to China and Japan during the last three years compare thus:

	To China.	To Japan.
1865	$1,376,166	$107,814
1866	1,534,700	1[illegible]7,275
1867	1,325,336	811,063

These exports consist mainly of breadstuffs, lumber and "sundries," the production of the Pacific States.

The two principal articles of import from China and Japan are tea and raw silk. The following table shows the exportation of each from either country to Great Britain and America for five years:

FROM CHINA.

	Tea, pounds		Silk, peculs of 133⅓ pounds	
	To England.	To America.	To Engl'd.	To Am.
Year ending May 31, 1864	113,159,800	22,889,100	46.603	383
" " " 1865	118,040.760	14,725,200	32,313	248
" " " 1866	111,165,200	24,896,500	62,890	394
" " " 1867	118,061,100	26,193,900	50,052	715

FROM JAPAN.

Year ending March 30, 1864	1,982,916	1,488,577	7,411	55
" " " 1865	2,265,783	1,696,170	6,525	None.
" " " 1866	887.140	6,224,694	5,740	55
" " " 1867	354,145	5,546,466	7,616	78
" " " 1868	772,332	6,710,207	4,559	518

The importation of raw silk into this country has received a marked impulse from steam communication, and is, in our judgment, destined to grow to important dimensions, with momentous consequences to the national wealth. This article is worth, on an average, about $600 in coin per bale, or about $5 a pound. The silk of Japan is the finest known, and is used in the production of the most highly esteemed fabrics of British and French looms. The eggs of the Japanese silk worm are also imported into France to an enormous amount, and at great expense, to supply the ravages of the disease which has for some years past affected the native worms. With our greater proximity to Japan, and the great saving of freight and of interest on the cost of a material of so much value, there seems no reason why the infant manufacture of silk in this country should not grow to a sturdy manhood. In all except the more elaborate and costly fabrics, this advantage in the first price of the raw material should enable the American manufacturer to compete successfully with foreign looms for the supply of our extensive home market.

This question brings us to consider the probable influence of the Pacific Railroad, now approaching completion, upon the population and wealth of this country, and especially of the Pacific States, in relation to the commerce with Asia.

TOLEDO, WABASH AND WESTERN RAILWAY.

The results of operations on this railroad for the years 1866 and 1867 compare as exhibited in the following statement:

	1806.	1867.	Increase.	Decrease.
Passenger earnings	$1,322,846 78	$1,213,525 43	....	$109,321 35
Freight "	2,209,427 35	2,364,225 40	$154,798 05	....
Mail "	52,000 00	52,000 00	... ...	....
Express "	98,345 17	148,385 52	50,040 35	....
Miscellaneons	34,766 92	31,217 23	....	3,549 69
Total earnings	$3,717,386 22	$3,809,083 58	$91,697 36	$.........

Against which are charged expenditures, viz.:

Iron & superstructure	$241,051 79	$264,912 92	$23,861 14	$.........
Roadw'y & structures	624,066 25	633,491 20	9,424 95	....
Cars, engines, &c	556,605 78	449,469 34	.... .	107,136 44
Transportation, &c	1,389,462 68	1,439,008 85	49,546 17	.....
Total expenses	$2,811,186 50	$2,786,882 32	....	$24,304 18
Earnings less expen's	$906,199 72	$1,022,471 26	$116,271 54	$........

The length of road operated, including the 22 miles of the Chicago, Burlington and Quincy Railroad used by this company, was 522 miles, both years, which gives for 1866 $7,121 43, and for 1867 $7,297 61 per mile, showing an increase for 1867 of $176 18 per mile. The expenses for 1866 were $5,385 41, and for 1867 $5,338 85, showing a decrease of $46 56 per mile. The net earnings for 1867 were thus increased over those of 1866 by $222 74 per mile. The ratio of expenses to earnings was 75.62 per cent in 1866, and 73.15 per cent 1867.

The results here shown are highly encouraging. The cereal crops throughout the country traversed by the road were far below the average. The loss on freight traffic from this exceptional state of things is estimated at no less than a million dollars; and yet, despite this adverse experience, the aggregate earnings of the year 1867 foot up largely in excess of those of any corresponding period in the history of the company.

The decrease in the company's expenses has been wholly in the engine and car department. The total decrease in 1867, as compared with 1866, was $107,136 04. There has been an increased expenditure in all other departments, to the aggregate amount of $82,831 86, which leaves the net reduction at $24,304 18. In the road department there has been a vast amount of extraordinary work done. During the year 225,000 cross ties were renewed, and 32 miles of new and 39 miles of re-rolled iron placed in the track, and 5 miles of new sidings built. Bridges, station-buildings, &c., have also been constructed to an unusual extent. The rolling stock was also increased by three engines, and 257 cars of all kinds. The equipment at the close of 1867 consisted of:

locomotives, 105; passenger cars, 49; baggage and mail cars, 24; freight cars, box, 1,173, stock 405, flat 243, coal 154, caboose 45, and dump 30.

The receipts and expenses of the company on all accounts for the year 1867 are shown in the following statement:

EXPENDITURES.		RECEIPTS.	
Construction, &c.	$443,536 53	Net earnings	$1,022,471 26
Interest & pref. divid'd	1,039,161 83	Machinery and tools sold	1,840 00
Discount and exchange	12,800 82	Cons. mort. bonds sold	1,410,000 00
Tol. & Wabash RR. Co.	1,454 98	Ill. & So. Iowa RR.	22,100 00
New York office	10,543 28	Bal. from previous year,	273,599 00
Sinking fund bonds paid	731,000 00		
Total	$2,238,497 44	Total	$2,730,010 26

—leaving a balance to credit of income amounting to $491,512 82.

The changes effected in the balance sheet during the last year are shown in the following statement of balances at the close of 1866 and 1867:

	1866.	1867.	Increase.	Decrease.
Capital stock, com'n	$5,700,000 00	$5,700,000 00	$........	$........
" " pref'd	1,000,000 00	1,000,000 00	....	....
Funded debt	14,345,000 00	15,494,000 00	1,149,000 00	....
Coupons due	42,234 75	53,250 00	11,015 25	....
Overdraft	71,190 53	....	....	71,790 53
Bills payable	15,500 00	15,430 00	....	80 00
Equalization account	665,726 19	....	....	665,726 00
Balance of Income,	373,599 00	491,512 82	117,913 82	....
Total	$22,113,900 47	$22,754,182 82	$640,282 35	$........

Against which are the following charges, viz.:

Road and equipment	$19,850,000 00	$20,999,000 00	$1,149,000 00	$........
Trustees	1,195,000 00	1,195,000 00	....	....
Material and fuel	303,014 07	268,757 88	....	34,256 19
Stocks	10,000 00	10,000 00	....	....
Sundry accounts	55,580 43	95,678 88	40,098 45	....
Equalization acc'unt	700,300 27	34,574 08	....	665,726 19
Cash	....	151,171 98	151,171 98	....
Total	$22,113,900 47	$22,754,182 82	$640,282 35	....

The funded debt as it stood on the 31st December, 1867, was as follows:

Classes of Bonds.	Interest. Rate.	Interest. Payable.	Principal. Due.	Principal. Amount.
First mortgage bonds.				
Tol. and Wabash RR, 75.4 miles.	7	Feb. & Aug.	1890	$900,000
L. Erie, Wab. & St. Louis RR, 167 m.	7	Feb. & Aug.	1890	2,500,000
Great Western R.R. (W.D.) 100 m	10	Apr & Oct.	1868	1,000,000
Great Western R.R (E D) 81 miles.	7	Feb. & Aug.	1888	45,000
Great Western R. R. of 1859, 181 m.	7	Feb. & Aug.	1888	2,500,000
Quincy and Toledo R. R., 34 miles	7	May & Nov.	1890	500,000
Illinois & So. Iowa R.R., 41 miles	7	Feb. & Aug.	1882	300,000
Second mortgage bonds				
Toledo & Wabash R R., 75.4 miles	7	May & Nov.	1878	1,000,000
Wabash and Western RR, 167 miles	7	May & Nov.	1871	1,500,000
Great Western R.R., of 1859, 181 m.	7	May & Nov.	1893	2,500,000
Equipment bond (Tol and Wab R.R)	7	May & Nov.	1883	600,000
Sinking fd b'ds (T., W. & W R) 500 m	7	Apr. & Oct.	1871	269,000
Consolidated mtg b'ds (T., W. & W)	7	F. M. A. & N.	1907	1,880,000

All of which principal and interest are payable in New York City.

Regarding the funded debt, the president in his report says:

The funded debt is changed in two particulars; first, by the payment and cancellation of $731,000 of our maturing sinking fund bonds; and second, by the substitution therefor, by exchange and otherwise, of consolidated mortgage bonds of the company, and also by disposing of a portion of the latter bonds for the Meredosia Bridge and other purposes properly chargeable to capital. The arrangement made some time since for the extension of the first mortgage bonds, secured on the Ohio and Indiana divisions of the road, is now practically accomplished. It is also anticipated that during the year 1868, the balance of $269,000 of sinking fund bonds will be extinguished by exchange for consolidated mortgage bonds, which finally disposes of all the funded debt maturing for some time to come.

On the whole, the report shows an improved and satisfactory condition of the company's affairs. The earnings are gradually increasing, and in the face of extraordinary drawbacks, were larger in 1867 than in any former year. This excess, although insufficient to justify the payment of a dividend, affords gratifying evidence of a marked uniformity and stability in the growth and development of the traffic of the road, as well as encouraging assurances of its capability under favorable circumstances to make liberal and satisfactory returns for the capital invested.

The construction of the iron railroad bridge over the Mississippi River at Quincy (undertaken conjointly by this company, the Chicago, Burlington and Quincy, and the Hannibal and St. Joseph companies), is now being prosecuted with a degree of energy that warrants its builders in fixing the month of September next as the time when the passage of trains will be accomplished. By the completion of this great and important work, the companies interested will secure safety and dispatch in the transmission of freights destined for interchange at the Mississippi, and obviate the delays and expenses incident to ferriage.

The following table is appended with the view of showing the fluctuations in the market value of the stocks of the company since the consolidation of July 1, 1865:

Common stock				Preferred stock		
1867-68.	1866-67.	1865-66.	Months.	1865-66.	1866-67.	1867-68.
46½@ 3⅛	36½@40	....@..	July.	..@..	61 @61	69½@72¼
48¼@51	39 @47¼	...@..	Aug.	..@..	67¼@70	70½@71
39 @49	43¾@46¾	40 @40	Sept.	60@64	70 @73½	69 @69
39 @44½	44 @54⅝	43 @43	Oct.	64@65	72⅞@75	62½@68
38 @39¾	40 @55½	39 @55	Nov.	68@68	72 @7[illegible]½	62 @62½
38¼@43	41 @45½	40½@43	Dec.	..@..	....@....	61½@61½
42½@47	39 @45½	42 @42	Jan.	..@..	... @....	64 @67
45 @47¾	38 @42	31 @40	Feb.	..@..	66 @66	68 @74⅝
46½@55⅝	34 @39	21¾@33	March.	..@..	59 @65	70 @74
46 @52	35 @39½	32 @39	April.	62@63	61½@65	70½@72
51 @52	38 @43	34 @39	May.	. @..	62 @67	... @....
....@....	41½@47½	36 @36	June.	..@..	68¼@70	... @....
38 @55⅝	34 @55½	31 @55	Year.	60@68	59 @75½	61½@74⅝

TOLEDO, PEORIA AND WARSAW RAILWAY.

This road will form an important link in the great midland line which, commencing at New York, Philadelphia and Baltimore, passes through Pittsburg, Pa., Steubenville and Columbus, O., Logansport, Ind., and Peoria, Ill., to the Mississippi at Warsaw and Burlington, at these points to connect with the lines across the Iowa to the Missouri River and the several Pacific Railroads already constructed or to be constructed. This route being much shorter—at least 100 miles—than that by Chicago, must naturally command a large share of trans-continental commerce.

The Toledo, Peoria and Warsaw Railroad is wholly within the State of Illinois. It commences on the Indiana line where it connects with the Columbus, Chicago and Indiana Central Railroad, a recent consolidation, of which we gave an account in the MAGAZINE of last April. From this point it extends in a straight line to Peoria, 111 miles, and so far has been open several years, and operated under the name of the Logansport, Peoria and Burlington Railroad. From Peoria to Warsaw the distance is 119 miles, of which 66 miles were brought into operation January 1, 1868, and the remaining 53 miles are to be completed on or before July 4 of the current year. A branch is also to be built from La Harpe on the main line to Burlington on the Mississippi. The line between Peoria and Keokuk formerly belonged to the Mississippi and Wabash Railroad Company, but was consolidated with the Logansport, Peoria and Burlington Railroad in 1865, under the name, as above, of the Toledo, Peoria and Warsaw.

The rolling stock owned by the company at the close of the year 1867, consisted of 21 locomotives and 334 cars, of which 8 were passenger, 6 baggage, mail and express, 6 conductors' and the remainder freight and coal cars.

The earnings of the road from Peoria to the Indiana State line, 111 miles, amounted in 1867 to $574,462 28, and were derived from the following sources, viz.: passengers $182,746 29, freight $329,512 44, mails $9,850 00, express $7,415 85, military $1,071 71, rent of road $25,000, rent of cars $3,221 53, and miscellaneous $15,644 93. The operating expenses, including taxes, &c., amounted to $387,457 63. The net earnings were $187,005 23.

The gross earnings per mile were in 1866 $5,060 02, and in 1867 $5,175 34—increase 2.28 per cent.

The nett earnings were in 1866 $1,549 24, and in 1867 $1,684 73—increase 8.74 per cent.

The proportion of expenses to earnings was in 1866 69.38 per cent, and in 1867 67.44 per cent—decrease 1.94 per cent.

The total revenue from operations, including $212,086 04 from previous year, was $786,548 90, and the total expenditures, including interest on bonds $111,965, amounted to $499,422 63 ; balance to credit of income $287,126 27. The financial condition of the company at the close of 1867 is shown in the following general statement:

Capital—Common stock	$1,115,400 00	
1st preferred stock	1,651,316 42	
2d preferred stock	908,400 00—	$3,675,116 42
Funded debt—1st mortgage 7 p. c. bonds (E. D.)	$1,600,000 00	
1st mortgage 7 per cent bonds (W. Division)	775,000 00	
2d mortgage 7 per cent bonds (W. Division)	498,000 00—	2,873,000 00
Construction accounts unpaid		122,411 85
Open accounts (operating)		50,569 30
Bills payable		56,023 18
Sinking fund (re ired by Illinois Central Railroad earnings)		72,021 58
Income account; surplus earnings		287,126 27
Total		$7,136,268 60

Against this amount are charged, viz.:

Railway construction	$6,456,555 91	
Equipment; engines and cars	600,700 00—	7,057,255 91
Sundry balances (operating)		9,278 71
Cash and cash items		17,223 07
Materials and fuel on hand		52,510 91
Total		$7,136,268 90

The road and equipment will cost about $9,200,000, or $40,000 per mile. The means of the company to carry the work to completion appear to be ample, the contractors taking a large part of their pay in stocks and bonds.

COMMERCIAL CHRONICLE AND REVIEW.

Mr. Sherman's Coin Contract Law—The Money Market—Government Securities—Consols and American Securities at London—The Stock Market—Railway and Miscellaneous Securities—The Gold Movement—Foreign Exchange.

If Mr. Sherman is gratified by the passage of the coin contract law, he has little reason to complain of the previous action of the Senate defeating his bill for inflating the currency by the issue of twenty millions of new bank notes. What is surprising is that this untimely and mischievous project could have appeared to the mind of so experienced a political leader to stand the smallest chance of adoption. It would involve the giving up of the established policy on one of the most important prerogatives of the Government, that of guarding the currency, and exempting it from dilution and derangement by new issues. The national cry for a sound currency will certainly be heeded so far by Congress that no further depreciation is to be attempted, nor any new emissions of any sort of paper money, especially of bank notes.

Waiving the general question of policy, however, the special objections to the bill are, first, that it does not touch the most important defects of the banking system; and, secondly, that it does not offer a fit remedy for the evils with which it proposes to deal. In illustration of the last named point we may cite Mr.

Sherman's statement that "sundry States in the Union have not a national bank, while Massachusetts, Rhode Island and Connecticut have from $50 to $75 per inhabitant." It is no honest remedy for this state of things to endow and subsidize certain new government banks by a forced loan—a forced loan of the worst sort, that of an issue of paper money. Who, moreover, would gain the profits of this new doling out of the national bounty? For whose emolument does Mr. Sherman believe that these twenty millions of notes would avail? Would the people at large be benefited? or would the whole profits be absorbed by a few speculators who had clubbed their means together to form these new banks? Mr. Sherman suggests a reply to these queries. He says that "the banks of Ohio have loaned every dollar at their command to New York, while they refused to the merchant, farmer and produce dealer any accommodation." And what does this alleged fact prove but that the hot bed system of forcing banks to grow where the spontaneous movements of business do not produce them is fruitful in abuses. This is but one argument out of many by which Mr. Sherman's own admissions helped to defeat his project, and the people are well satisfied to see it die.

It is undoubtedly a defect of the National banking system that its currency is unequally distributed. A recent report showed that of the 300 millions outstanding, 104 millions were issued by New England, almost 70 millions by New York, 40 millions by Pennsylvania, and 40 millions by Ohio, Indiana and Illinois, so that over three-fourths of the National bank notes are issued from New England, New York and Pennsylvania. How this concentration on the seaboard originated Mr. Hulburd tells us, in his report for 1866. He describes it as follows:

"The original act of March 25, 186?, provided for an apportionment of the national currency to the several States and Territories as follows: one hundred and fifty millions according to representative population, and one hundred and fifty millions according to banking capital, resources, and business.

"This requirement was repealed by the act of June 3, 1864, which left the distribution to the discretion of the Comptroller of the Currency. By the amendment of March 3, 1865, the clause requiring an apportionment to be made was re-enacted, but at the same date an amendment to section 7 of the internal revenue act provided that all existing State banks should have the right to become national banks, and should have the preference over new organizations up to the 1st of July, 1865.

"These two amendments were not in harmony; for, if the apportionment was made as required by the amendment to section 21, the State banks then in existence could not have been converted without exceeding in many instances the amount of circulation apportioned to the different States. But, as it seemed to be the intention and policy of the act to absorb all existing banking institutions rather than to create new banking interests in addition thereto, the Comptroller of the Currency so construed the amendments as to permit the conversion of State banks without limitation. The effect of this action was to make a very unequal distribution of the currency, some of the States receiving more than they were entitled to by the apportionment, and leaving but a very limited amount to be awarded to the Southern and some of the Western States."

In this official report we have the clear admission that the bank notes have not been allotted as was intended. Who is to blame for the evil we do not care in this place to enquire. It is to the proper remedy that we prefer to confine our search. And this remedy obviously involves the calling in of the currency where it has been issued in excess of the equitable allotment. Several measures have been introduced into Congress for this purpose The most important was that of Mr. Hooper, which proposed to call in the circulation of banks on certain established rules. First, no bank was to be allowed to issue more than one million of dollars of its own notes. Secondly, the smaller institutions were to be regulated as follows: a bank whose capital did not exceed $300,000 was to issue notes to the amount of 90 per cent of its capital; a bank whose capital was from $300,000 to $500,000 was allowed 80 per cent of circulation, and if the capital was $500,000 or upwards 70 per cent was the limit. Much objection was made to this scheme, and a modification of it was proposed by the Comptroller of the Currency allowing banks with two millions of capital to receive $1,125,000 of notes. Three millions of capital was to entitle an association to $1,400,000 of notes; four millions to $1,500,000; five millions to $1,600,000, while ten millions of capital was to secure $3,000,000 of notes.

The discussion of these plans evoked opposition from the banks whose privileges it was proposed to cut off, so that the attempt was given up, and to this moment no practicable solution of the difficulty has presented itself. The only points which have been established so far, seems to be that the people will not allow the currency of the country to be tampered with to accommodate those who wish to start new banks; and, secondly, that the existing banks, which enjoy currency privileges will not, if they can help it, suffer those privileges to be taken from them or curtailed.

We have referred thus exclusively to the currency aspects of Mr. Sherman's bill, because it was by these chiefly that its defeat was rendered inevitable. We trust that if it should be revived hereafter in a new form, that it will be carefully revised, and that its provisions will be extended so as to enforce the redemption of all bank notes in New York, the establishment of some needed safeguards against defalcations among bank officers, the keeping up of more adequate legal tender reserves, and the increase of the efficiency of the Currency Bureau, by making its examiners and other officials responsible where bad banking, which leads to failure or defalcation, has been concealed; and through negligence, incompetence or collusion has failed to be reported.

The usual stringency of money in March and April has been followed in May by a very decided reaction towards the other extreme. The contraction of business necessitated by the pressure of the former period has naturally been attended by a limited demand for accommodation from merchants throughout the country, and at most of the commercial centre there has prevailed an abundance of idle funds, which have gravitated hither, and are now seeking employment at very low rates of interest. At the same time the loanable resources of the banks have been increased by the payment of about four millions of interest in the redemption of Compound Interest Notes dated May 15, 1865, both principal and interest of which have been paid in 3 Per Cent Certificates, absorbing the whole of the latter. The change in the condition of the banks resulting from these causes is shown by the following comparison:

	May 30.	May 2.		Changes.
Loans and Discounts	$268, 17,490	$257,628,672	Inc	$10,498,818
Specie	17,861,088	16.106.873	Inc.	1,694,215
Circulation	34,145,606	34,114,843	Inc.	30,763
Deposits	204.746,964	191,2[illegible]6 135	Inc.	13.540,829
Legal tenders	65,633,964	57 836,599	Inc.	7,797,365

The fact of money being now 3@4 per cent on demand loans, while choice commercial paper is negotiable at 5 per cent, is an indication of a stagnant condition of general trade. In most branches of business the Spring trade has proved unsatisfactory, the only really healthy demand having come from the West, which has been exceptionally prosperous through its abundant crops. Retail dealers complain of the contracted purchases of their customers, and that their business is so overdone by the multiplicity of traders that they cannot make an average profit; and jobbers, under these circumstances, are naturally cautious about the standing of the parties to whom they sell.

The following are the rates of Loans and Discounts for the month of May:

RATES OF LOANS AND DISCOUNTS.

	May 7.	May 14.	May 21.	May 28.
Call loans	6 @ 7	6 @—	5 @ 6	4 @ 5
Loans on Bonds and Mortgage	—@ 7	—@ 7	—@ 7	—@ 7
A 1, endorsed bills, 2 mos	6½@ 7	6½@ 7	6 @ 6½	5½@ 6
Good endorsed bills, 3 & 4 mos	7 @ 8	7 @ 8	6½@ 7½	6 @ 7½
" " single names	8 @ 9	8 @ 9	7 @ 8	7 @ 8
Lower grades	— @—	— @—	— @—	— @—

The general unprofitableness of trading enterprises and the plethora of money have induced an extension of speculative transactions in securities, and especially so on Governments. A variety of considerations have conduced to diverting operations in that direction, prominent among which may be mentioned the near completion of the funding process, and the consequent filling up of the outstanding authorizations for loans. The high prices of real estate have had an influence in causing investors to shun that mode of employing their funds, while the high prices of railroad stocks have tended to deter speculators from touching them. Under the influence of this and other circumstances, which were more fully explained in our last issue, there has been during the latter half of May an unprecedented demand, which toward the close had carried up prices beyond all precedent. Transactions in all kinds of bonds have consequently been large, as may be seen in the following statement of the amount of Government bonds and notes, State and city and company bonds, sold at the New York Stock Exchange in the month of May, 1867 and 1868:

BONDS SOLD AT THE N. Y. STOCK EXCHANGE BOARD.

Classes.	1867.	1868.	Inc.	Dec.
U. S. bonds	$16,226,800	$21,621,050	$5,394,250	$.......
U. S. notes	1,130,100	4,830,800	3,700,750	....
St'e & city b'ds	2,863,300	3,759,100	895,800	....
Company b'ds	930,300	718,000	....	212,300
Total—May	$21,150,500	$30,928,950	$9,778,450	....
" —since Jan. 1	69,784,680	121,923,550	52,138,870	....

The daily closing prices of the principal Government securities at the New York Stock Exchange Board in the month of May, as represented by the latest sale officially reported, are shown in the following statement:

PRICES OF GOVERNMENT SECURITIES AT NEW YORK.

		6's, 1881.		6's, (5-20 yrs.) Coupon					5's, 10-40 yrs.	7-30.
Day of month.		Coup.	Reg.	1862.	1864.	1865.	new.	1867.	C'pn.	2d sr.
Friday	1	113¾	.....	108¼	106¾	107	109	109⅜	103⅛	107½
Saturday	2	.....	.....	108	....	106¾	108⅞	109⅜	103⅛	.....
Sunday	3	.....	.....	.....	.....	.....	.....	.....	.....	.....
Monday	4	113⅛	.....	107¾	106⅝	106¾	108⅞	109¼	103	107¼
Tuesday	5	113⅛	113	108	106½	106⅞	109	109¼	.....	.....
Wednesday	6	113⅛	113⅛	108¼	106⅝	106¾	109	109⅜	103	.....
Thursday	7	113⅜	.....	108½	106⅝	107⅛	109	109⅜	103⅛	107½

Friday	8	113⅜	.....	108⅝	106⅞	107⅛	109⅛	109½	103⅛	107½
Saturday	9	113¾	113½	109	107⅜	107½	109½	109⅞	103⅛	107⅝
Sunday	10	.....	.....	.....	.....	.....	.....	.....	.....	....
Monday	11	113⅞	.....	109	107	107⅜	109½	109¾	103¼	107½
Tuesday	12	113⅞	113⅝	108⅞	107⅛	107¼	109¼	109⅝	103¼	107½
Wednesday	13	.....	113½	108¾	.....	....	109½	109¾	103¼	.....
Thursday	14	114	113¾	109	107⅛	107¼	109⅝	109⅞	103¼	107½
Friday	15	114	113¾	109	107¼	.....	.....	..	103¼	.....
Saturday	16	114	.....	109	107	107¼	109⅝	109¾	103⅜	107½
Sunday	17	....	.....	.....	.....	.....	.....	.....	....	....
Monday	18	.....	.....	109¼	107½	107½	109⅜	110	103½	107⅝
Tuesday	19	114⅝	114⅛	109½	107¾	107¾	110⅛	110½	104	107⅝
Wednesday	20	114¾	114⅝	109⅝	108¼	108⅛	110¼	110⅜	104⅛	107⅞
Thursday	21	115	114¾	109⅞	108⅜	108⅜	110⅜	110½	104⅝	.....
Friday	22	115⅛	.....	110¼	108½	108⅝	110½	110⅝	104⅞	108⅛
Saturday	23	115	.....	110⅛	108½	108½	110½	110½	104⅞	108⅛
Sunday	24	.....	.....	.....	.....	.....	.....	. . .	.....	.....
Monday	25	115¼	.....	110½	108⅞	108⅞	110⅞	110⅞	105½	108⅜
Tuesday	26	115⅜	115⅜	110⅞	109	109⅛	111⅛	111⅛	105¾	108¾
Wednesday	27	115⅝	115½	111⅝	109¼	109½	111½	111½	105⅝	108⅞
Thursday	28	115⅞	115½	111⅞	109½	109⅞	111⅝	111⅝	105⅝	109
Friday	29	115⅝	115¼	111½	109½	109⅝	111⅞	112	105⅛	109¼
Saturda	30	. ...	.....	.....	109⅝	109⅝	111¾	112	105⅜	109⅜
Sunday	31	....	.....	.....	.....	.....	.. ..	.....	.	.....
First		113¼	113	108¼	106¾	107	109	109⅜	103⅛	107½
Lowest		115⅞	115½	111⅞	109⅝	109⅞	111⅞	112	105¾	109⅜
Highest		113⅛	113	107¾	106½	106¾	108⅞	109¼	103	107¼
Range		2¾	2½	4⅛	3⅛	3⅛	3	2¾	2¾	2⅛
Last		115⅝	115¼	111½	109⅝	109⅝	111¾	112	105⅜	109⅜

The closing prices of Five-Twenties at Frankfort in each week ending with Thursday, were as follows :

May 7.	May 14.	May 21.	May 28.	Month.
75¾@75⅞	75⅞	76⅜	77	75¾@77

The closing prices of Consols for money and certain American securities (viz. U. S. 6's 5-20's 1862, Illinois Central and Erie shares) at London, on each day of the month of May, are shown in the following statement :

COURSE OF CONSOLS AND AMERICAN SECURITIES AT LONDON.

Date.	Cons for mon.	Am. securities. U. S. 5-20s	Ill.C. sh's.	Erie shs.	Date.	Cons for mon.	Am. securities. U.S. 5-20s	Ill.C. sh's.	Erie sh's.
Friday 1	93⅞	70⅜	95¼	46¾	Thursday 21	94¾	71½	95½	45⅜
Sat'day 2	93⅞	70½	95¼	46¾	Friday 22	94⅞	71½	95½	45½
Sunday 3	....	..	....	....	Saturday 23	94⅞	71½	95⅞	45½
Monday 4	93⅞	70½	95½	46½	Sunday 24	....	....	....	....
Tues. 5	94⅛	70⅝	95¼	46½	Monday 25	95	71⅝	95¾	45¾
Wedne 6	94	70⅝	95¼	46	Tuesday 26	95⅞	71¾	95¾	45¾
Thurs 7	94⅛	70¾	95¼	46	Wednesday 27	95⅝	71⅞	96	46
Friday 8	94	70¾	95¼	46	Thursday 28	96¼	72⅜	96¼	46⅛
Sat'day 9	94	70¾	95¼	46	Friday 29	96⅜	72¾	97	47½
Sunday 10	....	....	....	....	Saturday 30	96⅜	72¾	97	47½
Monday 11	94⅛	70⅝	95	45¼	Sunday 31	....	..	....	....
Tuesday 12	94¼	70¾	94¾	45½					
Wedn'y 13	94⅜	70¾	94¾	46	Lowest	93⅞	70⅜	94¾	45¼
Thursday 14	94⅜	70¾	94¾	45¾	Highest	96⅜	72¾	97	47½
Friday 15	94⅜	70¾	95	45½	Range	2½	2⅜	2¼	2¼
Sat'day 16	94⅜	70⅝	94¾	45½					
Sunday 17	...	....	....	...	Low Since Jan. 1	91⅞	70⅛	84¾	41½
Monday 18	94½	71¼	94¾	45¼	Hig Since Jan. 1	96⅜	73⅛	97	50⅛
Tus'day 19	94⅞	71⅜	94¾	45¼	Rng Since Jan. 1	4½	3	12¼	8⅝
Wednesday 20	94¾	71⅜	95½	45¾	Last	96⅜	72¾	97	47½

The course of the stock market has been somewhat disappointing to the larger holders of railroad shares. A very large proportion of the leading shares had been bought up by combinations, in anticipation that the current liberal earnings of the roads would induce an active speculative demand during the usual Spring and Summer ease in money. The event, however, has proved that there are few casual operators in the street, and that the regular habitues of Wall street are unusually cautious ; so that although considerable effort has been made to draw out speculative transactions, yet the result has been disappointing, and the volume of business has been less than during the same month of 1867, as may be seen in the following table showing the volume of shares sold at the New York Stock Exchange Board and the Open Board of Brokers in May, 1867 and 1868, comparatively :

Classes.	1867.	1868.	Increase.	Dec.
Bank shares	4,051	2,253	.....	1,798
Railroad "	1,468,041	939,345	.....	528,696
Coal "	7,515	5,315	.....	2,200
Mining "	18,930	49,715	30,785	....
Improv'nt "	41,900	16,015	.....	25,885
Telegraph "	42,671	35,957	.....	6,714
Steamship "	61,180	131,505	70,325	....
Expr'ss&c "	34,411	98,166	63,755	....
Total—April	1,678,699	1,278,271	.....	400,428
" —since January 1	9,517,129	9,134,495	.....	382,634

The following are the closing quotations at the regular board June 5, compared with those of the five preceding weeks :

	May 1.	May 8.	May 15.	May 22.	May 29.	June 5
Cumberland Coal	32	31		36	....	34½
Quicksilver	27	32⅛	29¾	30⅛	29⅝	26¼
Canton Co	51	51¾	50½	50	51¼	51
Mariposa pref	....	11	....	9	....	....
New York Central	129⅜	128⅞	128½	129	133¾	132⅝
Erie	71⅜	68¾	69	68¾	72⅛	69⅜
Hudson River	136¾	137	136	138	143¾	141¼
Reading	90¼	90¾	90¼	93	94¾	94
Michigan Southern	91¼	....	86½	87⅛	88	89½
Michigan Central	114	117	....	....	119½	119½
Cleveland and Pittsburg	83	84½	84¼	85¾	88⅛	86¾
Cleveland and Toledo	106	106¼	105½	107¾	109½	108⅝
Northwestern	65	66⅜	67½	66½	68⅝	68¾
" preferred	76½	77	76	77⅜	79⅜	81¾
Rock Island	94⅝	95½	95	95½	97⅜	102
Fort Wayne	104¼	107⅝	107⅜	109¼	115⅛	111
Illinois Central	147	146	....	147½	148½	150
Ohio and Mississippi	31¼	31¼	29¾	30⅛	31⅛	....

The following table will show the opening, highest, lowest and closing prices of all the railway and miscellaneous securities quoted at the New York Stock Exchange during the months of April and May, 1868 :

	April.				May.			
Railroad Stocks—	Open.	High.	Low.	Clos.	Open.	High.	Low.	Clos'g.
Alton & Terre Haut	40	45	40	45	45	49½	43	48½
do do pref	68	68	68	68	73	73¾	66	70
Boston, Hartford & Erie	15	15	14⅛	14⅛	15	15⅛	15	15⅛
Chicago & Alton	120	128½	120	128	128	128	127½	127½
do do pref	125	129	125	129	129	129½	128	128½
Chicago, Burl. & Quincy	150	150	150	150	149	150	149	150
do & Milwaukee	....	....	....	....	75	75	75	75
do & Northwest'n	63	64	60	63½	64	70	63	68⅝
do do pref	74¾	76½	68	75⅛	75⅛	80¾	75	79½
do & Rock Island	92⅛	97	85	93⅝	94½	98¾	93¾	97⅛
Cleve., Col. & Cincinnati	105	106⅞	104½	104½	104	109	104	107
do Painesv. & Ashta	100	102¼	99	102½	102⅝	108¼	102	108
do & Pittsburg	92	92	x80	83	82½	89	83½	88
do & Toledo	103½	106½	97½	105½	106¼	110¾	105¼	109¼
Del., Lack & Western	114	115½	114	114½	118½	125	118½	125
do do scrip	....	....	....	....	117	117	117	117
Erie	73⅜	75	65⅝	71½	71⅜	72¾	68⅜	70
do pref	71	75	69	74	74	77	74	76
Hannibal & St Joseph	76½	77½	73	73	80	83	78	80½
do do pref	84½	85½	81	84	84½	87	83¾	87
Hudson River	140	140	122½	137	136½	144	136	142
Illinois Central	137	147¼	137	147¼	146¼	148⅝	145½	148½
Ind. & Cincinnati	54	54	54	54	....	....	....	....
Mar. & Cincin., 1st pref	25	25	25	25	27	29½	27	28½
do 2d pref	....	....	....	....	10	10	10	10
Michigan Central	113	115½	113	115¼	116	121	118	120
do S. & N. Ind.	89⅛	91¼	85	90	90⅞	91½	82¼	88⅝
Mil. & P. du Ch'n, 1st pr	99	99	99	99¼	100	104	100	104
do do d pr	93	93	93	93	91½	97	91½	97
Milwaukee & St. Paul	59	64¾	56	64	64½	67¼	62	67
do do pref	74	77	68½	75¾	76	78¾	74¾	77½

Morris & Essex	....	....	....	....	65	65	65	65
New Jersey	....	....	....	....	133	133	133	133
do Central	117½	118½	114½	115⅝	116	120	116	119¾
New York Central	122⅝	130	110¼	128⅜	129⅜	134	127¼	133½
do & N. Haven	139	142	137	142	150	159	150	151
Norwich & Worcester	94	94	94	94	....	....		....
Ohio & Mississippi	31	32¾	28¾	31¼	31½	31½	29⅛	30¾
do do pref	76	78	76	78	78	80	78	80
Panama	316	316	295½	307	315	330¼	315	330¼
Pittsb., Ft. W. & Chica	10 ¼	105	99	103⅞	104	116	104	116
Reading	89⅛	91⅞	86⅛	90	90	96⅜	90	95
Rensselaer & Saratoga	85	86	84	86	86¾	89½	86¾	89½
Stonington	92	92	92	92	....	....	....	....
Toledo, Wab. & Western	50½	52	46	51	51½	52	49	51⅛
do do do pref	72	72	70½	71	69	69	69	69
Miscellaneous—								
American Coal	48	48	48	48	43	43	43	43
Ashburton do	....	....	....	.	3	3½	2	3
Central do	40	40	40	40	....	....	....	....
Cumberland Coal	32½	33	29	32½	33	35½	33	35½
Del. & Hud. Canal Coal	157	160	155½	158	158	165	156½	164
Pacific Mail	103½	104	86	92¼	91¾	97	90½	95
Atlantic do	87⅜	87½	28	35	35	35	31⅞	34
Union Navigation	26⅞	30	20⅛	30	20	26	20	24½
Boston Water Power	19¾	21¾	19	21¼	21⅝	21¼	20¼	20½
Canton	46¾	49¾	45	49¾	51	52	49	51¼
Cary Improvement	...	...	....	...	8½	8½	8½	8½
Mariposa	6	6½	6	6	5	6	5	5
do pref	9	12¼	9	11¾	10	11¼	9¾	9¾
Quicksilver	23	28½	23	27¾	27½	32¼	27½	29
Citizen's Gas	....	....	....	....	144	144	144	144
West. Union Telegraph	35⅝	38¼	31½	36⅞	37⅛	38⅞	36¾	38½
Bankers & Brokers Ass	..	....	....	....	113	113	109½	112½
Union Trust	....	....	....	....	120	120	120	120
Express—								
American	69¾	69¾	49	61¾	60	61	53	53
Adams	75⅞	76½	52	62	61	63	56½	56⅝
United States	71	71¼	45½	61	60½	61½	55⅞	56
Merchant's Union	35	35	25	31⅞	31¾	31¾	28	28⅛
Wells, Fargo & Co	35¼	35½	26	26½	26¼	27	22	25¾

The gold movement presents some unusual features. The exports for the month reached the very high figure of $16,925,000, while the payments for customs duties were $10,009,000, making an aggregate of $26,934,000 withdrawn from the market, or $10,046,000 in excess of the withdrawals for the corresponding month of 1867. The withdrawals exceeded the supply from all reported sources by $9,288,000, and yet there was $1,695,000 more specie in the banks at the close of the month than at the beginning, which is to be accounted for by the fact that $8,572,000 of gold was derived from unreported sources, chiefly from sales by the Sub-Treasury. The payments of coin interest at the Sub-Treasury are $999,000 above those of May, 1867, and the receipts from California $1,342,000 larger. The exports are more than double those for the same period of last year.

The following formula furnishes the details of the general movement of coin and bullion at this port for the month of May, 1867 and 1868, comparatively:

GENERAL MOVEMENT OF COIN AND BULLION AT NEW YORK.

	1867.	1868.	Increase.	Decrease
In banks, near first	$7,404,304	$16,166,873	$8,762,569	$.......
Receipts from California	1,181,128	2,523,385	1,342,257	....
Imports of coin and bullion	312,000	480,022	168,022	....
Coin interest paid	16,054,000	17,053,376	999,376	....
Total reported supply	$24,951,432	$36,223,656	$11,272,224	$........
Exports of coin and bullion	$8,307,000	$16,925,980	$8,618,980	$........
Customs duties	8,582,000	10,009,176	1,427,176	....
Total withdrawn	$16,889,000	$26,935,156	$10,046,156	$......
Excess of reported supply	$8,062,432	$9,288,500	$1,226,068	$.......
Specie in banks at end	14,083,667	17,861,088	3,777,421	....
Derived from unreported sources	$6,021,235	$8,572,588	$2,551,353	$.......

The price of gold has been remarkably steady, considering the importance of the political events (especially impeachment) calculated to affect the premium, the quotation having ranged between 139⅛ and 140½ against 135@138⅞ in May 1867, and 125⅛@141¼ in 1866, and 128½@145⅛ in 1865.

The following statement exhibits the fluctuations of the New York gold market in the month of May, 1868:

COURSE OF GOLD AT NEW YORK.

Date.	Openi'g	Lowest.	High'st.	Closing.	Date.	Openi'g	Lowest.	High'st	Closing.
Friday 1	139⅜	139⅜	139⅝	139½	Friday 22	139⅞	139⅞	140	139⅞
Saturday 2	139½	139⅜	139⅝	139⅜	Saturday 23	139¾	139⅝	139⅞	139¾
Sunday 3	.....	.....	.....	.....	Sunday 24	.	.....	.....	....
Monday 4	139⅛	139⅛	139½	139⅜	Monday 25	139⅞	139⅞	140	140
Tuesday 5	139⅜	139⅛	139⅜	139¼	Tuesday 26	140⅛	139⅞	140⅛	140⅛
Wednesday 6	139⅛	139⅛	139½	139⅜	Wednesday 27	140⅛	139⅜	140⅛	139¾
Thursday 7	139½	139½	139¾	139½	Thursday 28	139⅝	139⅝	139⅞	139¾
Friday 8	139⅝	139½	139⅞	139⅝	Friday 29	139½	139¼	139¾	139¾
Saturday 9	139¾	139⅝	140¼	140⅛	Saturday 30	139½	139½	139¾	139⅝
Sunday 10	.....	.....	.....	.....	Sunday 31	.....	.....	.....	.....
Monday 11	140⅛	139¾	140½	139⅞					
Tuesday 12	139⅝	139⅜	139¾	139⅝	May.. 1868	139⅜	139⅛	140½	139⅝
Wednesday 13	139⅝	139⅝	139⅞	139¾	" 1867	135⅛	135	138⅞	136⅞
Thursday 14	139⅞	139¾	140¼	139⅞	" 1866	125⅛	125⅛	141¼	140¼
Friday 15	139⅞	139⅝	139⅞	139¾	" 1865	145⅛	128½	145⅛	137
Saturday 16	139¾	139⅜	139¾	139⅜	" 1864	177	168	190	190
Sunday 17	....	.....	.....	.....	" 1863	151	143½	154¾	145
Monday 18	139⅜	139¼	139½	139½	" 1862	102¼	102⅛	104⅛	103½
Tuesday 19	139⅜	139⅜	139¾	139½					
Wednesday 20	139¾	139⅝	139⅞	139¾	S'ce Jan 1, 1868	133½	133¼	144	139⅝
Thursday 21	139⅞	139¾	139⅞	139¾					

Foreign exchange has been firm throughout the month, at rates admitting of the export of the precious metal. There has been comparatively little cotton going forward, while the maturing obligations were heavy, and a large amount had to be remitted against coupons due May 1st.

The following exhibits the quotations at New York for bankers' 60 days bills on the principal European markets daily in the month of May, 1868:

COURSE OF FOREIGN EXCHANGE (60 DAYS) AT NEW YORK.

Days.	London. cents for 54 pence.	Paris. cetimes for dollar.	Amsterdam. cents for florin.	Bremen. cents for rix daler.	Hamburg. cents for M. banco.	Berlin. cents for thaler.
1	110 @110⅛	513¾@512½	41⅛@41¼	79¾@80	36¼@36⅜	71⅞@72
2	110 @110⅛	513¾@512½	41⅛@41¼	79¾@80	36¼@36⅜	71⅞@72
3	....	....	....	....	.. ..	....
4	110 @110⅛	513¾@512½	41⅛@41¼	79¾@80	36¼@36⅜	71⅞@72
5	110 @110⅛	513⅛@512½	41⅛@41¼	79¾@80	36¼@36⅜	71⅞@72
6	110 @110⅛	513¾@512½	41⅛@41¼	79¾@80	36¼@36⅜	71⅞@72
7	110⅛@110¼	512½@	41⅛@41¼	79¾@80	36¼@36⅜	71⅞@72
8	110⅛@110¼	512½@	41⅛@41¼	79¾@80	36¼@36⅜	71⅞@72
9	110⅛@110¼	512½@	41⅛@41¼	79¾@80	36¼@36⅜	71⅞@72
10	....	... .	....	....	....	....
11	110 @110¼	513⅛@511⅞	41⅛@41¼	79¾@80	36¼@36⅜	71⅞@72
12	110 @110¼	513⅛@511⅞	41⅛@41¼	79¾@80	36¼@36⅜	71⅞@72
13	110 @110⅛	512½@	41⅛@41¼	79¾@80	36¼@36⅜	71⅞@72
14	110 @110⅛	512½@ ..	41⅛@41¼	79¾@80	36¼@36⅜	71⅞@72
15	110 @110⅛	512½@	41⅛@41¼	79¾@80	36¼@36⅜	71⅞@72
16	110 @110⅛	512½@	41⅛@41¼	79¾@80	36¼@36⅜	71⅞@72
17	....	....	. ..	....	....	....
18	109⅞@110⅛	513¾@512½	41¼@41⅜	79¾@80	36¼@36⅜	71⅞@72
19	109⅞@110⅛	513¾@512½	41¼@41⅜	79¾@80	36¼@36⅜	71⅞@72
20	109⅞@110⅛	513¾@512½	41¼@41⅜	79¾@80	36¼@36⅜	71⅞@72
21	109⅞@110⅛	513¾@512½	41¼@41⅜	79¾@80	36¼@36⅜	71⅞@72
22	109⅞@110⅛	513¾@512½	41¼@41⅜	79¾@80	36¼@36⅜	71⅞@72
23	109⅞@110⅛	513¾@512½	41¼@41⅜	79¾@80	36¼@36⅜	71⅞@72
24	....	.... .	....	....	.... ..	....
25	110⅛@110¼	513¾@512½	41¼@41⅜	79¾@80	36¼@36⅜	71⅞@72
26	110⅛@110¼	513¾@512½	41¼@41⅜	79¾@80	36¼@36⅜	71⅞@72
27	110⅛@110¼	513¾@512½	41¼@41⅜	79¾@80	36¼@36⅜	71⅞@72
28	110⅛@110¼	513¾@512½	41¼@41⅜	79¾@80	36¼@36⅜	71⅞@72
29	110⅛@110¼	513⅛@512½	41¼@41⅜	79¾@80	36⅛@36¼	71⅞@72
30	110⅛@110¼	513⅛@512½	41¼@41⅜	79¾@80	35⅛@36¼	71⅞@72
31	....	... .	.. ....	....	....	....
May, 1868	109⅞@110¼	513¾@511⅞	41⅛@41⅜	79¾@80	36⅛@36⅜	71⅞@72
1867	109⅜@110	520 @510	40¾@41⅝	78⅝@80	36 @36⅝	71¾@72¾

THE HUDSON BAY QUESTION.

As there seems to be a good deal of misapprehension on the present position of the Hudson's Bay question, it may be as well to state how the matter actually stands. It is provided by the 146th section of the Union Act that "it shall be lawful for the Queen, by and with the advice of her Majesty's most honorable Privy Council, on address from the Houses of Parliament of Canada, to admit Rupert's Land and the Northwestern Territory, or either of them, into the Union, on such terms and conditions in each case as are in the addresses expressed, and as the Queen thinks fit to approve." There is a strong desire in Canada to get this provision carried into effect: and an address to the Crown has been passed by both the Canadian Houses. In that address, however, nothing is said as to "terms or conditions," and these remain for future negotiation. Mr. Rose (the Finance Minister of Canada) and Mr. Macdougall are expected to arrive here in June on business connected with the Intercolonial Railway, and it is understood that they will also endeavor to come to some understanding with the Colonial Office and the Hudson's Bay Company as to the terms oe wh ch the territory now in the possession of the latter shall be incorporated with the Dominion. The settlement of this question is of great importance both in a colonial and an imperial point of view. The address to the Crown to transfer the sovereignty of Rupert's Land to Canada does not, of course, compromise the pecuniary rights of the company, which remain to be settled either by agreement or arbitration.—*European Times.*

WINE GROWING.

M. Edmond About, in a recent article on the wines of France, gives in the *Moniteur* some interesting figures and facts. From his authorities it is shown that the vine yields more than one-fourth of the revenue of France derived from agriculture. In 1866 wine to the amount of 308 millions was exported from France—the value of the whole peoductions being estimated at 500 millions of francs. The average cost of the wine crop is one franc the litre (a little more than a quart), whilst the finest wines cost from 12 to 15 francs the litre. The Haute Bourgogne and Medoc are the two brands which, M. About affirms, defy criticism as to the purity of their kind, owing to the corners of France where these vineyards are. The king of red wines he declares to be the Clos Vougeot, but that vineyard yields an average of 450 hhds. only. The king of white wines is the Chateau Yquem, and that estate is smaller than the Clos Vougeot. The growers of these wines, M. About states, restrained by a laudable pride, as well as honesty, never falsify or dilute them. None know better than the farmers, however, how much the public like to be deceived—that public which buys Clos Vougeot at three, and Chateau Yquem five at francs the bottle. The farmers sell their pure wine dear, and leave to the unscrupulous intermediaries the shame and profit of the fraud. M. About deems the great obstacle to a wider planting of the wine in the Gironde and other countries exceedingly favorable to vineyards, to be the want of well-trained labor. Vine-growing and wine-making are delicate and constant troubles, and farmers have great difficulty in supplying themselves with hands, and in some instances the vine laborer is not to be had at any price. In old times counterfeits were, in point of hygene, harmless, for champagnes made from gooseberries and rhubarb did not destroy the coatings of the stomach. But the *vin ordinaire* that any country chemist can get you up nowadays is excellent and a poison, and has the advantage of unvarying quality, and sparkling champagne is concocted from petroleum and coal, and sold as Clicquot or Montebello. The Roederer champagne is as often counterfeited as any other, and quantities of "green seal" are swallowed in England and America which it costs just one shilling per bottle to manufacture. M. About thinks the Italian wines the least adulterated as a class, owing to the small exportation of them, and sees little hope of any change for the better in France, as long as the young men of the country are absorbed to so great an extent by the army. With the necessary number of hands the production of Burgundy wine might be tripled, and the coarser brands so improved and cheapened as to leave little margin for the counterfeiter's profit. Think of Chambertin and Sauterne cheaper by half than beer and cider! if Napoleon III. would only disarm, reduce his army and encourage the works of peace.—Paris correspondence (May 14) of the *Boston Post.*

REVENUE AND EXPENDITURES OF THE UNITED STATES.

We extract the following tables from the speech of Mr. Schenck, Chairman of the Committee of Ways and Means, made on Monday last. He stated the receipts of the national revenue for the fiscal year ending June 30, 1867, to have been as follows:

RECEIPTS.

Currency	$314,109,136 61
Coin	176,410,810 88
Total—coin and currency	$490,520,947 49

EXPENDITURES.

The expenditures for the fiscal year ending June 30, 1867, were as follows:

FOR CIVIL SERVICE.

Legislative, judiciary, executive and diplomatic	$51,110,027 27
Pensions	20,936,551 71
Indians	4,642,531 77
Navy	31,034,011 04
War—exclusive of bounties	83,841,555 80
Total ordinary expenditures	$191,564,677 59
Interest	143,781,591 91
Bounties	11,382,850 83
Total expenditures	$346,729,129 33
The balance of receipts over expenditures for the fiscal year ending June 30, 1867, was	$143,797,818 16

By the acts of July 13, 1866, and of March 2, 1867, internal revenue taxes were repealed or abated to an extent sufficient to occasion an annual loss of revenue from internal sources, taking the returns of the preceding year as a precedent, of at least $90,000,000, of which amount some sixty or seventy millions were made applicable for the reduction of taxes during the fiscal years ending June 30, 1866, and 1867; the balance taking effect during the succeeding or present fiscal year.

NATIONAL RECEIPTS AND EXPENDITURES FOR THE CURRENT FISCAL YEAR ENDING JUNE 30, 1868, ACTUAL AND ESTIMATED.

For the three quarters, from July 1, 1867, to March 1, 1868, actual:

RECEIPTS.		EXPENDITURES.	
Customs	$121,208,874 37	Civil, legislative, & foreign intercourse	$38,554,175 32
Lands	866,337 31	Interior, pensions, &c.	24,733,337 29
Internal revenue	140,686,426 44	War	88,858,496 82
Direct tax	1,413,960 46	Navy	19,113,673 53
Miscellaneous	35,019,360 71	Interest on public debt	109,418,383 87
Total	$299,194,459 29	Total	$230,678,066 83

Fourth quarter, from March 1, 1868, to June 30, 1868, estimated:

RECEIPTS.		EXPENDITURES.	
Customs	$44,000,000 00	Civil, legislative, and foreign intercourse	$13,000,000 00
Lands	300,000 00	Interior, pensions, &c.	4,000,000 00
Internal revenue	50,000,000 00	War	35,000,000 00
Direct tax	300,000 00	Navy	6,500,000 00
Miscellaneous	12,000,000 00	Interest on public debt.	40,000,000 00
Total	$106,600,000 00	Total	$98,500,000 00

Total revenue and expenditures for the fiscal year, ending June 30, 1868, actual and estimated:

RECEIPTS.		EXPENDITURES.	
Customs	$165,208,374 37	Civil, legislative, and foreign intercourse	$51,554,175 32
Lands	1,166,337 31	Interior, pensions, &c.	28,773,337 29
Internal revenue	190,686,426 44	War	123,858,496 82
Direct tax	1,713,960 46	Navy	25,613,673 53
Miscellaneous	47,019,360 71	Interest on public debt	149,418,383 87
Total	$405,794,459 29	Total	$379,178,066 83

RECAPITULATION.

Receipts and expenditures for the fiscal year ending June 30, 1868:

Total receipts	$405,794,459 29
Total expenditures	379,178,066 83
Estimated balance of receipts over expenditures for the fiscal year ending June 30, 1868	$26,610,392 46

As to the national receipts and expenditures for the fiscal year, ending June 30, 1869, Mr. Schenck stated that the appropriation bills for the next year, which have passed or are now pending, are as follows:

Deficiency bill, Senate, No. 32 passed	$12,839,196 21
Deficiency bill, Senate, contingent, No. 469, passed	82,000 00
Deficiency bill, Reconstruction, No. 1,045 passed	87,710 50
Relief bill, District of Columbia, March 10, passed	15,000 00
Military Academy, passed	284,004 50
Consular and Diplomatic, passed	1,206,434 00
Post Office, passed	1,545,000 00
Pensions, pending	3 ,350,000 00
Army, pending	32,081,013 00
Navy, pending	17,500,000 00
Legislative. Executive and Judiciary, pending	16,880,672 00
Sundry civil expenditures, pending	6,020,376 32
Indian—pending	[illegible],500,000 00
River and harbor—pending	6,000,000 00
Deficiency bill—pending	1,912,960 00
Total	$130,304,366 53
Miscellaneous, including appropriations for New York City Post Office, private bills and judgments of Court claims—estimated	$10,000,000 00
Permanent appropriations for collecting the revenue, &c.	9,969,600 00
Total	$150,000,000 00
Interest on the public debt	129,678,078 53
Total	$279,951,445 0

EXTRAORDINARY EXPENDITURES.

Bounties—estimated	$40,500,000 00
Alaska	7,200,0 0 00
Total	$327,651,445 03
To this aggregate there should also be added outstanding appropriations heretofore made that will not be extended till next year, viz.	24,669,184 00
Making a total probable expenditure during the next fiscal year, for which revenue must be provided of	$352,320,629 03

A recapitulation of the estimates of receipts given by Mr. Schenck shows the following as the total anticipated revenue for the next fiscal year:

Customs	$165,000,000	Miscellaneous	30,000,000
Internal revenue	210,560,000		
Public lands	1,000,000	Total	$406,560,000

Supposing no increase of receipts from distilled spirits and tobacco over the receipts for the fiscal year ending June 30, 1867, the above estimate would be reduced to $360,560,000.

Estimate of expenditures for next fiscal year, before submitted, $352,320,629.

Balance to account at surplus revenue, $28,239,371.

BURLINGTON AND MISSOURI RAILROAD.

An erroneous statement has been circulated in the daily papers, to the effect that this company had negotiated a loan of $3 ,000,000, alltaken by its own stockholders. It is hardly necessary to deny the accuracy of such an extravagant statement, and we do so merely to call attention to the real facts appearing in circulars issued to the stockholders of the Chicago, Burlington and Quincy Railroad Company, by its Board of Directors, which have been sent to us by Mr. Denison, Chairman of that Board. The assent of a majority of stockholders having been given to the proposal that $3,000,000 bonds of the Burlington and Missouri River Road should be taken by the Chicago, Burlington and Quincy Company, the following, from a circular to the stockholders of the latter company announcing the fact, will explain the whole transaction:

A very large majority of our stockholders having responded to our circular of February 20th, and expressed their approval of the proposed aid to the Burlington and Missouri River Railroad Company, to secure the completion of its road to the Missouri River, we have the opportunity to offer you the $1,200,000 convertible bonds which we are to take up, and the $1,800,000 Land Mortgage Bonds which that company are entitled to issue on the 100 miles to be built as the final section. The two classes, amounting to $3,000,000 in the aggregate, are to be sold together in the proportion of three Land Mortgage Bonds to two convertible. The Land Bonds are seven per cents, have twenty four and a half years to run, (to October 1, 1893,) are the first and only lien on the road, rolling stock, franchise and land grant of about 400,000 acres—the lands believed to be sufficient to provide a sinking fund for all the bonds secured on the whole property. The convertible are to be eight per cent ten year bonds, to be redeemed in the preferred stock of that company at or any time before maturity, and are to be taken up, on sealed proposals of holders, by the Chicago, Burlington and Quincy Railroad Company, from the profits of its business with the Burlington and Missouri River Railroad Company, commencing February, 1870, with the excess of profit, estimated as heretofore, above theamount pledged to the former issues, and continuing in operation till the profits, beyond what had been previously pledged shall amount to enough to take up the present issue, when the bonds will cease to draw interest, after public notice, and must be surrendered at par and accrued interest, or, after twelve months from the date of the advertisement, forfeit the claim on our company to take them up; provided, however, that the surrender shall not be required within a period of five years from the date of the bond. These bonds are offered to our stockholders of record, March 16th (dividend day,) at eighty five per cent, and are to be paid for in ten instalments of equal amount, with the privilege of anticipating payments at the rate of seven per cent per annum. * *

By order of the Board,

J. N. Denison, Chairman.

MINNESOTA RAILROADS.

The following account of the railroads of Minnesota, from the *Cincinnati Railway Record*, is of much interest:

We come now to the railroad system, which has progressed in Minnesota, for a new State very rapidly. The principal railroads are aided very largely by the Government. In 1857, Congress made a land grant of four and a half millions to Minnesota for railroad purposes. In 1864, an additional grant was made. These acts gave ten sections 6,400 acres of land for each mile of road; to be built under the law, for the great projected lines. The principal lines are :

1. *First Division of the St. Paul and Pacific Railroad.*—This goes from St Paul *via* St. Anthony and Minneapolis, to a point on the Western boundary of the State, at or near Big Stone Lake. The main line is 200 miles in length, of which twenty-five miles are in operation, fifteen graded, and the company expect to complete, in all, seventy miles this year. Connected with this line is a bridge over the Mississippi, above the Falls of St Anthony. This road has a branch from St. Anthony to Watab, of which sixty five miles, to Sauk Rapids is in operation.

2. *A Line from Watab (connecting with the former) via Crow Wing to Pembina, on the great Red River of the North*, 320 *miles in length*—This line is located, but no part of it is constructed.

3. *The Minnesota Valley Railroad.*—This goes up the Minnesota Valley from St. Paul to the Iowa State line, and thence to Sioux City, which is the northern terminus (by Act of Congress) of a branch of the Union Pacific Railroad. The whole distance to Sioux City is 240 miles, of which sixty-two miles are in operation, and ninety will be at the end of the year.

4. *The Milwaukee and St. Paul Railroad.*—This line is nearly North and South, is 110 miles long, and all of it in operation.

5. *St. Paul and Superior Railroad.*—This line goes from St. Paul to the head of Lake Superior, which is 150 miles. It has thirty miles graded, and a large land grant. It will be pushed to completion.

6. *The Hastings and Dakota Railroad*—Considerable grading is done on this road, and twenty two miles will be finished this year. It is East and West across the State.

7. *The Winona and St. Peters Railroad.*—This line is East and West across the entire State, and will be 250 miles. It is completed 105 miles, and will be finished to the Minnesota River, 140 miles, by the close of 1868.

8. *The Southern Minnesota Railroad*—This line is from La Crescent up the Valley of Root River to the western boundary of the State. It is finished thirty miles, and will be 250 miles in length.

9. *The Chicago and St. Paul Railroad.*—This is to be constructed along the Mississippi River to the southern boundary of the State, and has been endowed by the State with 10,000 acres of land per mile. A large force is engaged in construction, and the company have determined to build and equip the road with the least possible delay.

10 *The Stillwater and St. Paul Railroad.*—This is eighteen miles in length, and is intended to bring the lumber trade of the St. Croix Valley to St. Paul.

RAILROADS OF THE DOMINION OF CANADA.

The following returns of the railroads of the Dominion of Canada, for the year ending December 31, 1867, have been made to the Parliament :

Provinces.	Length in miles.	Cost of Railroads and equipment.	Receipts per mile.	Expenses per mile.	Net. earnings.
Ontario and Quebec	2,188	$144,911,853	$5,076	$3,233	$1,843
New Brunswick	196	7,511,980	1,062	780	282
Nova Scotia	145	6,326,266	1,460	1,269	191
Total	2,529	$158,750,029	4,559	2,930	1,629

The cost per mile of railroad was, in Ontario and Quebec, $66,208 ; in New Brunswick. $38,326 ; and in Nova Scotia, $43,629, or, in the Dominion, $62,772.

The relations of earnings to cost in the several Provinces was as follows :

	O. & Q.	N. Bruns.	N. Sco.	Total.
Gross earnings per cent	7.67	2 79	3.35	7.24
Working expenses per cent	4.48	2.04	2.91	4 66
Net earnings	3.19	0.75	0.44	2.58

PUBLIC DEBT OF THE UNITED STATES.

Abstract statement, as appears from the books and Treasurer's returns in the Treasury Department, on the 1st of May and 1st of June, 1868:

DEBT BEARING COIN INTEREST.

	May 1.	June 1.	Increase.	Decrease.
5 per cent. bonds	$215,947,400 00	$220,812,400 00	$4,865,000 00	$ ......
6 " '67 & '68	8,688,241 80	8,582,641 80	....	105,600 00
6 " 1881	283,677,200 00	283,677,200 00	....	....
6 " (5-20's)	1,442,065,450 00	1,494,755,600 00	52,690,150 00	....
Navy Pen. F'd 6 p.c.	13,000,000 00	13,000,000 00	....	....
Total	1,963,378,291 80	2,020,827,841 80	57,449,550 00	....

DEBT BEARING CURRENCY INTEREST.

	May 1.	June 1.	Increase.	Decrease.
6 per ct. (RR) bonds	$23,982,000 00	$25,902,000 00	$1,920,000 00	$.....
3-y'ars com. int. n'tes	44,573,680 00	21,604,890 00	....	22,968,790 00
3-years 7-30 notes	163,490,250 00	105,610,650 00	....	57,879,600 00
3 p. cent. certificates	28,320,000 00	50,000,000 00	21,670,000 00	....
Total	260,375,930 00	203,117,540 00	....	57,258,390 00

MATURED DEBT NOT PRESENTED FOR PAYMENT.

	May 1.	June 1.	Increase.	Decrease.
7-30 n. due Aug. 15,'67	$1,075,950 00	$947,500 00	$..........	$128,450 00
6 p. c. comp. int. n'es	4,745,280 00	8,012,360 00	3,267,080 00	....
B'ds of Texas ind'ty	256,000 00	256,000 00	....	....
Treasury notes (old)	155,461 64	155,211 64	....	250 00
B'ds of Apr. 15, 1842	6,000 00	6,000 00	....	....
Treas. n's of Ma. 3,'63	616,192 00	555,492 00	.. ..	60,700 00
Temporary loan	1,032,400 00	883,639 00	....	148,761 00
Certifi. of indebt'ess	18,000 00	18,000 00	......	....
Total	7,905,283 64	10,834,202 64	$2,928,919 00	....

DEBT BEARING NO INTEREST.

	May 1.	June 1.	Increase.	Decrease.
United States notes	$356,144,727 00	$356,144,212 00	$........	$515 00
Fractional currency	32,450,489 94	32,531,589 94	81,100 00	....
Gold certi. of deposit	19,357,900 00	20,298,180 00	940,280 00	....
Total	407,953,116 94	408,973,981 94	1,020,865 00	....

RECAPITULATION.

	$	$	$	$
Bearing coin interest	1,963,378,291 80	2,020,827,841 80	57,449,550 00	....
Bearing cur'y interest	260,375,930 00	203,117,540 00	....	57,258,390 00
Matured debt	7,905,283 64	10,834,202 64	2,928,919 00	....
Bearing no interest	407,953,116 94	408,973,981 94	1,020,865 00	....
Aggregate	2,639,612,622 38	2,643,753,566 38	4,140,944 00	....
Coin & cur. in Treas	139,083,794 82	133,507,679 64	....	5,576,115 18
Debt less coin and cur	2,500,528,827 56	2,510,244,866 74	9,716,059 18	....

The following statement shows the amount of coin and currency separately at the dates in the foregoing table:

COIN AND CURRENCY IN TREASURY.

Coin	$106,909,658 00	$90,228,559 31	$	16,681,098 69
Currency	32,174,136 82	43,279,120 33	11,104,983 51	....
Total coin & curre'y	139,083,794 82	133,507,679 64	....	5,576,115 18

The annual interest payable on the debt, as existing May 1 and June 1 1868 (exclusive of interest on the compound interest notes), compares as follows:

ANNUAL INTEREST PAYABLE ON PUBLIC DEBT.

	May 1.	June 1.	Increase.	Decrease.
Coin—5 per cents	$10,797,370 00	$11,040,620 00	$243,250 00	$ ...
" 6 " 67 & '68	520,294 80	514,958 50	....	5,336 00
" 6 " 1881	17,020,632 00	17,020,632 00	....	....
" 6 " (5-20's)	86,523,927 00	89,685,336 00	3,161,409 00	....
" 6 " N. P. F.	780,000 00	780,000 00	....	....
Total coin interest	$115,642,223 50	$119,041,546 50	$3,399,323 00	$ .. ....
Currency—6 per cents	$1,438,920 00	$1,554,120 00	115,200 00	$........
" 7.30 "	11,493,364 10	7,709,577 35	....	3,783,786 75
" 3 "	849,900 00	1,500,000 00	650,000 00	....
Total currency inter't	$13,782,184 10	$10,763,697 35	....	$3,018,486 75

JOURNAL OF BANKING, CURRENCY, AND FINANCE.

Returns of the New York, Philadelphia and Boston Banks.

Below we give the returns of the Banks of the three cities since Jan. 1 :

NEW YORK CITY BANK RETURNS.

Date	Loans.	Specie.	Circulation.	Deposits.	L. Tend's.	Ag. clear'gs.
January 4.	$249,741,297	$12,724,614	$34,134,391	$187,070,786	$62,111,201	$483,266,304
January 11	254,170,723	19,222,856	34,094,137	194,835,525	64,753,116	553,884,525
January 18	256,033,938	23,191,867	34,071,006	205,883 143	66,155,241	619,797,369
January 25	258 392,101	25,106,800	34,0-2,762	210,093,084	67,154,161	528,503,223
February 1	266,415 613	23,955,320	44,062,521	213 330,524	65,197,153	637,449,923
February 8	270,555,356	22,823,372	34,096,834	217,844,5 8	55,846,259	597,242,595
February 15	271,015,970	24,192,955	34,043,296	216,759,823	63,471,762	550,521,185
February 21	267,763,643	22,513,987	34,100,023	209,095,351	69,868,930	452,421,592
February 29	267,240,678	22,091,642	34,0 6,223	208,651,578	58,553,607	705,109 784
March 7.	269,156,636	20,714,233	34,153 957	207,737,080	57,017,044	619,219,598
March 14.	266,816,0-4	19,744,701	34,218,381	201,188,470	54,738,866	691,277,641
March 21	261,476,900	17,944,308	34,212,571	191,191,526	52,261,086	649,482,341
March 28	257,378,247	17,323,367	34,193,808	186,525,128	52,123,078	557,843,908
April 4	254,287,891	17,077,290	34,227,108	280,956,846	51,709,706	567,783,138
April 11	252,936,725	16,343,150	34,194,272	179,851,880	51,982,609	493,371,451
April 18	254,817,936	16,776,542	34,218,581	181,832,523	50,833,660	623,713,923
April 25	252,314,617	14,943,547	34,227,624	180,307,489	53,866,757	6 2,784,154
May 2	257,623,672	16,166,373	34,114,843	191,206,135	57,863,599	588,717,892
May 9.	265,755,883	21 286,910	34,205,409	199,276,568	57,541,827	507,028,567
May 16	267,724,783	20,939,142	34,193,249	201,31 ,305	57 613,095	480,186,908
May 23	267,381,279	20,479,947	34,183 038	2 2,507 550	62,233,002	488,735,142
May 30	268,117,490	17,861,088	34,145,606	204,746,964	65,633,964	602,118,248

PHILADELPHIA BANK RETURNS.

Date.	Legal Tenders.	Loans.	Specie.	Circulation.	Deposits.
January 4	$16,782,432	$52.00 ,304	$235,912	$10,639,000	$36,621.274
January 11	16,037,995	52,593,707	400.615	10,639,096	37,131,830
January 18	16,827.423	53,013,196	320,973	10,641,752	37,457,089
January 25	16,836,937	52,325,599	279,393	10,645,226	37,312,540
February 1	17,064,184	52,604,916	248,673	10,638,927	37,922,287
February 8	17.063,716	52.672,448	287,878	10,635'926	37 396,653
February 15	16,9 0,944	52,532,946	263,157	10,663,328	37,010,520
February 22	17,573,149	52,423,166	204.929	10,632,495	36,453,464
February 29	17,877,877	52,459.757	211,365	10,634,484	35,798,314
March	17,157,954	53,081.665	232.180	10,633,713	34,826,861
March 14	16,062,299	53,367,611	251 051	10,631,399	94,523.550
March 21	15,664.946	53,677,337	229,518	10,613,613	33,836,996
March 28	14.348,391	53.450,878	192 858	10,643,606	32,428,390
April 4	13,2 8,625	52,209,234	215,835	10,642,670	31,278,119
April 11	14.194.385	52,356,949	250,240	10 640,932	32,255 671
April 20	14,493,287	52,989,780	222,929	10,640.479	33,970,952
April 27	14,951 106	52,812 6 3	204.699	10,640,312	34,767,190
May 4	14,990.832	53,333.740	314,366	10,631,041	35,109.937
May 11	15,166,017	53,771,794	397,778	10.629,0 5	36,017,596
May 18	15.381,5 5	53.491,583	3 3,525	10,632,605	36.030 063
May 25	15,823,099	5 . 63,225	280,302	10,66 ,276	36,0 0, 97

BOSTON BANK RETURNS.

(Capital Jan. 1, 1866. $41,900,000.)

	Loans.	Specie.	Legal Tenders.	Deposits.	Circulation National.	Circulation State.
January 3	$34.960.249	$1,466,246	$15.543,169	$40,856,022	$24,636,559	$228,720
January 13	97,800,239	1,276,987	15.560,965	41,496,320	24,757,965	227,953
January 20	97,433,463	926,942	15,832,769	41,904,161	24,700,001	217,372
January 27	97,433,435	841,196	16,349,637	43,991, 70	14,564,006	226,2 8
February 3	96,805,260	777,627	16,728,229	42,891,128	24,628,103	221, 0
February 10	97,973.9 6	652,939	16,497.643	42.752,067	24.850.926	221,700
February 17	98,218.828	605, 40	16.561 4 1	41 502,550	24,850,055	220,452
February 24	97,469,435	616,953	16.309,501	40,387,614	24,686,212	216,490
March 2	100,243,692	633,8 2	16 304,846	40,954.936	24,876,089	2 5,214
March 9	101,759 361	867,174	15,556,696	39,770.418	24,987,700	210,162
March 16	101,499,6 1	918.485	14,5 2,342	39.276,514	25,062,418	197,720
March 23	100,169,595	798,606	13,712,560	37,022,546	25,094,253	197.289
March 30	99,132,268	685.034	13,736,032	36, 84.640	24,983,417	197,079
April 6	97,020 925	731,5 0	13,004,924	36,008,157	25,175,194	168,023
April 13	97,850,230	873,487	12,522,035	36,422,929	24,213,014	167,013
April 20	98.906.805	805,486	11,905,603	36,417,890	24,231,053	166,962
April 27	98,302,343	577, 63	12 2 8 545	36,259,946	25,231,978	164,331
May 4	97,624,197	815,469	12,656,190	37,635,406	25,203,234	160,385
May 11	97,332,283	1.133,668	11,962,368	37,358,776	25,225,173	145,248
May 18	96,998,524	1,186,881	12,199,422	37.844,742	25,234 465	160,241
May 25	97,041,720	1,018,809	12,848,141	38,398,141	25,210,660	160,151