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THE COMPTROLLER OF THE CURRENCY ON CERTIFIED CHECKS.

The annual reports of the heads of the financial bureaus are unusually important and voluminous, and yet somewhat infelicitious in some of their recommendations. The report of Comptroller Hulburd, though in the main an able document, presenting a clear elucidation of important current questions affecting banking, is yet open to objection on some of its conclusions. We have had repeatedly to take exception to the views of the Comptroller relative to the certification of checks, but never so decidedly as in connection with this present document.

As we view the matter, the report appears to have totally misconceived the nature and purpose of certifications as practiced by the banks of this city. The certification of a check is an affirmation by the bank on which it is drawn that the drawer is "good" for the sum specified on the order, and is regarded as binding the bank for the payment of the check. The drawer may have assets to cover the check, or he may not; and, in the latter case, the bank certifies on the understanding thathis account will be made good before the close of business on the same day; these anticipatory certifications are, of course, granted only to firms of known means and credit; and the practice appears to be an almost inevitable adjunct of the present method of transacting business, especially in Wall street. A broker buys, say $100,000 of bonds, for which he has to pay principally with money borrowed from another party, giving the bonds as collateral for the loan; he cannot procure the money until he has deposited the bonds with the lender, and yet he cannot procure the bonds until he can give the seller a satisfactory check. The seller of the bonds refuses the unendorsed check of the buyer because the amount is large, and he does not sufficiently know the position of the drawer. To avoid this difficulty the buyer of the bonds asks his bank to certify his check for $100,000 as "good," promising to deposit before the close of the day the check of the party with whom he has arranged to borrow on security of the bonds. The bank knows his affairs, has confidence in his probity, and guarantees his check; the effect being to grant him a credit for the time necessary to get the bonds, deposit them with the money lender, and place the check of the latter in the hands of the bank. The banks in making this a common practice with brokers of good standing, have an important compensation in saving the handling of an immense amount of money. The fact of the check being certified causes the receiver to deposit it with his bank instead of presenting it for payment; and thus the trouble and time of counting so much currency is saved to both the bank on which it is drawn and that in which it is deposited, while the risk of carrying money from bank to bank is avoided. Next morning, the check is settled, through the Clearing House, without the use of dollar of currency, the currency lying dormant in the banks instead of repeatedly changing hands. Certification is thus seen to be a very important economy of time and trouble to the banks and their customers. Without some such arrangement, indeed, it would be almost impossible to carry on the enormous daily transactions of Wall streets Banks, bankers and brokers would have to double their establishments for the purpose of turning over and over and from hand to hand the currency which, under the present joint operations of certification and Clearing-House settlements, lie, undisturbed in the bank vaults, representing the transactions but not used in them, beyond the settlement of balances between banks.

The Comptroller characterises the expedient of certification as an "inflation" to the extent of about $112,000,000. That the checks serve the functions of circulation for the day is unquestionable; but it is an error to regard them as an addition to the active circulation; for they cause, as before stated the currency in the banks to remain inactive, instead of being turned over say twice daily. Without the use of checks there would be the same amonnt of business transacted as with them, except so far as operations might be curtailed by the clumsy, embarrassing and more costly method of effecting exchanges. Mr. Hulburd is literally accurate in representing the certification of checks as an extension of "credit" to the customers of the banks; but his language leads to a very mistaken conclusion, when he says that the banks thus furnish "$112,000,000 of credit for speculation," and that "a fictitious capital of $120,000,000 is created by means of certified checks." In the case of certification where the assets do not, at the time, stand to the drawers credit, there is of course an extension of credit; the credit, however, is but momentary; it is not independently of funds to be provided by the party to whom it is granted, but in anticipation of a deposit to be made immediately after, when the credit ceases to be such. The transaction effected through the certified check is really represented by the drawer's own means, and could have been effected equally without the certification, only by a less convenient method, as before indicated. The Comptroller's objections, if they had any force at all, would apply against the use of checks certified or uncertified. For if certification were abolished, checks would inevitably be used to about the same extent as now; the difference being that the business would be transacted only through firms of the highest credit, whose checks would pass without certification. If the certified checks are an inflation, why should not the uncertified be regarded as such? And why, according to this reasoning, should not all checking be abolished as "fictitious credit" conducive to demoralizing speculation?

The Comptroller attempts to prove more than even he himself allows in affirming that the New York banks "furnish $70,000,000 of capital and $112,000,000 of credit for speculation." According to this, the speculative loans, represented almost entirely by demand loans, ought to stand at $182,000; yet, in another part of his report, he represents the demand loans as averaging only $68,500,000; conclusively disproving the assumption that the banks afford $112,000,000 of "credit" or "fictitious capital" through certification.

It is much to be regretted that the Comptroller, upon these hastily conceived opinions, should have undertaken the grave responsibility of recommending that "National Banks be prohibited by law * * * from certifying checks to be good which are not drawn against actually existing cash deposits standing to the credit of the drawer when the checks are made and presented." Such a course would be an unwarrantable and mischievous interference with the method of conducting business established between the banks and the public. It would accomplish no conservative purpose; would remedy no evil; would cause serious temporary embarrassment and perpetual inconvenience; and the effects would not fall alone upon the speculative interests of Wall street, but also upon a large extent of wholesale operations in commerce, where certification is found to be as necessary to the convenience of transfer as in the transactions on the Stock Exchange.

THE LAKE SIMCOE CANAL.

The attempt has been made, we observe, to revive the project of a ship canal from Lake Simcoe to Lake Ontario. So far as the conformation of the land through which it would pass is concerned, this undertaking seems to be feasible enough while the benefits which would accrue would be of the greatest commercial importance. Lake Simcoe is situated in the northwestern part of the Canadian Peninsula; its length is thirty miles, and it empties through the Severn River into the Georgian Bay. It thus has an uninterrupted communication with all the upper lakes, enabling it to be readily converted into a valuable thoroughfare for commerce. This would be effected easily enough, it would seem, by the construction of a ship canal of adequate dimensions, from the southern extremity of the lake to the city of Toronto on Lake Ontario, a distance of about forty miles.

This would reduce the length of water communication between the western ports and the Atlantic about four hundred miles, by obviating the necessity of passing down the southern part of Lake Huron and through the River St. Clair, Lake St. Clair, Detroit River and Lake Erie. Not only is there a great saving of distance, but time is also greatly economised by enabling vessels coming down from Mackinaw to continue on their voyage without delay from the head winds which prevail on Lake Huron blowing with such force as to impede rapid progress. Captains complain greatly of the delay and annoyance which they experience from these winds, which are, perhaps, the greatest obstacle to profitable navigation. Another advantage, by no means inconsiderable, of this route of lake transit, lies in the fact of the greater coolness of the water. Vessels laden with wheat and corn are therefore far less liable to injury and loss of their cargoes from heating than is the case by the other modes of transportation. Business men would not be slow to appreciate this fact.

There will be, however, we conceive, great difficulty in obtaining the necessary funds for the accomplishment of this undertaking. The prospect of securing any considerable government aid, it must be remarked, is very feeble. The public debt of Canada is of too formidable dimensions to warrant any such expectation. There can be only lands to grant, and the practical value of such a donation is too inconsiderable to be taken into the account. If the peninsula had been a part of the United States, this matter would have been agitated many years ago, and perhaps, with such assistance, an entire success achieved, as has been the case in so many of the States. But this country was sought by settlers and emigrants from the Old World, whereas British North America derived but small additions to population in this manner. Hence the prospective value of the surrounding land could not be a very desirable inducement for any considerable internal improvements, nor would the plan of laying direct taxes for such a project find supporters in a province sparsely populated, with little wealth.

The Simcoe Canal, therefore, must depend upon private enterprise. This is a formidable difficulty. Capitalists seldom invest largely in enterprises where the emoluments are likely to be for a long time inconsiderable as well as precarious. It is very doubtful whether the Erie Canal itself would have been constructed at this day, if individual enterprise had been required to make the entire outlay.

But times have greatly changed. The railroad era has introduced new ideas among men of fortune. Undertakings which would once have been regarded as Utopian are now taken into serious consideration. There has been for years past a great augmentation of wealth, the accumulation of which enables outlays for ventures that, in Canada, and, indeed, in our own country, not many years ago, would have been deemed chimerical

It is yet to be demonstrated whether the New Dominion of Canada has the requisite enterprise and ability to engage in an internal improvement so extensive as this proposed Lake Simcoe Canal. That any considerable subsidy can be obtained from the Home government is not, as we have already stated, to be anticipated, and we seriously question whether there is private capital or inducements sufficient for the purpose at present.

A company has been in existence for many years having for its express object the construction of a canal to connect the waters of Lake Huron with those of Lake Ontario. Two years ago it had pluck enough to give a public entertainment, at which leading forwarders and other distinguished citizens of the United States were present. The evident purpose was to divert attention from the proposed Niagara ship canal, for so long a time a pet project of citizens of Oswego and Ogdensburg. Terrapins and turkeys were duly sacrificed and copious libations made, which indeed served to bring out able speeches on the subject of better water communication, but was followed by a long spell of somnolency, which has not been since disturbed.

Whether a like end awaits the attempted revival of the Simcoe project remains to be seen. It is hardly the kind of undertaking after all to attract capital from the United States. The "solid men of Boston" and Portland, to be sure, could make it of service to those cities, as it would materially reduce their expenses of transportation, and they have but to make freights a little cheaper to increase very largely their business. So also the forwarders of Oswego would be enabled to load vessels and receive cargoes from the upper lakes, which might enable them successfully to rival Buffalo. But the proposed canal, if ever constructed, will be under the control of citizens of a foreign government which is not always sure of being friendly; and in the event of hostilities, it would be employed for the passage of vessels of war and the transportation of war material to be used in military operations against every American town situated on the great lakes. At the present time there are too many unadjusted matters in controversy between Great Britain and the United States to permit our men of capital to be very lavish of means for the construction of a foreign route of transit capable of being operated for so mischievous a purpose. The Mississippi with its branches, affording all the facilities of an inland sea, the Erie Canal with full power of transporting double the freight that now rides upon it, and the four great trunk railroads—all which are in our own territory and subject to our legislation—will in preference be depended upon for many years to come. There are too many openings for the investment of capital in this country for our men of fortune to occupy themselves about, without the necessity of crossing the line to find an opportunity in a foreign realm.

The projectors of the Simcoe Canal will, therefore, we fear, be compelled to wait some time before obtaining sufficient capital for this enterprise. We apprehend and prize the value of the facilities which they offer. The Niagara Ship Canal and analogous enterprises have not half the advantages. We regret that we have not the proper opportunity to avail ourselves of them. It would be a commercial improvement which we cannot overestimate. But we must accept the situation, and leave it for "British gold" instead of American greenbacks to do whatever is required for better navigation and transportation in the Dominion of Canada.

FLUCTUATIONS IN THE GOLD PREMIUM.

Within the last three months we have seen the gold premium fluctuate 18 points; and within the last few weeks the fluctuations have been frequent within a range of 10 points. These changes too plainly show that, although we have now attained a comparatively settled condition of affairs political and commercial, yet we are subject to wide variations in monetary values.

It is the misfortune of a suspension of specie payments that it always creates a powerful speculative interest, which seeks to prolong the suspension for the sake of profiting by means of these fluctuations. The magnitude of the speculative movements in gold in Wall street is an illustration of the extent to which this interest has expanded during the past few years in the United States. The ordinary commercial demand for gold, for the payment of duties, the purchase of exchange and the liquidation of contracts payable in gold, probably does not exceed $20,000,000 per week; and yet this amount does not represent one-twentieth part of the weekly transactions of the Gold Room. One day's exchanges at the Gold Exchange Bank this week aggregated close upon $180,000,000, and the total business of the Bank for the first fourteen days of this month reaches the surprising total of $1,580,000,000. On an average, the whole stock of gold on the market is turned over about four times every day. When it is considered that upon the major portion of this enormous amount of transactions a commission is paid of 1-16 or $\frac{1}{8}$ of one per cent, and that besides this dealers make large profits out of the lending of coin, it is apparent that the trading in gold yields an enormous annual revenue to Wall street, and that the consolidation of this branch of business becomes an important bar to the resumtion of specie payments. For in such an extensive business interest, dependent upon the transactions in gold, we have an evident motive for a continuance of the present condition of the currency and the strongest possible inducement to efforts for producing fluctuations in the premium; while, with an immense amount of capital engaged in the transactions of the Gold Room, the power is always at hand for controlling the market upon the most shadowy pretexts. It thus becomes a part of the business of the gold dealer to produce the widest possible oscillations in the premium. Whatever may occur in the spheres of politics, finance or commerce which can be supposed to have any bearing upon the value of gold has its importance magnified to the utmost, upon the well-understood principle that an exaggerated response in the premium will be followed by a reaction to the opposite extreme, enabling the speculator to make a double profit, first by buying and next by selling, or *vice versa*. Within the last few days we have witnessed a significant illustration of the expedients to which the profits upon gold manipulations will induce speculators to resort. In two instances, the funds of a large corporation, to the extent of several millions, have been employed in the purchase of gold to be held off the market, with the result of compelling borrowers to pay from $\frac{1}{2}$ to 2 per cent per day for its use, and of producing a fluctuation of 2@3 points in the premium.

With such a large and influential interest dependent upon the creation of the most frequent and the widest possible fluctuations in the premium, it is clear that steadiness in the price is virtually impossible. Could we have an even range of the premium, the evils of suspension would be much less aggravated; for the mercantile interest would then have steady data upon which to predicate its operations. But, with wide and constant oscillations thus rendered inevitable, the trade of the country is perpetually baffled and discouraged by artificial and unnecessary risks, and commerce is demoralized by being made unduly speculative. It is only necessary to analyse the course of trade, for the last few weeks, for illustration of the deranging effects of these fluctuations. The importers, instead of remitting in payment for their imports in September and October, when they had realised upon their goods, have anticipated a decline in gold this month as the result of the elections and of the free exportation of breadstuffs and cotton, and have postponed their remittances until such decline should occur. Hence the holders of gold now take advantage of this postponement of remittances, and use every sort of expedient for keeping up the premium. In some instances, the importers have borrowed gold to make their remittances, intending to return it at the time of the anticipated decline; and, to catch merchants in this position, gold has been made artificially scarce, and exorbitant rates on loans exacted. This postponement of foreign payments helped to induce, for a time, a large amount of mercantile deposits in the hands of banks and bankers, and to keep down the rate of interest to 3@5 per cent, with the result of encouraging an advance in stocks to figures from which they have had to decline heavily, under a subsequent pressure for money. The breadstuffs trade has also suffered serious inconvenience from similar causes. A decline of 10 points in the price of gold has required a corresponding fall in the price of grain, to equalize our markets with those of Europe. Farmers, however, are slow to perceive the connection between the gold premium and the market value of their produce, and have therefore resisted the required decline. The grain merchants of the West have been naturally desirous of satisfying themselves that the fall in gold would be permanent before conceding, and they have therefore held on to their large stocks with much tenacity. The result of this hesitation has been an accumulation of grain at the lake ports beyond what the banks were willing to carry, and a severe decline in prices, with injury to dealers; while the foreign exchanges have been deprived of relief the expected from a liberal supply of produce bills. During the same time, the cotton trade has been in a measure retarded, from the same cause. These are but illustrations of the manner in which the fluctuations in the gold premium impede and derange all commercial operations. These embarrassments, of course, very largely augment the risks of business enterprises, and so far tend to prevent that free employment of capital which is essential to the industrial and commercial recuperation of the country. The value of raw materials, of manufacturers, of produce and of imported merchandise are thus all rendered uncertain; and as the possible fluctuations are large enough to cover a good portion of the usual profit on commercial transactions, it results that many cautious capitalists prefer employing their means in real estate or securities to engaging in active enterprises calculated to increase the wealth of the country.

It is impossible to conceive of any stronger evidence of the mischiefs of the suspension of specie payments than is afforded by these considerations. It is out of the question to expect a permanent confidence in business while the currency is kept thus fluctuating in value; and every year of the protraction of suspension is therefore represented by a failure to accumulate a large amount of wealth which would otherwise have been realised. In the meantime we are disqualifying ourselves for competing with other countries in various forms of enterprise, and are necessitating the purchase of a large proportion of our varied supplies in foreign markets, with securities which constitute a foreign lien upon our resources.

PROPOSED DIVISION OF THE STATE OF NEW YORK.

In the midst of the excitement of the recent Presidential election several of the journals belonging to Western New York published leading articles recommending the division of the State into two separate commonwealths. The metropolitan newspapers have discussed the proposition with the gravity due to a measure so important, and some readers may have been induced to believe that the division was seriously contemplated. It is very possible that a resolution or bill will be introduced into the Legislature at its next session at Albany, proposing to give the consent required by the Federal Constitution, for the formation of a new State; but it is hardly probable that the matter, in any event, will go further. The counties to be included in the proposed "State of Manhattan" are New York, Kings, Queens, Suffolk, Richmond, Westchester and Putnam.

The Federal Constitution, Article IV., provides that "no new State shall be formed or created within the jurisdiction of any other State nor any State be formed by the junction of two or more States or parts of States, without the consent of the Legislatures of the States concerned as well as of the Congress." No action has ever been taken under this provision, except in the case of West Virginia. The erection of that State was accomplished under the pressure of a war necessity, and we are inclined to the opinion that some political convulsion will be required to obtain any sufficient pretext for dividing the State of New York.

There has never been any general agitation of the subject, or discussion, to enable the people and the Legislature to mature their judgment in regard to its expediency. In 1857, the Mayor of this city, having been defeated in his opposition to the Metropolitan Police Law, started the idea of a division of the State and procured the calling of a public meeting for the purpose of agitating the subject. But the movement perished, still-born. A second attempt, in 1861, had no better success. The alleged grievance then was the legislation for this city and the counties nearest to it, by the State Legislature; certainly a questionable policy, but clearly within the province of that body as much as local legislation for any other county.

Now we have another agitation of the same question, but we predict for it and for future efforts in the same direction a similar result. The different sections of the State have too many and great interests in common to permit this division. It is not the city alone that is interested in the vast wealth that has been accumulated here, and its future profitable employment and increase; for this port has become, by reason of its position and commercial facilities, the most prominent outlet for the productions of the interior not only of this State but of the West; and the rendering of those facilities more perfect and complete must be the object and intent alike of both sections. It may be urged that a division would not change this. We admit that it would not in the main, and yet petty jealousies and disagreements would likely arise giving a check to the present freedom of intercourse, and necessarily resulting in a direct injury to the whole country.

But as the question is raised it is not uninteresting to remember that the seven counties of the Southeast could afford the division as well as the remaining fifty-three. Whatever risk they would incur in the way of unfriendly action of the Northern State would be counterbalanced by the advantages possessed for retaliation in holding the ocean outlet for all interior productions, and also in having two representatives in the Senate of the United States always sure to watch over the interests of this metropolis.

In regard to public indebtedness and taxation, the smaller State would be the gainer. With a division, would be an adjustment of the existing obligations. The canal debts amounted, at the close of the fiscal year in 1867, to $15,736,960; and the General Fund Debt, which is also chargeable against the revenues of the canals, amounted to $5,642,600. As the Northern State would contain all the canals within its limits, it would naturally become their proprietor, and must accordingly take with them this total debt of $21,380,000. The Bounty State Debt is in terms about forty-eight millions, of which, making the apportionment according to valuation, the Southern State would have twenty-eight millions to assume. This would be all the State debt that would legitimately devolve upon us, and would make no addition whatever to our present liabilities.

The most sensible relief, however, would be in the matter of taxation for the support of Free Schools. By the law of 1867, an annual tax of $1\frac{1}{4}$ mills is to be levied for all time upon the taxable property of the State, received into the Treasury and apportioned among the school districts for the free tuition of the children. Our representatives also voted for that measure, so that under the present arrangement we have no right to complain. The aggregate of this tax for the present fiscal year will be $2,080,134 65; of which four-sevenths will be collected here, and only about one-third received back in the subsequent distribution, as will be seen in the following table:

Counties.	School Tax Paid.	School Money Received.
New York	$891,7[illegible]5 [illegible]7	$348,707 75
Kings	172 896 62	140 975 64
Richmond	7,815 37	12,304 10
Queens	27,755 79	27,4[illegible]3 41
Putram	7,264 56	8,063 10
Suffolk	12,556 45	22,403 89
Westchester	60,233 00	50,131 00
	$1,162,246 86	$610,058 89

It is here seen that the seven counties which it is proposed to cut off from the State of New York pay four-sevenths of all the State taxes, and actually are contributing $552,187 97 annually to support free schools in Clinton, Franklin, St. Lawrence, Jefferson, Oswego, Onondaga, Monroe, Erie, Chatauqua and other counties of the State, besides three millions and more additional to support their schools at home. This saving of more than half a million is quite an item, even in this metropolis, and our country cousins up the Hudson and away out toward the Lakes find it a snug little amount with which to lighten the burden of education in their towns and school districts.

It will take very long for the inhabitants of Northern and Western New York to ascertain what advantage they could derive and especially what equivalent to the reduction of income that would ensue after severing the counties that pay the major part of the taxes. The fable of Minutius of the Belly and the members is by no means inapplicable. It is possible to divert much commerce from the port of New York, in the event of a division of the State, by discriminating legislation in favor of other centres of trade. Perhaps the Erie Railway might be made a thoroughfare for the benefit of Boston and Philadelphia; and the Niagara ship canal could direct commerce to Montreal and Portland. But on the other hand the crippling of this great centre of trade would be to paralyze in a measure the trade of the whole country.

The configuration of the soil and the courses of the streams all indicate that Nature intended the entire State to belong to one commonwealth; and the sagacity of her four millions of inhabitants will maintain that unity unbroken. To the motto "*Excelsior*," if need be, will be added the watchword of the French Republic of 1793: "The commonwealth, one and indivisible."

THE BRIDGE OVER THE HUDSON.

It was finally determined the last week by the "Hudson Highland Suspension Bridge Company" to locate their proposed bridge over the Hudson River at the narrow point above Peekskill Bay known as Antony's Nose. On the western bank is the site of Fort Montgomery, and that of Fort Clinton near by on the eastern side. This was the site originally contemplated, and it promises superior engineering and commercial facilities.

This company was incorporated, as our readers will remember, by the Legislature at its last session, and contains among its members such men as General E. W. Serrell, Judge Robert Cochran, DeWitt C. Littlejohn, Elliott F. Shepherd, and others engaged in forwarding and transportation business, and closely identified with the commercial interest of the country. The stock is fixed at $2,500,000, and the usual powers of bridge companies are conferred by the act. The point selected for the site of the bridge is very feasible. It is less than twelve miles distant from Turner's Station on the Erie Railroad. There is a gap in the mountains on that route, so that the directors of the Erie Company could easily run a track eastwardly, passing the freight of the Dean Iron Mines and the Highland Mills at an easy grade, to the bridge, and thus go down on the eastern side of the Hudson River into this city. The New York, Newburgh and Oswego Midland Railroad Company could, if they desired, avail themselves of this way of getting over the Hudson River. So also the New York and Albany Railroad Company, if their road should ever be constructed, will be enabled to carry their track over the bridge at Fort

Montgomery, and enter New York on the northern extremity. The act of incorporation expressly provides for giving such facilities to any "Railroad corporation whose road shall have a terminus at said bridge, or shall connect with the same or either of its avenues of approach, or shall run its trains in connection with any railroad having such terminus or connection with said avenues of approach."

These are all possible connections by means of this bridge, ndicating the various ways in which it may be made available, and yet we have reason for believing that the act of incorporation was never obtained for the purpose of making connections with New York. So long as the carriage of passengers and freight through this city is surrounded with the difficulties, detention and expense now attending it, there can be little inducement for making the upper part of this island a railroad terminus. A tunnel from one end to the other of the island would work a great change in this respect. But till that improvement is made it is a positive disadvantage for a road to cross the Hudson. The Erie Railway, for example finds it far easier and cheaper to lay down its freight at Jersey City, where tug-boats can take it up and carry it to every side of New York, and to receive consignments from every part of this city in the same manner. The difficulties, delays, and enormous expense of moving freight through the city, are too exorbitant a tax not to be avoided wherever it is possible. The persons endeavoring to build a road on the western side of the Hudson naturally take a similar view of the subject. The freight question has been already brought to so fine a point, that any increase in the expense of transportation which this change would require, would be likely to result in a transferment of a large part of our traffic with the West from this city to other points. This project of bridging the Hudson at Fort Montgomery, cannot therefore be regarded as an enterprise in which the city of New York has any considerable interest, and we must look elsewhere for a true explanation of the decision to which we have referred.

Nor is it a problem of very difficult solution. During the summer of last year several citizens of Putnam and Westchester counties, and residents of Connecticut formed an association, and employed engineers to survey a route from Turner's Station eastwardly to the Hudson River at or near the base of the Highlands, and onward to the Connecticut river. So favorable was the report of the survey that the Erie and New England Railroad Company was at once incorporated to construct a railroad with two divisions; the western division extending from Turner's Station to the Hudson, a distance of about eleven miles; and an eastern division extending from the Hudson to the State line in the town of North Salem. There has been a route surveyed by citizens of Connecticut from that place to Derby, on a direct line with another railroad now being constructed from Derby to New Haven. This will afford a continuous route from the Erie Railway at Turner's, in Orange County, in about a straight line to New Haven, enabling a continuance as far as Boston.

This is sufficient to demonstrate that the "Hudson Highland Suspension Bridge" to be constructed at Antony's Nose, despite the Knickerbocker traditions, is emphatically a "Yankee notion," calculated, if not primarily designed, for the benefit of the Eastern States. Indeed, the principal "corporators" of the Bridge Company are directors also of the Erie and New England Railroad, and expect to complete their track, and have it in working order long before the bridge can be finished. They have anticipated this difficulty, however, by obtaining also a franchise for a ferry across the Hudson at Peekskill Landing, which can be used till the bridge is put in good condition.

The professed purpose of the men engaged in this enterprise is to procure coal by a more direct route. It is estimated that four millions of tons of coal are consumed every year in New England, and that part of this State lying east of the Hudson; and that it can be transported by this road a dollar a ton cheaper than by any other. The distance round to Hartford will be sixty miles, and about the same to New Haven, and no breaking of bulk will be required. Every person familiar with transportation can readily understand the force of this.

The principal interest then which the city of New York has in this bridge enterprise is that derived from the general benefit of improved commercial facilities. What increase of prosperity may come to Hartford, New Haven and Boston will, of course, indirectly help this city.

It, however, brings out in strong light the importance to this city of a system of tunnels, which shall enable us to carry from one end of the island to the other, without delay or transhipment, the largely increasing volume of freight whichis every year flowing towards New York for distribution; and when that is accomplished, then, if the Midland Railway Company should determine to cross the Hudson at the bridge, as the name of Mr. Littlejohn, and other in the charter, would seem to indicate, or if the Erie Railway Company should carry a track to this city over the bridge, the distance being the same as the present route, of course the interest of this city would become at once more direct.

THE HOME CONSUMPTION OF COTTON.

It is a matter of considerable practical moment to the cotton trade to ascertain with accuracy the consumption of cotton within the United States. Before the war, the data were easily obtained, and estimate reached sufficiently accurate for all practical purposes. But, within the last four years, the routes of transportation have so materially changed that former methods of estimating the consumption are no longer reliable. Very large amounts of cotton now pass up the Mississippi and over the railroads to the East, instead of, as formerly, reaching that destination through ocean transportation. This important change has not been sufficiently taken into account in late crop statistics, and the result has been that until this year a large amount of cotton has not been counted, and that the estimates of consumption at the North and the South have been very inaccurately proportioned, too little being allowed to the North and too much to the South. In fact, no wholly complete system of reporting the cotton transported inland has been established; so that the movement in that direction has had to be, to a certain extent, made up from quite uncertain data. In our last annual cotton statement, however, we gave a result more nearly accurate than has ever before been obtained; and as other statements were deficient in this particular branch of the movement, our results varied from the figures of some who have been recognized as authorities on cotton statistics. Taking into account the railroad movement from the Southwest to the Eastern States, our estimates of Northern consumption exceeded others; while our estimate of the consumption in the Southern States was so much below contemporaneous computations that doubts were suggested in some quarters as to its accuracy. From the fact of our inquiries having covered every possible source of information, we felt the utmost confidence in the substantial accuracy of our returns, and have since had the satisfaction of finding that the trade has very generally recognized that our method of making up the crop statement is more complete than those generally adopted.

It is especially gratifying to find that returns recently completed by the National Association of Cotton Manufacturers and Planters, though compiled from sources very different from ours, afford a marked confirmation of the accuracy of our figures for the consumption in the North and South respectively. The inquiries of the Association cover all the known mills in the country, and may be considered exhaustive. Returns have been received from 643 mills, running 6,380,000 spindles; while the spindles not reported upon are estimated at about 600,000. We are indebted to

Mr. B. F. Nourse, the Statistician of the Association, for the following summary statement, made up to November 28th:

National Association of Cotton Manufacturers and Planters. Summary of Returns from Mills received prior to November 28, 1868.

States.	No. Mills.	No. Spindles.	Av. No. Yarn.	No. Pounds Cotton Spun Yearly.	Av'e No. Pounds Per Spindles.
Northern States.					
Maine	22	443,800	22.56	28,838,608	64.98
New Hampshire	37	734,460	25.83	48,089,439	65.48
Vermont	12	24,138	30.36	1,041,125	43 13
Massachusetts	140	2,327,822	27.20	134.568,652	57.80
Rhode Island	124	1,062,624	35.36	50,742,373	47.76
Connecticut	56	527,816	29.39	29,425,720	55.75
New York	43	410,070	32.28	20,545,044	50.10
New Jersey	15	153,840	36 22	6,885,000	51.44
Pennsylvania	64	367,856	17.06	33,353,004	90.67
Delaware	8	43,108	19,34	3,038,280	70.48
Maryland	10	39,358	12.37	6,929,788	176.07
Ohio	5	22,834	13.06	3,170,000	138.82
Indiana	1	10,800	14	1,500,000	138.89
Missouri	4	13,436	10	2,475,000	184.21
Total North	561	6,161,962	28.03	370,602,033	60.14
Southern States.					
Virginia	10	36,060	15.82	4,010,000	111.20
North Carolina	15	21,113	10.54	3,009,000	142.53
South Carolina	6	31,588	13.23	4,174,100	132.14
Georgia	20	69,782	12.36	10,864,350	155.70
Alabama	8	25,196	16.91	2,820,596	111.94
Mississippi	5	6,924	8.39	1,145,000	165.37
Texas	4	8,528	9.53	1,372,104	160 89
Arkansas	2	924	8.43	258,430	279.65
Tennessee	9	11,720	9.38	1,597,200	136 28
Kentucky	3	6,264	10	1,075,000	171.62
Total South	82	218,089	12 93	30,325,750	139.
Northern States	561	6,161,962	28.03	370,602,033	60.14
Southern States	82	218,099	12,93	30,325,750	139.
Total U. S	643	6,380,061	27 51	400,927,873	62.84

It appears that the 643 mills here reported upon consume 400,927,783 pounds of cotton per annum, or 890,000 bales. Allowing 85,000 bales for the consumption of the mills not heard from, and say 25,000 bales for consumption otherwise than in the mills, we have upon this basis of estimate a total consumption in the country of about 1,000,000 bales. Returns of this character, however, are subject to a certain degree of over statement, owing to a very natural trade motive in the manufacturer to give an appearance of importance to his works. It is not easy to say what allowance should be made on this account; but a moderate deduction would bring down the figures to a very close approximation to our annual statement, which shows the consumption of the United States to have been 885,000 bales. We think it must be in all fairness conceded that this result, based upon the most direct sources of information, affords a satisfactory vindication of our last crop return and of the method of computation on which it was based; and further, that it indicates the fallacy of adhering to the old method of making up the crop statements.

This statement further shows that the error of those estimates which placed the Southern consumption at near 200,000 bales. Our figures of 60,000 bales for the South, or $6\frac{3}{4}$ per cent of the whole home consumption, were received with much incredulity, even by those in the trade who have been regarded as authorities; we find, however, that returns from the mills of both sections give the proportion consumed in the South as only $7\frac{1}{2}$ per cent of the whole home consumption.

Upon the foregoing estimates it may be fairly concluded that, for last year, the consumption at home averaged 17,500 bales per week. Some Eastern authorities hold that the current rate is 20,000 bales per week. Taking a course between these figures, and estimating the probable consumption for the current year at 950,000 bales, it would result, assuming the crop to be 2,700,000 bales, that we shall have for export about 1,750,000 bales, or abuot 90,000 bales more than the exports of last year. For the years 1858–9 and 1859–60, the home consumption averaged 950,000 bales; so that the cotton trade has now recovered to an extent which places it upon an equality with the most active of former years. The increase in the population of the country of course requires a larger supply of cotton goods than was needed in 1860; but, on the other hand, a much larger proportion of our cotton manufactures is now kept at home, the exports being quite nominal; and this consideration is the more material from the fact that the fabrics we formerly shipped were chiefly of a heavy character.

The above statement affords an interesting indication of the extent and character of cotton manufactures in the several States and sections. The largest consumption is in Massachusetts, the amount spun in that State being one-third of the total for the United States. Next in extent comes Rhode Island, next New Hampshire, and then Pennsylvania, Connecticut and Maine. The New England States, according to this return, consume about 295,000,000 pounds, or 73 per cent of the total quantity used in the country. New York ranks seventh in this class of manufactures. Among the Southern States, Georgia takes the lead, followed in order by South Carolina, Virginia, North Carolina and Alabama. The largest mills are in Maine and New Hampshire, where the average of spind les is 20,000 to each mill, and in Massachusetts, where the average is 16,500 per mill. The finest average class of yarns is made in New Jersey, where the average number is 36.22, and next in order Rhode Island, New York, Vermont, Connecticut, Massachusetts, New Hampshire and Maine. In the South, the goods produced are almost exclusively of a coarse, heavy character, the yarns varying from number 8.39 in Mississippi to 16.91 in Alabama. The West has scarcely any standing in this branch of manufacture, three States only being represented, and the consumption in these being but 7,000,000, or less than one-fourth that of the South.

THE CURRENCY AND THE PUBLIC DEBT.

The financial condition of the government must, from its prime importance, claim the early and earnest attention of the new administration. It is pertinent, therefore, for us to take a cursory view of the situation, with special reference to measures which seem to us practical and indispensible to any substantial progress towards the resumption of coin payments, whether that result be more or less remote.

First—That portion of the public debt which consists of gold interest bonds, having reached a condition in which government is relieved from any present provision for it, except the punctual payment of interest, may and ought to be left undisturbed until it can be either paid in coin at maturity, or until government is in condition to avail itself of its reserved right of paying a portion, after five years from date, either from proceeds of new loans, attained at lower rates of interest, or by exchange, with the consent of holders, for other bonds, upon a coin basis, on more favorable terms. In our judgment it will be expedient for Congress to authorize a five per cent loan of definite period (in the act authorizing which it should be unequivocally expressed that the principal and interest are payable in coin), to be issued in exchange for the outstanding six per cent bonds, at the option of the holders. To cover the contingency that government may at times desire to use its surplus means in paying a portion of its debt, it may be made to mature at different, yet specific periods. It is, in our judgment, certain, that all efforts to reduce the rate of interest below five per cent will prove ineffectual; and to encumber the contract with an objectionable option of pre-payment would defeat the end in view. It is far better for government to take its chances of the market in purchasing a limited amount of its debt from time to time, than thus to depreciate the whole loan. With this simple provision for the funded debt, we should leave it undisturbed by any Congressional discussion whatever.

Second—Our next step would be to pass the law, obviously just in itself, making all contracts, specifically payable in coin, legally binding upon parties making them. To this no sound objection can be made. It has already received the decided approbation of the Senate. Such a law would remove a serious impediment to foreign commerce, and it is believed would open the way for the re-introduction and gradual increase of metallic currency. The two currencies working side by side with equal liberty and legal protection, must produce the best results. It would remove the temptation to fraud and relieve the community from embarrassments which now exist with respect to all transactions in gold credit. Even if it fail to secure all the good which is confidently expected, it can at least produce little harm, and its manifest justice ought to secure its immediate adoption.

Third.—The subject that next demands consideration is the paper currency, the money of the country. Here we reach the really serious and embarrasing question. To lay violent hands upon it, will be to impede all operations of trade, arrest industry, and derange the affairs of Government itself. The paper currency consists of two kinds. First.—The direct issues of the Government. Second.—That which is issued by the National Banks, and of which the Government is practically the endorser. It is obviously the part of wisdom, first to obtain relief from this incidental liability for the bank notes, by placing them in condition to protect themselves, before a single step can be taken to provide for the direct issues of the Government itself. This is in conformity with sound mercantile policy, and the necessity of the situation. In fact, to touch the legal tender notes, which form the basis of all bank obligations, would only bring the notes down upon the Treasury for payment. The indispensible course seems therefore to be, to require of the banks a regular and practically operative redemption of their notes at a central point (New York). To secure this important end, it will be necessary so to modify the law, that all bank notes received into the Treasury in payment of taxes, shall be assorted, sealed up under Government seal, and sent to their respective places of redemption in New York City, for payment in legal tender notes. This course will enforce upon the banks the habit of protecting their issues which they have either never acquired, or have long since totally abandoned. The notes paid out now never return to the banks issuing them. They possess the same value in public estimation as the paper into which they are legally redeemable, and the banks have become accustomed to regard them as not among their immediate liabilities. Most of these notes have never been seen by the banks since their first emission, and the feeling of direct responsibility respecting them has become pratically extinct. It is both the necessity and duty of the Government to awaken this sense of obligation, and to create the habit of accountability on the part of the banks as principal debtors, before any immunity can be secured by the Treasury from its legal obligation to pay in case of default by the banks. In fact the consideration by which the National banks were allowed the privilage of issuing circulating notes was, that having special capital and resources, they possessed the means and afforded the guaranty of prompt payment, and that they were intended ultimately to supersede the legal tender issues, which were simply a temporary expedient and a war measure. It is obvious that such a system of practical redemption in legal tender notes will prepare the banks for self-support, and relieve the Government from an impending liability now hardly less than that which belongs to its own notes.

This requirement rigidly enforced would produce as much contraction of the currency as the country could bear for a considerable time. It would be unwise to proceed further until the operation of this restriction had produced a system of acknowledged regularity, and this could only be ascertained by actual experience.

Fourth.—Having done this effectually, and having thus given the banks the character and stability contemplated by Congress to make them permanent institutions, it remains only to provide finally for the redemption and funding of the legal tender notes—or their redemption in coin—and the consequent resumption of specie payment throughout the country. An important expedient in accomplishing this result has already been found in the exchange of the legal tender notes for others bearing a low yet accumulating interest, which would make it an object to withdraw some of them gradually from circulation. It is confidently believed that by this time the operation of the law giving legal protection to coin contracts, would so increase the metallic currency, and the beneficial result of the redemption system would render the banks so strong and reliable, that the legal tenders could be gradually retired, first by conversion into interest bearing notes, if need be, and these again into gold bearing five per cent bonds; and that the process of financial restoration would be effected with greater facility than now seems possible. At all events the process we suggest is a natural one, and the steps in it those which afford the best protection to all the great interests involved. G. S. C.

THE TREASURY REPORT.

There are three topics in the Treasury report which, during the last week, have been anxiously canvassed—the funding of the debt, the question of taxation, and the resumption of coin payments. The Secretary of the Treasury may certainly be complimented in having prepared, as his last report, a document which in lucid statement, practical wisdom and judicious suggestion, will compare favorably with any financial state paper ever issued in this country or elsewhere. In reading this paper we seem to pass over the entire period of Mr. McCulloch's Secretaryship, which forms indeed an interesting chapter in the financial history of this country. When he entered the Cabinet our finances were in the deplorable state of confusion and derangement incident to the conclusion of the war. Eight hundred millions of money had to be raised in a shorter space of time than so large a sum was ever obtained by any government in the world. The short date Seven-Thirties, by means of which the loan was negotiated, have now been funded into long bonds, as have also the whole of the short obligations which are supposed likely to embarrass the Treasury. The funding process is just about completed, and the report before us offers, as one of its chief features, an account of the closing up of the transaction.

A second point of interest in the period of Mr. McCulloch's service of office, is the growth of our internal revenue system. Clumsy and costly, oppressive and inquisitorial, it destroyed much more of the nation's wealth than it brought into the Treasury, and as it became too burdensome to be borne, it has by successive acts been so modified and improved that it compares favorably as a system with the revenue methods of other countries. Of course we are speaking from a legislative point of view, and when the administering of the revenue laws is made so pure and strict, and faithful, as to break up the whisky ring, and to stop the tobacco frauds, the improvement in our fiscal methods may be pushed still further, so as to relieve the industrial energies of the people from the direct pressure of taxation, and to let the fiscal screw press where the body politic is the least sensitive.

By far the most important part of the report before us is that discussing the currency. After showing how our irredeemable paper currency increased the cost of the war, and have added to the peace and expenditure of the Government; how it causes instability in prices, perturbation in trade, and hinderance to industrial progress; how it shakes the public credit by raising dangerous questions as to the payment of the public debt; how it gives to the rich and robs the poor, he concludes that "if our country is in a measure prosperous with such an incubus upon it, it is because it is so magnificent in extent, so diversified in climate, sorich in soil, so abundant in minerals, with a people so full of energy, that even a debased currency can only retard but not put a stop to its progress."

What is the remedy for this evil which is thus vividly set before us? On this point the reply of Mr. McCulloch is two-fold. First, he very justly says the remedy is to be found in "a reduction of the paper circulation of the country till it appreciated to the specie standard." This sound view of the subject Mr. McCulloch says he still adheres to, and he adds that the remedy was emphatically condemned by Congress, and it is now too late to return to it. At a future time we shall have something to say about this gloomy view of contraction as being condemned by Congress and impossible of readoption. Congress intended, as we have often showed, to forbid the abuses of contraction rather than to stop contraction itself or to condemn the country forever to the miseries of a redundant, depreciated, irredeemable circulation As there is no other remedy for redundancy but contraction, so there is no other permanent remedy than this for the depreciation and unstability which redundancy brings.

The case does, however, admit of palliation. Secondly, therefore Mr. McCulloch proposes that the coin contract law should be enacted, and that another law shall be passed providing, first, that after January 1, 1870, the greenbacks shall cease to be a legal tender for private debts subsequently incurred, and secondly, that after the further lapse of one year greenbacks shall cease to be legal tender for any purpose except Government dues for which they are now receivable. Thirdly, he proposes to contract the outstanding volume of the greenbacks by making them convertible at the pleasure of the holders into bonds, bearing such a rate of interest as Congress may appoint.

This proposition of the Secretary is so judicious, and would meet so many of the conditions of the case, that we wonder it has not received more attention from the daily press. When the pending trials in the Supreme Court have settled the mooted questions about the constitutionality of the legal tender law, we shall recur to this important aspect of the currency question.

SOUTHWESTERN, GA., RAILROAD.

The Southwestern Railroad of Georgia, as at present existing, consists of the following lines :

Main Line—Macon to Albany		107.5 miles.
Branches.	Fort Valley to Butler	21.0 "
	Smithville to Eufala	59.5 "
	Cuthbert to Fort Gaines	19.5 "
Total length owned and operated		207.5 miles.

The road is laid with iron varying from 34 to 51 lbs. to the yard, and has cost about $17,500 per mile. It was constructed almost wholly on the cash principle, and is perhaps the most economically managed line in the United States. The company have never failed in the payment of dividends, and even in the years subsequent to the war, when the work of reconstruction was heaviest, have always had a surplus available for the stockholders.

The stock of engines and cars is ample for an increasing business, and is well kept up by constant additions. The following shows the number of each on the 1st August, 1865, and at the close of each of the last three fiscal years :

		Aug. 1, 1865.	July 31— 1866.	1867.	1868.
Locomotives		20	20	22	26
Cars	Passenger	20	20	20	20
	Mail, &c	8	8	8	8
	Freight	175	222	249	320
	Total	203	250	277	348

The following is a statement of the mileage of trains, and passenger and freight traffic for the last three years:

		1865-66.	1866-67.	1867-68.
Miles run by trains	Passenger and mail	122,660	151,682	173,621
	Freight, &c	141,864	151,653	159,681
	Total	264,524	306,335	333,302
Passengers carried	Through	10,867	12,003	9,853
	Way	104,920	97,474	85,021
	Total	115,787	109,477	94,874
Freight carried	Bales of cotton	87,250	137,696	232,343
	Barrels of flour	9,351	16,411	4,405
	Sacks of flour	1,820	10,005	39,411
	Bushels of corn	271,842	639,538	149,643
	Bushels of wheat	3,866	4,615	5,086
	Cwts of bacon	9,687	50,416	85,564

The number of bales of cotton in 1859-60 was 206,307. The total freight carried over the road in 1867-68 amounted to 101,238 tons.

The gross earnings from operations in the year 1859-60 and those for the three years ending July 31, 1868, compare as shown in the following statement:

	1859-60. (200.0 m.)	1865-66. (187.5 m.)	1866-67. (193.0 m.)	1867-68. (207.5 m.)
Freight—eastward	$203,815 75	$328,945 62	$321,187 11	$439,558 31
" —westward	214,270 07	178,343 86	369,829 25	257,165 13
Passengers—through	86,642 83	47,322 05	47,634 97	43,295 30
" —way	142,557 47	260,732 45	255,132 05	178,394 95
United States mails	23,082 55	....	10,804 26	2,130 60
Miscellaneous	6,527 20	41,501 62	2,365 56	....
Total gross earnings	$676,895 87	$856,845 60	$1,006,953 20	$920,544 29

Operating and other current expenses:

	1859-60.	1865-66.	1866-67.	1867-68.
Operating expenses	$291,883 58	$513,044 13	$535,454 55	$468,047 12
Internal revenue tax	....	26,934 85	23 763 68	
Annuity to city of Macon	1,250 00	1,250 00	1,250 00	1,250 00
Ordinary expenses	$293,133 58	$541,228 98	$560,468 23	$469,297 12
Extraordinary	....	....	37,525 71	108,510 70
Expenses on all accounts	293,133 58	541,228 98	597,993 94	577,807 82
Earnings less expenses	$383,762 29	$315,616 62	$408,959 26	$342,736 47

The above figures, divided by the average number of miles operated in the years severally, give the following results:

	1859-60.	1865-66.	1866-67.	1867-68.
Gross earnings per mile	$3,384 48	$4,569 84	$5,217 37	$4,436 36
Ordinary expenses, per mile	1,465 67	2,886 55	2,903 98	2,261 77
Extraordinary " "	......	......	194 43	522 85
Total " "	1,465 67	2,886 55	3,098 41	2,784 62
Earnings over ord. expenses, p.m.	1,918 81	1,683 29	2,313 39	2,174 69
" over all expenses p. m.	1,918 81	1,683 29	2,118 96	1,657 74
Total expenses to earnings	43.31 p.c.	63.16 p c.	59.35 p.c.	62 77 p.c

The Fort Gaines branch was only partially built and opened in 1859-60, and was not in use in 1865-66, having been taken up during the war. It was re-built in 1866-67. These acts account for the difference of mileage operated in the several years.

The total receipts and disbursements on all accounts for the years above noted were as follows:

	1859-60	1865-66.	1866-67.	1867-68.
Gross earnings	$676,895 87	$856,845 60	$1,006,953 20	$920,544 29
Expenses (incl. taxes, &c.)	293.133 58	541,228 98	597,993 94	577,807 82
Net earnings	$383,762 29	$315,616 62	$408,959 26	$342,736 47
Add premium & discount	3,841 53	....	....	....
New bonds issued	....	58,000 00	....	....
Total resources	$387,603 82	$373,616 62	$408,959 26	$342,736 47

Disposed of on the following accounts:

Interest on bonds	$27,632 50	$73.513 34	$34,160 00	$31,570 00
Macon annuity (2 years)	....	2,500 00	....	....
Dividend—February	(4)93,424 00	(4)127,936 00	(4)160,170 00	(4)128,156 00
" August	(4)116,876 00	....	(4)128,156 00	(4)128,436 00
" extra (Aug.)	(5)146,095 00	..	....	....
Bonds paid to date	....	60,500 00	....	....
Construction, &c.	...	77,462 20	70,000 00	39,644 10
Revenue tax, appropriation	...	....	6,407 80	6,759 79
Surplus	3,576 32	31,705 08	10,065 46	3,170 58
Total disbursements	$387,603 82	$373,016 62	$408,959 26	$342,736 47

By reference to the statement of earnings, it will be seen that the eastward freight increased in 1867–68 $118,371 30, while the westward freight decreased $112,664 12, and the passage, mail, and miscellaneous decreased $92,115 99. The increase in eastward traffic is due principally to the larger production of cotton in the sections tributary to the road. The down or westward traffic decreased chiefly in the fact that nearly half a million bushels of corn less than in previous years was needed for subsistence, evidencing the fact that the planters raised their own corn instead of relying on the Northwest for supplies. The falling off in passage and down freight is attributable to this, as well as to the low price of cotton last fall and winter, and the consequent scarcity of money in the country to pay for goods and travel.

The financial condition of the company, as shown by the general account of August 1, of the years above noted, was as follows:

	1860.	1866.	1867.	1868.
Capital stock	$2,921,900 00	$3,203,400 00	$3,203,900 00	$3,210,000 00
Bonds (20 years)	250,000 00	323,000 00	328,000 00	324,000 00
" (10 ")	44,500 00	58,000 00	58,000 00	55,000 00
" (20 "), endors	102,000 00	51,000 00	51,000 00	51,000 00
Fare tickets	....	21,020 00	6,579 65	4,337 50
Transportation	....	836,360 96	990,700 96	942,760 09
Due other roads	....	5,105 63	28,810 97	8,456 99
Unclaimed dividends	....	111,550 00	113,386 00	3,239 00
Other items	....	66 00	....	147 90
Premium and discount	....	1,098 57	3,237 67	3,381 93
Bill payable	....	12,532 04	632 77	....
Profit and loss	358,555 85	179 919 79	271,168 43	13[illegible],224 10
Total	....	$4,808,552 99	$5,055,416 45	$4,734,047 51

Against which are charged the following accounts:

Construction, &c.	$3,776,286 23	$3,761,978 44	$3,802,326 84	$3,719,813 26
Transportation	....	541,228 98	560,468 23	577,807 82
Interest on bonds	27,932 50	73,513 34	34,160 00	31,570 00
Macon annuity	....	2,500 00	....	....
August dividends	262,971 00	101,908 00	153,140 00	123,828 00
Stocks and bonds	..	39,173 66	53,394 73	53,394 73
Suspense accounts	....	99,761 42	201,985 10	....
Bills receivable	221,282 98	20,707 12	56,073 05	28,566 79
Transfer agent	....	4,162 13	....	....
Confederate money	....	102,443 68	....	...
Cash on hand & in bank	87,186 16	55,868 83	193,768 50	199,066 9[illegible]
Total	....	$4,808,552 99	$5,055,416 45	$4,734,047 51

All the bonds of this company bear 7 per cent interest, and all, with the exception of $45,000, are convertible into capital stock at par. The bonds endorsed by the Central Railroad Company have been paid off one-half since 1864-65.

The twenty-year bonds are due, in various sums, in 1877, '78, '79, and 1880.

An act of the Georgia Legislature, approved March 4, 1866, authorized the consolidation of the Muscogee into the South Western Railroad Company. This change is now in progress, the latter assuming the liabilities of the Muscogee Company, and exchanging their stock for stock of the South Western, at 87½ per cent of its face value. The Muscogee Railroad extends from Butler to Columbus, and has a length of 50 miles. It cost about $1,000,000.

A detailed history of the South Western Company will be found in Hunt's Merchants' Magazine of January, 1867.

LOUISVILLE AND NASHVILLE RAILROAD.

The Louisville and Nashville Railroad, commencing at Louisville, Ky, on the Ohio River, extends in a southern direction to Nashville, Tenn., a distance of 185 miles. About 30 miles south from Louisville the Lebanon Branch diverges easterly to Lebanon 37.3 miles, and thence is continued by the Lebanon Branch or Knoxville extension to Brodhead, a further distance of 54.9 miles, the intention of the company being to further extend the line to the Tennessee border in the direction of Knoxville. The Bardstown Branch, (formerly the Bards town and Louisville Railroad,) which leaves the main stem about 10 miles north of the Lebanon junction, extends to Bardstown 17.3 miles. The Memphis branch leaves the main stem about 164 miles from Louisville, and runs southwest to the State line of Tennessee, making connection with the Memphis, Clarkesville and Louisville Railroad, which with the Memphis and Ohio Railroad (both now operated by the Louisville and Nashville Company,) forms a continuous line from Louisville to Memphis.* There is also now being constructed a branch from the Knoxville extension at Sanford (75 miles from Lebanon Junction) to Richmond, a distance of 33 miles, of which at the close of the year 1867–68, there was open 7¾ miles.† Thus it appears that, while the main stem pierces Tennessee in the centre, and connects with other due south lines, its western arm reaches the Mississippi at Memphis, and its eastern arm, destined to meet the roads now being constructed in Tennessee, North and South Carolina, and already in operation in Georgia, will ultimately reach the Southern Atlantic ports by lines of moderate length. When these lines are completed, Louisville will be in the great centre of the trade of the whole South and attain many commercial advantages not yet enjoyed by any of the cities of the Ohio Valley.

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* The Memphis and Ohio Railroad (130½ miles) was leased in September, 1867, for a term of ten years, and has since then been operated by the Louisville and Nashville Company. The Memphis, Clarkesville and Louisville Railroad (82½ miles) is in the hands of a State receiver, and is operated by the Louisville and Nashville Company as agent of said receiver. The total distance from Louisville to Memphis is 367 miles.

† The Richmond branch was expected to be completed and in operation November 15, 1868.

The following statement shows the length of railroad and sidings on the main stem and branches of the Louisville and Nashville Railroad at the close of each of the last four fiscal years (June 30):

	1864-65		1865-66		1866-67		1867-68	
	Rail-road.	Sid-ings.	Rail-road.	Sid-ings.	Rail-road.	Sid-ings.	Rail-road.	Sid-ings.
Main stem	185.00	17.16	185.00	18.83	185.00	19.00	185.00	19 81
Bardst'n br'ch	17.30	.....	17.30	0.69	17.30	0.69	17.30	0.89
Leb'non br'ch	37.30	1.49	37.30	4.47	37.30	7.89	37.30	8.88
Leb. br. exten	.....	.....	47.70		47.70		54.90	
Mem. branch	46.00	2.67	46.00	2.96	46.00	3.59	46.00	3.55
Richmond br	.....	.....	.....	.....	.....	.....	7.75	0.67
Total road & sidings	285.60	21.32	333.30	26.95	333.30	31.27	348.25	33.72
Average miles operated	285.60	....	303.10	....	333.30	....	336.30	....

The motive and carrying power employed on the main stem and branch lines July 1, 1864, and at the close of the fiscal years, as above, is stated in the following tabulation:

		July 1, 1864.	Close of fiscal years 1864-5.	1865-6.	1866-7.	'67-8.
Locomotive engines		51	60	65	66	66
Passenger train cars.	Passenger	31	42	42	45	45
	Baggage	8	9	10	15	15
	Express	8	8	8	8	8
Freight train cars	House	257	295	307	364	362
	Rack	91	104	98	98	110
	Gondola	22	21	43	43	43
	Platform	95	107	119	119	136
Service cars	Stone and gravel	57	70	82	82	82
	Wrecking	..	1	1	1	1
	Boarding	7	12	11	11	11
Total of all cars		576	669	721	786	813

The business of the road, including the performance of engines and cars, passenger and tonnage traffic, and the results yearly for the same years is epitomized in the following general statement:

Miles run by locomotives hauling trains:

	1864-65.	1865-66.	1866-67.	1867-68.
Passenger trains	744,829	418,971	452,795	438,804
Freight trains		423,879	408,232	412,754
Distributing trains	96,709	117,097	68,459	71,913
Trains of all kinds	841,558	959,947	929,486	923,471

Passengers and freight (tons) carried:

	1864-65.	1865-66.	1866-67.	1867-68.
Number of passengers	455,067	533,678	360,721	365,646
Passengers carried one mile	33,042,625	46,063,709	23,078,589	21,420,247
Tons of freight	......	......	222,937	243,918
Tons carried one mile	.. ...	26,960,849	27,504,811	29,321,009

Gross earnings, expenses and profits from operations:

	1864-65.	1865-66.	1866-67.	1867-68.
Passenger earnings	$2,703,775 04	$1,513,725 35	$877,264 72	$856,818 89
Freight "	1,311,342 42	1,426,890 44	1,152,477 35	1,215,702 96
Express "	121,828 49	121,192 56	83,542 64	90 586 57
Mail service	37,500 00	47,658 99	40,025 00	40,025 00
Miscellaneous sources	140,094 10	37,122 13	5,564 86	25,476 02

Earned by the main stem and branches, as follows.

	1864-65.	1865-66.	1866-67.	1867-68.
Main stem	$3,986,154 12	$2,860,276 04	$1,790,197 24	$1,823,763 33
Lebanon branch and extension	87,482 68	121,295 85	189,108 53	185,895 64
Memphis branch	88,078 32	104,901 95	158,607 13	195,685 26
Bardstown branch	12,730 83	19,593 50	20,961 67	23,051 52
Richmond branch	....	....	....	213 69
Miscellaneous	140,094 10	37,122 13	....	....
Total gross earnings	$4,314,540 05	$3,143,689 47	$2,158,874 57	$2,228,909 44
Operat'g, includ'g taxes	2,142,024 63	1,557,134 70	1,348,405 90	1,309,514 83
Net earnings (profits)	$2 172,515 42	$1,592 054 77	$810,468 67	$919,094 61
Interest account	221,758 84	177,076 33	182,912 71	227,203 21
Balance	$1,950,756 58	$1,414,978 44	$627,555 96	$691,891 40

A stock dividend of 10 per cent was paid in April, 1864, on account of twenty-two months' earnings up to June 30, 1863. Since then 8 per cent per annum in cash has been divided.

The following deductions show the average earnings and expenses per mile of road operated, the earning and expenses per train mile, and the relation of expenses to earnings for the same four years :

	1864-65.	1865-66.	1866 67.	1867-68.
Gross earnings per mile of road	$15,106 93	$10,370 54	$6,477 27	$6,626 85
Operating expenses "	7,500 08	5,117 57	4,045 62	3,893 89
Nett earnings "	7,606 85	5,252 57	2,431 65	2,732 96
Gross earnings per train mile	$5 12:68	$3 27:43	$2 32:26	$2 41:3[3]
Operating expenses "	2 54:53	1 61:59	1 45:07	1 41:80
Nett earnings "	2 58:15	1 65:84	0 87:19	0 99:53
Expenses to earnings, per cent	49.64	49.35	62 46	58.76

The financial condition of the company at the close of each of the same years, (being the whole period since the consolidation of the main stem and branch accounts,) is shown in the following abstract of the yearly balance sheets :

	1865.	1866.	1867.	1868.
Capital stock (general)	$5,527,870 63	$5,490,106 48	$5,492,638 56	$7,869,186 37
Richmond br.—stock act.	....	....	....	369,410 30
Funded debt	3,857,500 00	3,105,000 00	2,965,000 00	2,883,500 00
Bills payable	....	....	....	385,639 55
Notes and accounts	7,298 27	5,621 63	3,596 63	5,361 88
Back taxe	....	....	17,504 67	....
Back interest	17,509 27	17,691 12	15,292 58	13,016 83
Second mortgage (funded interest) bonds due	14,500 00	2,800 00	1,400 00	....
June bills and pay-rolls	243,490 24	138,836 42	107,011 12	148,331 67
Back dividends	162,216 09	88.989 00	67,6[illegible]9 34	87,895 83
Dividends payable Aug. 1	221 114 82	219,604 26	219,705 54	233,105 59
Profit and loss	2 527 215 76	3,685,697 58	3,939,285 17	1,996,818 14
Total	12,578,715 08	12,754,346 49	12,841,095 48	13,992,266 15

Per contra ; the charges which follow :

	$	$	$	$
Construction account	9,665,563 97	10,062,763 94	10,168,330 43	10,196,421 28
Lebanon br. extension	....	337,106 20	582.855 39	1,187,961 69
Lebanon branch extension mort bonds	....	569,000 00	524,000 00	512,000 00
Lebanon branch ext n. Louisville bonds.	....	331,470 00	304,283 75	237,669 98
Richmond branch	....	....	....	387,461 65
Tennessee state bonds.	574.772 76	258,632 91	....	....
Sundry bonds and notes	328,780 84	56,939 11	184,464 39	311,970 93
Transportation accounts	559,571 17	225,686 74	272,496 60	131,893 00
Memphis, Clarkesville & Louisville Railroad Co	....	121,562 50	147,694 64	50,847 79
Memphis Division R.R.	....	....	....	90,150 91
Memphis & Ohio R.R Co.	....	....	....	373,073 05
Real estate ; timber and quarry lands	33,294 13	31,040 87	30,962 55	29.032 65
Shop and fuel stock	557,941 87	555,114 52	888,654 77	408,808 83
U. S. 7-30 treasury notes	580,648 19	119,500 00		....
Cash on hand, June 30	278,142 15	85,529 70	237,347 96	74,974 39
Total	12,578,715 08	12,754,346 49	12,841,095 48	13,992,266 15

The Lebannon branch extension accounts, and also the Richmond branch accounts, are kept separately while under construction, and are as follows ;

	Lebanon branch extension 1866.	1867.	1868.	Richm'd br. 1868
Cost of road to June 30	$1,550,202 83	$1,808,659 16	$2,457,994 87	$412,124 44

Derived from the following sources :

L. & N. RR Co.: cash advanced	$337,106 21	$582 855 39	$1,187,961 69	$387,461 65
Mortgage bonds	600,000 00	600,000 00	600.000 00	....
Louisville loan bonds	600,000 00	600.000 00	600.000 00	....
Contractors (retained per centage	13,096 62	17,053 22	68,221 06	24,662 79
Sundry accounts	....	8,750 55	1,812 12	....
Total	$1,550 202 83	$1,808,659 16	$2,457,994 87	$412,124 44

Of the mortgage bonds issued on the Lebanon branch extension account, $76,000, and of the Louisville loan bonds $295,711 25 have been sold, the balance of the $600,000 of each issue is held by the Louisville and Nashville Railroad Company, and appears in the general account as part of their resources.

The funded debt of the Louisville and Nashville Railroad Company is described as issued and as outstanding yearly in the following tabular statement:

	Total am't of issues.	Outstanding June 30, 1865.	1866.	1867.	1868.
Main stem: 1st mort. 7 p. c. bonds, dated July 1, 1858, and due Jan 1866-77	$2,000,000	$1,765,000	$1,656,000	$1,594,000	$1,515,000
Lebanon branch: income 7 p. c. bonds, due (various) 1862-1865	175,000	21,000	1,000	....	....
Memphis branch: 1st mort. 7 p. c. bonds, due May 1, 1870-75	300,000	286,000	281,000	267,000	267,000
Bardstown & L'sville RR: 1st mort. 7 p. c. bonds, due Jan. 1, 1870	30,000	....	30,000	30,000	27,500
Lebanan branch exten.: 1st mort. 7 p. c. bonds, due Nov. 16, 1880-85	600,000	....	600,000	600,000	600,000
Tennessee 6 p. c. loan bonds, viz.:					
Main stem in Tennessee, due January 1, 1892-98	560,500	560,500	....	....	....
Louisville City 6 p. c. loan bonds, viz.:					
Main stem: due April and Oct. 15, 1886-87.	1,000,000	1,000,000	912,000	849,000	849,000
Lebanon branch: due June 2 and Nov. 2, 1886	225,000	225,000	225,000	225,000	225,000
Lebanon branch extension: due Aug. 15, 1893	600,000	....	600,000	600,000	600,000
Total funded debt	$5,490,500	$3,857,500	$4,305,000	$4,165,000	$4,083,500

In October, 1861, a sinking fund of $400,000 per annum was directed to beset apart out of the net earnings of the road to pay—first, the interest of the debt, next, the amount necessary for the completion of the road, and then the debt itself. The reduction of the debt yearly has been effected under the operations of this fund. The Tennessee State loan was paid off by the surrender of bonds of that State owned by the company.

The company are now issuing a series of consolidated first mortgage 7 per cent thirty year bonds, with interest, payable in April and October, and to become due April, 1898. The amount provided for is $8,000,000, of which $2,500,000 are to be set apart for the redemption of existing issues. In relation to these, the President, in his report for 1868, says:

Under the amendment to our charter, accepted by the stockholders on the 31st of March, 1868, the board of directors have made preparaation for the issuance and sale of the bonds contemplated by the amendment, and have caused to be executed a mortgage upon the property of the company to secure the payment of the bonds and interest, and are now offering for sale a limited amount of the bonds in New York and Louisville.

It was the purpose of the retiring board to sell the bonds only as the proceeds were needed, for the preservation of the property, and the objects contemplated by the amendment, and with this purpose steadily adhered to by our successors the wisdom of the amendment will very shortly be made practically obvious. The property cost the company more than $13,000,000, and is now worth certainly over $15,000,000, with a mortgage debt upon it less than two millions and a half; and by the proper use of the proceeds of the bonds issued under the amendment in the acquisition of additional property, the debt of the company will not certainly increase more rapidly than will the property increase in amount and value, and it is believed that much better than this may be done for the company.

We have made arrangements for the registration of our bonds, and in such manner as will protect the holders against loss by fire, theft, or other casualty, and all persons who may desire a safe security for themselves or others dependent upon them, may accomplish this purpose by a purchase and proper registration of our bonds. Our company is a home institution of growing prosperity and undoubted solvency and permanency, and will continue to increase in value as the country continues to develop and prosper.

RAILROAD EARNINGS FOR OCTOBER.

The gross earnings of the under-specified railroads for the month of October, in 1867 and 1868, and for the first ten months of each year are exhibited in the subjoined statement:

Railroads.	October 1867.	October 1868.	Ten Months 1867.	Ten Months 1868.
Atlantic and Great Western	$477,528	$456,886	$4,296,988	$3,920,735
Chicago and Alton	426,752	480,212	3,203,589	3,746,999
Chicago and Northwestern	1,541,056	1,574,905	9,532,194	11,292,208
Chicago, Rock Island & Pacific	558,200	559,900	3,338,103	3,805,291
Illinois Central	823,901	901,631	5,819,832	6,040,793
Marietta and Cincinnati	142,823	125,065	1,002,943	1,053,868
Michigan Central	506,295	511,820	3,657,775	3,768,147
Michigan South. & North. Ind	539,435	532,061	3,819,645	4,139,140
Milwaukee and St. Paul	1,101,773	1,037,434	4,559,733	5,518,789
Ohio and Mississippi	379,367	283,329	2,851,200	2,455,542
Pittsburg, F.t W. & Chicago	784,801	842,114	5,977,802	6,595,464
St. Louis, Alton & Terre Haute	230,340	210,473	1,812,336	1,620,800
Toledo, Wabash and Western	406,766	430,766	3,124,113	3,303,032
Western Union	119,667	97,599	640,807	662,351
Total	$8,038,704	$8,044,195	$53,637,060	$57,923,259

UNITED STATES ASSAY OFFICE FOR NOVEMBER.

Statement of business at the United States Assay Office at New York, for the month ending November 30, 1868:

DEPOSITS OF GOLD.		
Foreign coin	$20,000 00	
Foreign bullion	10,000 00	
United States bullion	545,000 00	
		$575,000 00
DEPOSITS OF SILVER, INCLUDING PURCHASES.		
Foreign coin	$27,000 00	
Foreign bullion	15,000 00	
United States bullion (contained in gold)	6,000 00	
Colorado	5,000 00	
Lake Superior	4,000 00	
Nevada	60,000 00	
		$117,000 00
Total deposits, payable in bars	$500,000 00	
Total deposits, payable in coins	192,000 00	
		$692,000 00
Gold bars stamped		692,395 87
Transmitted to U. S. Mint, Philadelphia, for coinage		98,659 49

AGRICULTURAL RETURNS OF GREAT BRITAIN.

The official reports of the agricultural condition of England, Wales, Scotland and Ireland have just been completed and published. From these papers it appears that in the whole kingdom of Great Britain there were 3,933,924 acres under wheat in 1868, against 3,629,784 in 1867. Under barley there was less than in the former year—2,337,037 acres this year against 2,431,801 1867 Under oats there was an increase—4,452,060 acres in 1868, and 4,409,899 acres in 1867. The total acreage of land under wheat, barley, and oats was 10,723,-021 in 1868, against 10,471,284 in 1867. The number of acres devoted to the cultivation of potatoes in 1868 was 1,549,196, against 1,496,762 in 1867. In the entire kingdom there are 9,036,506 cattle, 35,508,424 sheep and 3,166,300 pigs. The number of cattle and sheep have greatly increased since last year; the number of pigs has decreased 22 per cent. The population of the United Kingdom in 1867 was 30,157,473, and in 1868, 30,369,845. The population of Ireland in 1868 is set down at 5,532,343, and of Great Britain 24,637,502.

NATIONAL BANK RESERVES.

We are indebted to the Comptroller of the Currency for the following tables, showing the state of the lawful money reserve of the National Banks on the first Monday of October, 1868. The corresponding statement for the first Monday of July will be found in the MAGAZINE for September, 1868 (vol. 59) page 205.

Table of the state of the lawful money reserve (required by sections 31 and 32 of the national currency act) of the National Banking Association of the United States, as shown by the quarterly reports of their condition on the morning of the first Monday in October, 1868, before the commencement of business.

STATES AND TERRITORIES.

	Number of banks reporting.	Liabilities to be protect. by a reserve of 15 per cent.	Amount required as reserve.	Items of reserve. Legal tenders.	Specie.	Comp. inter. notes & 3 p. c. temp. loan certificates.	Amt. in redemp. cities avail. for redemption of circulation.	Amount of avail. reserve	Percent. of available reserve to liabilities.
Maine	61	$13,150,366	$1.972,555	$1,090,129	$23,532	$80,350	$1,792,123	$2,986,124	22 7-10
New Hampshire	40	6,650,149	997,522	458,066	4,442	122,960	1,118.479	1,703,947	25 6-10
Vermont	40	8,414,338	1,262,151	691,488	15,037	142,330	927,925	1,776,830	21 1-10
Massachusetts	161	55,073 216	8,260,981	4,213,071	188,482	731,950	7,638,472	12.771,975	23 2 10
Rhode Island	62	19,240,527	2,886,079	1,412,625	25,982	289,910	2,289,973	4,018,490	20 9-10
Connecticut	81	30,295,938	4,544,391	2,182,190	91,917	531,330	3,688,105	6.493,542	21 4-10
New York	240	78,352,552	11,752 883	5,692 860	264,228	2,015,920	9,644,501	17,617,509	22 5-10
New Jersey	55	24,164,877	3,624,732	1,896,575	68,349	491,020	3,459,199	5,915,143	24 5-10
Pennsylvania	152	46.019,920	6,602,988	4,609,730	60,295	1,314,310	4,501,592	10,485,927	22 8-10
Delaware	11	2,778,110	416,717	205,713	4,773	106,680	339.123	656,289	23 6-10
Maryland	19	4,332,839	649.926	551,721	42,517	79,850	372 517	1,046,605	24 2-10
District of Columbia	1	139,720	20,958	14,392	322	250	14,065	29,029	20 8-10
Virginia	19	5,955,479	893,322	576,903	83,106	66,920	418.521	1,145,450	19 3-10
West Firginia	15	4,676,224	701,434	440,909	43,477	85,310	358,911	928,607	19 9-10
North Carolina	6	1,433,259	214,989	216.064	36,376	460	81,129	334,029	23 3-10
South Carolina	3	1,352.131	202,820	279,343	26,438	3,460	117.915	427,156	31 6-10
Georgia	8	3,624,672	543,701	791.778	36,901	127,460	425,975	1,382,114	38 1-10
Alabama	2	588.736	88 310	157,534	36,803	......	9,844	204,181	34 7-10
Mississippi	1	40,500	6,075	17,450	....	......	659	18,109	44 7 10
Texas	4	1,262,815	189,422	185,192	217,903	......	99,026	502,121	39 8-10
Arkansas	2	751.668	112,750	85,611	2,427	......	38,209	126,247	16 8-10
Kentucky	11	2,812.531	421,890	371 131	6,482	26,020	248,185	651,818	23 2-10
Tennessee	12	4,559,839	683,976	597,856	30,371	53,590	294,128	975,945	21 4-10
Ohio	123	30,331,143	4,549,671	3,440,905	33,632	541,760	2,395,084	6,411,381	21 1-10

Indiana	70	19,496,571	2,924,486	2,478,047	71,156	193,980	1,298,872	4,042,055	20 7-10
Illinois	70	15,468,811	2,320,322	1,833,982	104,039	152,250	1,712,510	3,802,781	24 6-10
Michigan	38	7,194,969	1,079,245	890,921	19,934	79,830	803,320	1,794,005	24 9-10
Wisconsin	31	4,9 4,557	740, 84	661,841	17,286	64,510	396,610	1,140,247	23 1-10
Iowa	44	9,987,718	1,498,158	1,370,525	43,525	35,540	737,406	2,186,996	21 9-10
Minnesota	15	3,816,459	572,469	559,928	11,992	10,950	314,799	897,6 9	23 5-10
Missouri	10	2,724,280	408,642	36 ,515	51,125	17,620	261,9 2	691,212	25 4-10
Kansas	3	562,856	84,428	83,964	1,155	3,260	71,922	160,301	28 5-10
Nebraska	4	2,514,649	377,197	251,789	26,232	6,240	975,572	1,269,833	50 5-10
Nevada	1	253,367	38,005	16,165	51,593	......	13,163	80,921	31 9-10
Oregon	1	261,812	39,271	57,761	1,598	......	19,418	78,777	30 1-10
Colorado	3	1,127,886	169,189	192,994	20,390	......	168,709	382,093	33 9-10
Montana	1	136,894	20,534	32,500	16,200	......	6,612	56,312	41 1-10
Utah	1	212,019	31,803	32,000	1,013	......	2,420	35,433	16 7-10
Idaho	1	82,931	12,305	21,402	237	......	3,596	25,235	30 8-10
Total	1,422	$414,776,428	$62,216,475	$39,034,570	$1,781,317	$7,376,020	$47,060,541	$95,252,448	22 9-10

REDEMPTION CITIES.

Boston	46	*$72,159,413	$18,039,853	$7,761,879	$777,703	$6,345,010	†$6,992,376	$21,876,968	30 3-10
Albany	8	13,073,716	3,268,429	1,028,154	16,329	944,490	2,706,129	4,695,102	35 9-10
Philadelphia	30	52,395,965	13,098,991	7,951,090	186,065	7,485,220	1,099,173	16,721,548	31 9-10
Pittsburg	16	15,548,966	3,887,242	2,259,766	103,281	900,570	1,309,227	4,572,844	29 4-10
Baltimore	13	18,423,410	4,605,853	2,241,071	277,973	1,356,410	1,315,709	5,191,163	28 2-10
Washington	4	4,060,082	1,015,021	133,028	18,010	655,730	253,066	1,059,834	26 1-10
New Orleans	2	1,927,261	481,015	596,600	99,599	......	52,714	748,913	38 9-10
Louisville	4	1,370,396	342,599	276,054	2,900	55,870	67,959	402,783	29 4-10
Cincinnati	7	10,644,031	2,661,008	1,244, 65	5,594	609,290	813,687	2,673,536	25 1-10
Cleveland	5	5,581,144	1,395,286	458,812	,786	427,2 0	660,731	1,548,619	27 7-10
Chicago	13	19,089,874	4,772,469	3,420,730	41,522	857,540	2,427,647	6,747,439	35 3-10
Detroit	4	4,657,468	1,164,367	471,720	338	202,910	1,036,417	1,71 ,385	36 7-10
Milwaukee	5	2,698,345	674,586	499,354	9,935	50,000	341,624	900,913	33 4-10
St. Louis	8	11,333,468	2,833,367	1,450,155	55,776	617,250	700,684	2,823,868	24 9-10
Leavenworth	2	1,042,210	260,553	107,273	467	10,660	127,594	245,994	22 6-10
Total	167	$234,005,749	$58,501,439	$29,900,651	$1,597,281	$20,518,240	$19,904,737	$71,920,909	30 7-10
New York	56	$206,164,901	$51,541,225	$23,518,254	$8,370,846	$35,690,470	$.......	$67,588,570	32 8-10

* Liabilities of banks in cities to be protected by a reserve of twenty-five per cent of the amount.
† Amount in New York city available for the redemption of circulation.

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 November, and 1st of December 1868:

DEBT BEARING COIN INTEREST.

	November 1.	December 1.	Increase.	Decrease.
5 per cent. bonds	$221,588,400 00	$221,588,400 00	$	$ ....
6 " 1881	283,677,300 00	283,677,300 00	....	....
6 " (5-20's)	1,602,312,250 00	1,602,570,400 00	258,150 00	....
Total	2,107,577,950 00	2,107,836,100 00	258,150 00	....

DEBT BEARING CURRENCY INTEREST.

6 per ct. (RR.) bonds	$42,194,000 00	$44,337,000 00	$2,143,000 00	$......
3 p. cent. certificates	58,325,000 00	58,140,000 00	....	185,000 00
Navy Pen. F'd 3 p.c.	14,000,000 00	14,000,000 00	....	....
Total	114,519,000 00	116,477,000 00	1,958,000 00	$..... ..

MATURED DEBT NOT PRESENTED FOR PAYMENT.

7-30 n.due Aug. 15,'67, J'e & J'y 15, '68	$2,956,950 00	$2,478,450 00	$..........	$478,500 00
6 p. c. comp. int. notes matured June 10, July 15, Aug. 15 Oct. 15, Dec. 1., 1867, May 15, Aug. 1, Sep. 1 & 15, and Oct. 1 & 16, 1868.	5,128,310 00	4,224,920 00	....	903,390 00
B'ds of Texas ind'ty	256,000 00	256,000 00	....	....
Treasury notes (old)	151,611 64	149,361 64	....	2,250 00
B'ds of Apr. 15, 1842, Jan. 28, 1847 & Mar. 31, 1848	487,500 00	435,500 00	....	52,000 00
Treas. n s of Ma. 3,63	445,492 00	445,492 00	... .	....
Temporary loan	314,860 00	243,160 00	....	71,700 00
Certifi. of indebt'ess	13,000 00	13,000 00	....	....
Total	9,753,723 64	8,245,883 64	$..........	$1,507,840 00

DEBT BEARING NO INTEREST.

United States notes	$356,021,073 00	$356,021,073 00	$........	$........
Fractional currency	33,413,985 42	33,875,268 17	461,282 75	....
Gold certi. of deposit	19,716,840 00	23,255,840 00	3,539,000 00	....
Total	409,151,898 42	413,152,181 17	4,000,282 75	$..... ..

RECAPITULATION.

	$	$	$	$
Bearing coin interest	2,107,577,950 00	2,107,836,100 00	258,150 00	....
Bearing cur'y interest	114,519,000 00	116,477,000 00	1,958,000 00	....
Matured debt	9,753,723 64	8,245 883 64	....	1,507,840 00
Bearing no interest	409,151,898 42	413,152,181 17	4,000,282 75	....
Aggregate	2,641,002,572 06	2,645,711,164 81	4,708,592 75	....
Coin & cur. in Treas	113,873,019 24	106,679,320 67	....	7,193,698 57
Debt less coin and cur	2,527,129,552 82	2,539,031,844 14	11,902,291 32	....

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

COIN AND CURRENCY IN TREASURY.

Coin	$103,407,985 77	$88,425,374 54	$..........	$14,982,611 23
Currency	10,465,033 47	18,253,946 13	7,788,912 66	....
Total coin & curre'y	113,873,019 24	106,579,320 67	....	7,193,698 57

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

ANNUAL INTEREST PAYABLE ON PUBLIC DEBT.

	November 1.	December 1.	Increase.	Decrease.
Coin—5 per cents	$11,079,420 00	$11,079,420 00	$..........	$........
" 6 " 1881	17,020,638 00	17,020,638 00	....	....
" 6 " (5-20's)	96,138,735 00	96,154,224 00	15,489 00	....
Total coin interest	$124,238,793 00	$124,254,282 00	$15,489 00	$.... ....
Currency—6 per cents	$2,531,640 00	$2,660,220 00	128,580 00	....
" 3 "	2,169,750 00	2,164,200 00	....	5,550 00
Total currency inter't	$4,701,390 00	$4,824,420 00	$123,030 00	$........

DEPARTMENT REPORTS.

REPORT OF THE SECRETARY OF THE TREASURY.

TREASURY DEPARTMENT, December 1, 1868.

In compliance with the requirements of law, the Secretary of the Treasury has the honor to make to Congress the following report:

In his former communications the Secretary has expressed so fully his views upon the great subjects of the currency, the revenues, and the public debt, that it may be thought quite unnecessary for him again to press them upon the attention of Congress. These subjects, however, have lost none of their importance; on the contrary, the public mind during the past year has been turned to their consideration with more absorbing interest than at any former period. The Secretary will, therefore, he trusts, be pardoned for restating some of the views heretofore presented by him.

If there is any question in finance or political economy which can be pronounced settled by argument and trial, it is that inconvertible and depreciated paper money is injurious to public and private interests, a positive political and financial evil, for which there can be but one justification or excuse, to wit: a temporary necessity arising from unexpected and pressing emergency; and it follows, consequently, that such a circulation should only be tolerated until, without a financial shock, it can be withdrawn or made convertible into specie. If an irredeemable bank note circulation is no evidence of bankrupt or badly managed banking institutions, which should be deprived of their franchises, or compelled to husband and make available their resources in order that they may be prepared at the earliest day practicable to take up their dishonored obligations, why should not an irredeemable Government currency be regarded as an evidence of bad management of the national finances, if not of national bankruptcy? And why should not such wise and equal revenue laws be enacted, and such economy in the use of the public moneys be enforced, as will enable the Government either judiciously to fund, or promptly to redeem its broken promises? The United States notes, although declared by law to be lawful money, are, nevertheless, a dishonored and disreputable currency. The fact that they are a legal tender, possessing such attributes of money as the statute can give them, adds nothing to their real value, but makes them all the more dishonorable to the Government, and subversive of good morals. The people are compelled to take as money what is not money; and becoming demoralized by its constantly changing value, they are in danger of losing that sense of honor in their dealings with the Government and with each other which is necessary for the well-being of society. It is vain to expect on the part of the people a faithful fulfilment of their duties to the Government as long as the Government is faithless to its own obligations; nor will those who do not hesitate to defraud the public revenues long continue to be scrupulous in their private business. Justifiable and necessary as the measure was then regarded, it is now apparent that an unfortunate step was taken when irredeemable promises were issued as lawful money; and especially when they were made a valid tender in payment of debts contracted when specie was the legal as well as the commercial standard of value. The legal-tender notes enabled debtors to pay their debts in a currency largely inferior to that which was alone recognized as money at the time they were incurred, and thus the validity of contracts was virtually impaired. If all creditors had been compelled by law to pay into the public treasury fifty per cent., or ten per cent., or, indeed, any portion of the amounts received by them from their debtors, such a law would have been condemned as unequal and unjust; and yet the effect of it would have been to lessen, to the extent of the receipts from this source, the necessity for other kinds of taxation, and thus to relieve in some measure the class unjustly, because unequally taxed. By the legal-tender acts a portion of the property of one class of citizens was virtually confiscated for the benefit of another, without an increase thereby of the public revenues, and consequently without any compensation to the injured class. There can be no doubt that these acts have tended to blunt and deaden the public conscience, nor that they are chargeable, in no small degree, with the demoralization which so generally prevails.

The economical objections to these notes as lawful money—stated at length in previous reports of the Secretary—may be thus briefly restated. They increase immensely the cost of the war, and they have added largely to the expenses of the Government since the restoration of peace; they have caused instability in prices, unsteadiness in trade, and put a check upon judicious enterprises; they have driven specie from circulation and made it merchandise; they have sent to foreign countries the product of our mines, at the same time that our European debt has been steadily increasing, and has now reached such magnitude as to be a heavy drain upon the national resources, and a serious obstacle in the way of a return to specie payments; they have shaken the public credit by raising dangerous questions in regard to the payment of the public debt; in connection with high taxes (to the necessity for which they have largely contributed) they are preventing ship building, and thereby the restoration of the commerce which was destroyed by the war; they are an excuse for (if indeed they do not necessitate) protective tariffs, and yet fail, by their fluctuating value, to protect the American manufacturer against his foreign competitor; they are filling the coffers of the rich, but, by reason of the high prices which they create and sustain, they are almost intolerable to persons of limited incomes. The language of one of the greatest men of modern times, so often, but not too often, quoted, is none too strong in its descriptions of the injustice and the evils of an inconvertible currency:

"Of all the contrivances for cheating the laboring classes of mankind, none has been more effectual than that which deludes them with paper money. Ordinary tyranny, oppression, excessive taxation—these bear lightly on the happiness of the mass of the community compared with a fraudulent currency and the robberies committed by depreciated paper. Our own history has recorded for our instruction enough, and more than enough, of the demoralizing tendency, the injustice, and the intolerable oppression, on the virtuous and well disposed, of a degraded paper currency authorized or in any way countenanced by Government."

The experience of all nations that have tried the experiment of inconvertible paper money has proved the truth of the eloquent words of Mr. Webster. If our country is in a measure prosperous with such an incubus upon it, it is because it is so magnificent in extent, so diversified in climate, so rich in soil, so abundant in minerals, with a people so full of energy, that even a debased currency can only retard, but not put a stop to its progress.

The Secretary still adheres to the opinion so frequently expressed by him, that a reduction of the paper circulation of the country until it appreciated to the specie standard was the true solution of our financial problem. But as this policy was emphatically condemned by Congress, and it is now too late to return to it, he recommends the following measures as the next best calculated to effect the desired result.

Agreements for the payment of coin seem to be the only ones, not contrary to good morals, the performance of which cannot be enforced in the courts. "Coin contracts" executed before the passage of the legal-tender acts, as well as those executed since, are satisfied in all the States except California, by the payment of the amounts called for in depreciated notes. This shackle upon commerce, this check upon our national progress, this restriction upon individual rights, should no longer be continued. If it be admitted that the condition of the country during the war, and for a time after its close, created a necessity for laws and decisions making promissory notes (fluctuating in value according to the result of battles and of speculative combinations) the medium in which contracts should be discharged, this necessity no longer exists. Steps should now be taken to give stability to business and security to enterprise; and to this end *specific contracts to be executed in coin* should at once be legalized. Perhaps no law could be passed which would be productive of better results with so little private or public inconvenience. Such a law would simply enable the citizen to do what the Government is doing in its receipts for customs, and in the payment of its bonded debt; it would merely authorize the enforcement of contracts voluntarily entered into, according to their letter. The effect of such a law would be to check the outflow of specie to other countries, by creating a necessity for the use of it at home; to encourage enterprises extending into the future, by removing all uncertainty in regard to the value of the currency with which they are to be carried on. Such a law would remove a formidable embarrassment in our foreign trade, would familiarize our people again with specie as the standard of value, and show how groundless is the apprehension so generally existing, that a withdrawal of depreciated notes or the appreciation of those notes to par, would produce a scarcity of money, by proving that specie, expelled from the country by an inferior circulating medium, will return again when it is made the basis of contracts, and is needed in their performance. Business is now necessarily speculative because the basis is unreliable. Currency, by reason of its uncertain future value, although usually plentiful in the cities, and readily obtained there at low rates on short time, with ample collaterals, is comparatively scarce and dear in the agricultural districts, where longer loans on commercial paper are required. Prudent men hesitate both to lend or to borrow for any considerable period, by reason of their inability to determine the value of the medium in which the loans are to be paid. With currency now worth seventy cents on the dollar, and which within six months may advance to eighty, or decline to sixty, is it strange that the flow is to the business centres, where it can be loaned "on call," leavingthe interior without proper supplies, at reasonable rates, for moving the crops and conducting other legitimate business? Is it strange that, in such an unsettled condition of the currency, gambling is active while enterprise halts, trade stagnates, and distrust and apprehension exist in regard to the future? It is not supposed that such a measure as is recommended will cure the financial evils which now afflict the country, but it will be a decided movement in the right direction, and the Secretary indulges the hope that it will receive the early and favorable consideration of Congress.

The legal-tender acts were war measures. By reference to the debates upon their passage, it will be perceived that, by all who advocated them, they were expected to be temporary only. It was feared that irredeemable Government notes, in the unfortunate condition of the country, could only be saved from great depreciation by being made a legal tender—the great fact not being sufficiently considered, that by possessing this character, their depreciation would not be prevented, but merely disguised. Hence it was declared that they should be "lawful money and a legal tender in payment of all debts, public or private, within the United States, except duties on imports and interest on the public debt." They were issued in an emergency for which it then seemed that no other provision could be made. They were, in fact, a forced loan, justified only by the condition of the country, and they were so recognized by Congress and the people. By no member of Congress and by no public journal was the issue of these notes as lawful money advocated of any other ground than that of necessity; and the question arises, should they not now, or at an early day, be divested of the character which was conferred upon them in a condition of the country so different from the present. The Secretary believes that they should, and he therefore recommends, in addition to the enactment by which contracts for the payment of coin can be enforced, that it be declared, *that after the first day of January, eighteen hundred and seventy, United States notes shall cease to be a legal tender in payment of all private debts subsequently contracted; and that after the first day of January, eighteen hundred and seventy-one, they shall cease to be a legal tender on any contract, or for any purpose whatever, except Government dues, for which they are now receivable.* The law should also authorize the conversion of these notes, at the pleasure of the holders, into bonds, bearing such rate of interest as may be authorized by Congress on the debt into which the present outstanding bonds may be funded. The period for which they would continue to be a legal tender would be sufficient to enable the people and the banks to prepare for the contemplated change and the privilege of their conversion would save them from depreciation. What has been said by the Secretary in his previous reports on the pernicious effects upon business and the public morals of inconvertible legal tender notes, and what is said in this report upon the advantages which would result from legalizing coin contracts, sustain this recommendation. It may not be improper, however, to suggest another reason for divesting these notes of their legal tender character by legislative action. Although the decisions of the courts have been generally favorable to the constitutionality of the acts by which they were authorized, grave doubts are entertained by many of the ablest lawyers of the country as to the correctness of these decisions; and it is to be borne in mind that they have not yet been sustained by the Supreme Court of the United States.

The illustrious lawyer and statesman, whose language upon the subject of irredeemable paper money has been quoted, in the Senate of the United States, on the twenty-first day of December, eighteen hundred and thirty-six, expressed the following opinion:

"Most unquestionably there is no legal tender in this country, under the authority of this Government or any other, but gold and silver, either the coinage of our own mints or foreign coins, at rates regulated by Congress. This is a constitutional principle, perfectly plain, and of the very highest importance. The States are expressly prohibited from making anything but gold and silver a legal tender in payment of debts, and although no such express prohibition is applied to Congress, yet, as Congress has no power granted to it in this respect but to coin money and to regulate the value of foreign coins, it clearly has no power to substitute paper or anything else for coin as a tender in payment of debts and in discharge of contracts. Congress has exercised this power fully in both its branches. It has coined money, and still coins it; it has regulated the value of foreign coins, and still regulates their value. The legal tender, therefore, the constitutional standard of value, is established, and cannot be overthrown. To overthrow it would shake the whole system.

It is by no means certain that the Supreme Court will differ from Mr. Webster upon this question, and no one can fail to perceive how important it is that the legislation recommended should precede a decision (from which there can be no appeal) that United States notes are not, under the Federal Constitution, a legal tender.

The receipts from customs for the last three years have been as follows:

For the fiscal year ending June 30, 1866	$179,046,651 58
For the fiscal year ending June 30, 1867	176,417,810 88
For the fiscal year ending June 30, 1868	164,464,599 56

While it appears from these figures that the customs receipts since the commencement of the fiscal year 1865 have been, in a revenue point of view, entirely satisfactory, the question naturally arises, what do these large receipts, under a high tariff, indicate in regard to our foreign trade and to our financial relations with foreign nations.

It is impossible to ascertain with precision the amount of our securities held in Europe, nor is there any perfectly reliable data for ascertaining, even, what amount has gone there annually since the first bonds were issued for the prosecution of the late war. In his report of 1866, the Secretary estimated the amount of United States securities of different kinds, including railroad and other stocks, held in Europe, at $600,000,000. He soon after became satisfied that this estimate was too low, by from one hundred to one hundred and fifty millions. It would be safe to put the amount so held at the present time, exclusive of stocks, at eight hundred and fifty millions of dollars, of which not less than six hundred millions are United States bonds, nearly all of which have left the United States within the last six years. The amount is formidable, and little satisfaction is derived from the consideration that these securities have been transferred in payment of interest and for foreign commodities; and just as little from the consideration that probably not over five hundred millions of dollars in gold values have been received for these eight hundred and fifty millions of debt. In this estimate of our foreign indebtedness, railroad and other *stocks* are not included, as they are not a debt, but the evidence merely of the ownership of property in the United States. Fortunately, for some years past individual credits have been curtailed, and our foreign and domestic trade, in this particular, has not been unsatisfactory. In addition, then, to the stocks referred to and the individual indebtedness, of the amount of which no accurate estimate can be made, Europe holds not less than eight hundred and fifty millions of American securities, on nearly all of which interest, and on the greater part of which interest in gold, is being paid. Nor, under the present revenue systems, and with a depreciated paper currency, is the increase of our foreign debt likely to be stayed. With an abundant harvest, and a large surplus of agricultural products of all descriptions, United States bonds are still creating, to no small extent, the exchange with which our foreign balances are being adjusted. We are even now increasing our debt to Europe at the rate of sixty or seventy millions of dollars per annum in the form of gold-bearing bonds.

The gold and silver product of California and the Territories since 1848 has been upwards of thirteen hundred millions of dollars. Allowing that one hundred millions have been used in manufactures, and that the coin in the country has been increased to an equal amount, the balance of this immense sum—eleven hundred millions—has gone to other countries in exchange for their productions. Within a period of twenty years, in addition to our agricultural products, and to our manufactures, which have been exported in large quantities, we have parted with eleven hundred millions of dollars of the precious metals, and are, nevertheless, confronted with a foreign debt of some eight hundred and fifty millions, which is steadily increasing; and all this has occurred under tariffs in a great degree framed with the view of protecting American against foreign manufacturers. But this is not all. During the recent war, most of our vessels engaged in the foreign trade were either destroyed by rebel cruisers or transferred to foreigners. Our exports, as well as our imports, are now chiefly in foreign bottoms. The carrying trade between the United States and Europe is almost literally in the handsof Europeans. Were it not for the remnant of ships still employed in the China trade, and the stand we are making by the establishment of a line of steamers on the Pacific, the coastwise trade, which is retained by the exclusion of foreign competition, would seem to be about all that can, under existing legislation, be relied upon for the employment of American shipping.

There are many intelligent persons who entertain the opinion that the country has been benefitted by the transfer of our bonds to Europe, on the ground that capital has been received in exchange for them, which has been profitably employed in the development of our national resources; and that it matters little whether the interest upon the debt is received by our own people or by the people of other countries. This opinion is the result of misapprehension of facts, and is unsound in principle. It is not to a large extent true that capital, which isbeing used in developing the national resources, has been received in exchange for the bonds which are held in Europe. While many articles, such as railroad iron, machinery, and raw materials, used in manufacturing—the value of which to the country is acknowledged—have been so received, a large proportion of the receipts have been of a different description. Our bonds have been largely paid for in articles for which no nation can afford to run in debt—for articles which have neither stimulated industry nor increased the productive power of the country, which have in fact added nothing to the national wealth. A reference to the custom-house entries will substantiate the correctness of these statements. Two-thirds of the importations of the United States consist of articles which, in economical times, would be pronounced luxuries. The war and a redundant currency have brought about unexampled extravagance, which can only be satisfied by the most costly products of foreign countries. No exception could be taken to such importations, if they were paid for in our own productions. This, unfortunately, is not the fact. They are annually swelling our foreign debt, without increasing our ability to pay it. How disastrous such a course of trade, if long continued, must be, it requires no spirit of prophecy to predict.

Nor is it an unimportant matter that the interest upon a large portion of our securities is received by citizens of other countries instead of our own. If the interest upon a public debt is paid out where the taxes to provide for it are collected, the debt, although a burden upon the mass of tax-payers who are not holders of securities, may be so managed as not to be a severe burden upon the nation. The money which goes into the Treasury by means of taxes will flow out again into the same community in the payment of interest; and were it not for the expenses attending it, the process would not, in a purely economical view, be an exhausting one. If the bonds of the United States were equally distributed among the people of the different States, there would be less complaint of the debt than is now heard. Anti-tax parties will attain strength only in those States in which few bonds are held. If the people of the West are more sensible of the burdens of Federal taxation than are those of the Eastern States, it is because they are not holders to the same extent of national securities. This inequality cannot, of course, be prevented by legal or artificial processes. The securities will be most largely held where capital is the most abundant; and they will be more equally distributed among the respective States—if not among the people—as the new States approach the older ones in wealth.

These manifest truths indicate how important it is that the debt of the United States should be a home debt, so that the money which is collected for taxes may be paid to our own people in the way of interest. In fact, a large national debt, to be tolerable, must of necessity be a home debt. A nation that owes heavily must have its own people for creditors. If it does not, the debt will be a dead weight upon its industry, and will be quite likely to force it eventually into bankruptcy. The United States are not only able to pay the interest on their debt, but to set a good example to other nations by steadily and rapidly reducing that debt. What is now required, as has been already intimated, are measures which will tend not only to prevent further exportation of our bonds, and in the regular course of trade to bring back to the country those that have been exported, but which will also tend to restore those important interests that are now languishing, as the result of the war and adverse legislation. The first and most important of these measures are those which shall bring about, without unnecessary delay, the restoration of the specie standard. The final difficulties under which the country is laboring may be traced directly to the issue and continuance in circulation of irredeemable promises as lawful money. The country will not be really and reliably prosperous until there is a return to specie payments. The question of a solvent, convertible currency underlies all other financial and economical questions. It is, in fact, a fundamental question; and until it is settled, and settled in accordance with the teachings of experience, all attempts at other financial and economical reforms will either fail absolutely or be but partially successful. A sound currency is the life-blood of a commercial nation. If this is debased, the whole current of its commercial life must be disordered and irregular. The starting point in reformatory legislation must be here. Our debased currencymust be retired or raised to the par of specie, or cease to be lawful money, before substantial progress can be made with other reforms.

Next in importance to the subject of the currency is that of the revenue. Taxes are indispensable for the support of the Government, for the maintenance of the public credit and the payment of the public debt. To tax heavily, not only without impoverishing the people, but without checking enterprise or putting shackles upon industry, requires the most careful study, not only of the resources of the country andits relations with other nations, but also of the character of the people as affected by the nature of their institutions. While much may be learned by the study of the revenue systems of European nations, which have been perfected by years of experience and the employment of the highest talent, it must be obvious that these systems must undergo very considerable modification sbefore they will be fitted to the political and physical condition of the United States. In a popular government like ours, wherethe people virtually assess the taxes, as well as pay them, the popular will, if not the popular prejudice, must be listened to in the preparation of revenue laws. Justice must in some instances, yield to expediency; and some legitmate sources of revenue may be unavailable because a resort to them might be odious to a majority of tax-payers. The people of the United States are enterprising and self-reliant. Most of them are the "architects of their own fortunes;" few the inheritors of wealth. Engaged in various enterprises, with constantly varying results, and in sharp competition with each other, they submit reluctantly to inquisitions of tax-gatherers, which might not be obnoxious to people less independent, and living under less liberal institutions. Then, too, the United States are a new country, of large extent and diversified interests; with great natural resources, in the early process of development. Not only may systems of revenue which are suited to England, or Germany, or France, be unsuited to this country, but careful and judicious observation and study are indispensable to the preparation of tax bills suited to the peculiar interests of its different sections. It was with a view of supplying Congress with such information as was needed to secure the passage of equal and wise excise and tariff laws, which would yield the largest revenue with the least oppression and inconvenience to the people, that a revenue commission was created in 1865. The creation of this commission was the first practical movement towards a careful examination of the business and resources of the country, with a view to the adoption of a judicious revenue system. The reports of this commission were interesting and valuable, and they exhibited so clearly the necessity for further and more complete investigations, that by the act of July 13, 1866, the Secretary of the Treasury was authorized to appoint an officer in his department, to be styled the special commissioner of revenue, whose duty it should be "to inquire into all the sources of national revenue, and the best method of collecting the revenue; the relation of foreign trade to domestic industry; the mutual adjustment of the systems of taxation by customs and excise, with a view of insuring the requisite revenue with the least disturbance or inconvenience to the progress of industry, and the development of the resources of the country, etc. Under this act Mr. David A. Wells was appointed special commissioner of the revenue. With what energy and ability he has undertaken the very difficult duties devolved upon him has been manifested by the reports which he has already submitted to Congress. That which accompanies, or will soon follow this communication, will prove more fully than those which have preceded it have done, the importance of the investigations in which he is engaged, and the judicious labor which he is bestowing upon them. The facts which he presents, and the recommendations based upon them, are entitled to the most careful consideration of Congress. These reports of the Commissioner are so complete that they relieve the Secretary from discussing elaborately the questions of which they treat. His remarks, therefore, upon the internal revenues and the tariff will be general and brief.

The following is a statement of receipts from internal revenues for the last three fiscal years:

For the year ending June 30, 1866	$309,226,813 42
For the year ending June 30, 1867	266,027,537 43
For the year ending June 30, 1868	191,087,589 41

It thus appears that the internal revenue receipts for the year ending June 30, 1867, fell below the receipts for the year ending June 30, 1866, $13,199,275 99, and that the receipts for the year ending June 30, 1868, fell short of the receipts for 1867, $74,939,948 02. The receipts for the first four months of the present fiscal year were $48,736,348 33. If the receipts for these months are an index of those for the remaining eight, the receipts for the present fiscal year will be $146,209,044.

This large reduction of internal revenue receipts is attributable both to inefficient collections and to a reduction of taxes. It is quite obvious that the receipts from customs cannot be maintained without an increase of exports or of our foreign debt. If the receipts from customs should be diminished, even with a large reduction of the expenses of the Government, our internal revenues must necessarily be increased. The first thing to be done is to introduce economy into all branches of the public service, not by reduced appropriations to be made good by "deficiency bills," but by putting a stop to all unnecessary demands upon the Treasury. There is no department of the Government which is conducted with proper economy. The habits formed during the war are still strong, and will only yield to the requirements of inexorable law. The average expenses of the next ten years for the civil service ought not to exceed forty millions of dollars per annum. Those of the War Department, after the bounties are paid, should be brought down to thirty-five millions of dollars, and those of the Navy to twenty millions. The outlays for pensions and Indians cannot for some years be considerably reduced, but they can doubtless be brought within thirty millions. The interest on the public debt when the whole debt shall be funded, at an average rate of interest of five per cent., will amount to one hundred and twenty-five millions, which will be reduced with the annual reduction of the principal.

When the internal revenue and tariff laws shall be revised so as to be made to harmonize with each other, it is supposed that three hundred millions can annually be realized from these sources, without burdensome taxation. How much shall be raised from each can be determined when the whole subject of revenue shall be thoroughly investigated by Congress, with the light shed upon it by Commissioner Wells in his exhaustive report of the present year. The Secretary does not doubt, however, that the best interests of the country will be subserved by a reduction of the tariff and an increase of excise duties.

According to this estimate, the account would stand as follows:

Receipts from customs and internal revenues	$300,000,000
Expenditures for the civil service	$40,000,000
Expenditures by the War Department	35,000,000
Expenditures by the Navy Department	20,000,000
Expenditures for pensions and Indians	30,000,000
Expenditures for interest on the public debt	125,000,000
Total	$250,000,000

Leaving, as an excess of receipts, $50,000,000 to be applied to the payment of the principal of the debt. If the growth of the country should make an increase of expenditures necessary, this increase will, by the same cause, be provided for by increased receipts under the same rate of taxation; and, as it is to be hoped that the regular increase of the revenues without an increase of taxation, resulting from the advance of the country in wealth and population, will be greater than the necessary increase of expenses, there will be a constantly increasing amount, in addition to that arising from a decrease of interest, to be annually applied to the payment of the debt. If large additional expenditures should be unavoidable, they should at once be provided for by additional taxes. What is required, then, at the present time, is a positive limitation of the annual outlays to three hundred millions of dollars, including fifty millions to be applied to the payment of the principal of the debt, and such modifications of the revenue laws will secure this amount, without unwise restrictions upon commerce, and with the least possible oppression and inconvenience to the tax-payers. In the foregoing estimates of resources, miscellaneous receipts and receipts from sales of public lands are omitted. The miscellaneous receipts heretofore have been derived from sales of gold and of property purchased by the War and Navy Departments during the war, and no longer needed. On a return to specie payments, there will be no premiums on coin, very little Government property will hereafter be sold, and under the homestead law, and with liberal donations of the public domain, which are likely to be made as heretofore, no considerable amount can be expected from lands. Whatever may be received from these sources will doubtless be covered by miscellaneous expenses, of which no estimate can be made.

The Act of March 31, 1868, exempting from taxes nearly all the manufactures of the country other than distilled spirits, fermented liquors, and tobacco, was sudden and unexpected. It not only deprived the Treasury of an immense revenue, but the reduction was so great as to leave an impression on the public mind that it would be only temporary, and that a tax in some degree equivalent to that which was removed would of necessity soon be resorted to. It is, perhaps, for this reason that this measure has failed to give relief to the public by a diminution of prices, and has benefited manufacturers rather than consumers. The frequent and important changes which have been made in the internal revenue laws, the ease with which exemptions from taxation have been obtained, and the suddenness with which taxes have been greatly augmented or reduced, have constituted one of the greatest evils of the system. Sudden changes in the revenue laws are not only destructive of all business calculations, but they excite—not unreasonably—a feeling of discontent and a sense of injustice among the people, most unfavorable to an efficient collection of taxes. While it is admitted that, in a new and growing country like ours, modifications of the taxes will be frequently necessary, some definite policy should at once be inaugurated in regard to our internal revenues, the general principles of which should be regarded as finally established.

Assuming that the receipts from customs will be reduced by a reduction of duties, or by the effects of a return to specie payments upon importations under the present tariff, and that, consequently, there must be an increase of internal taxes, there are three sources of revenue which are likely to be considered.

First. An increase of taxes upon distilled spirits.

The idea of deriving the bulk of the revenue from this article is a very popular one; and even our unfortunate experience has only partially convinced the public of its impossibility. The late exorbitant tax on distilled spirits, intended, perhaps, not merely as a revenue measure, but as an encouragement to temperance, proved to be the most demoralizing tax ever imposed by Congress, corrupting both the manufacturers and the revenue officers, and familiarizing the people with stupendous violations of the law. The restoration of it, or any considerable increase of the present tax, would lead to a repetition of the frauds which have brought the internal revenue system into such utter disgrace.

Second. A restoration of the tax on manufacturers abolished in March last.

The objections to the restoration of this tax are, that it would indicate vacillation on the part of Congress, and that this tax, principally on account of numerous exemptions, was partial and unjust. It is also apparent that, if restored, it would fail to be permanent by reason of the persistent and united hostility of a class of citizens influential and powerful, and whose influence and power are rapidly increasing.

Third. An increased and uniform tax on sales; and this the Secretary respectfully recommends.

Under the present law, wholesale and retail dealers in goods, wares, and merchandise of foreign or domestic production, wholesale and retail dealers in liquors, and dealers in tobacco, are subject to a similar but unequal tax upon sales. This inequality should be removed, and a tax levied upon all sales sufficient, with the revenues from other sources, to meet the wants of the Government. The reasons in favor of a tax upon sales are, that it could be levied generally throughout the country, and would not be liable to the imputation of class legislation; that it would be so equally distributed as not to bear so oppressively as other taxes upon individuals or sections; and that no depression of one branch of industry, which did not injuriously affect the business of the entire country, could greatly lessen its productiveness.

As has been already stated, the receipts from customs for the fiscal year, ending June 30. 1866, were, $179,046,651 58; for the year ending June 30, 1867, $176.417,810 88; and for the last fiscal year, $164,464,599 56. These figures show that the tariff has produced large revenues, although it is in no just sense a revenue tariff. In this respect it has exceeded the expectations of its friends, if, indeed, it has not disappointed them. It has not checked importations and complaint is made that it has not given the anticipated protection to home manufactures—not because it was not skillfully framed to this end, but because an inflated currency—the effect of which upon importations was not fully comprehended—has, in a measure, defeated its object. It has advanced the prices of dutiable articles, and, by adding to the cost of living, has been oppressive to consumers without being of decided benefit to those industries in whose interest it is regarded as having been prepared. In his last report, the Secretary recommended the extension of specific duties, but did not recommend a complete revision of the tariff, on the ground that this work could not be intelligently done as long as business was subject to constant derangement by an irredeemable currency. The same difficulty still exists, but as decided action upon the subject of the currency ought not to be longer postponed, the present may not bean unfavorable time for a thorough examination of the tariff. It is obvious that a revision of it is required, not only to relieve it of incongruities and obscurity, and to harmonize it with excise taxes and with our agricultural and commercial interests, but also to adapt it to the very decided change which must take place in the business of the country upon the restoration of the specie standard. Large revenues are now derived from customs, because a redundant currency produces extravagance, which stimulates importations. If the currency were convertible, and business were regular and healthy, the tariff would be severely protective, if not in many instances prohibitory. Indeed, of some valuable articles it is prohibitory already.

There will be in the future, as there have been in the past, widely different opinions upon this long vexed and very important subject; but the indications are decided that the more enlightened sentiment of the country demands that the tariff shall hereafter be a tariff for revenue and not for protection, and that the revenues to be derived from it shall be no larger than, in connection with those received from other sources, will be required for the economical administration of the Government, the maintenance of the public faith, and the gradual extinguishment of the public debt While the country is not at present, and may not be for many years to come, prepared for the abrogation of all restrictions upon foreign commerce, it is unquestionably prepared for a revenue tariff. The public debt is an incumbrance upon the property of the nation, and the taxes, the necessity for which it creates, by whatever mode and from whatever sources collected, are at last a charge upon the consumers. Taxes should not, therefore, be increased, nor will the tax payers permit them to be permanently increased, for the benefit of any interest or section Fortunately, or unfortunately, as the question may be regarded from different standpoints, the necessities of the Government will be such for many years that large revenues must be derived from customs, so that a strictly revenue tariff must incidently benefit our home manufactures. According to the estimate made by the Secretary, an annual revenue of three hundred millions will be required to meet the necessary demands upon the Treasury, and for a satisfactory reduction of the public debt. How much of this amount shall be derived from customs it will be for Congress to determine. In examining this difficult question, the magnitude of our foreign debt, and the necessity not only of preventing its increase, but of rapidly reducing it, must be kept steadily in view. It may be necessary that a large portion of our bonds now held in Europe be taken up with bonds bearing a lower rate of interest, payable in some European city, in order that they may be less likely to be returned to the United States at unpropitious times. Whether this is accomplished or not, it is of the last importance that our tax laws, and especially the tariff, should be so framed as to encourage exports and enlarge our commerce with foreign nations, so that balances may be in our favor, and the interest, and in due time the principal, of our foreign debt may be paid by our surplus productions. Many of the investigations of the Revenue Commissioner have been made with the view of furnishing Congress with the data necessary for a thorough examination and a wise determination of this most important question, and it is fortunate that the subsidence of political excitement removes many of the difficulties heretofore in the way of an impartial consideration of it.

The public debt on the 1st day of November, 1867, amounted to $2,491,504,450, and consisted of the following items:

Debt bearing coin interest	$1,778,110,991 80
Debt bearing currency interest	426,768,640 00
Matured debt not presented for payment	18,237,538 83
Debt bearing no interest	402,385,677 39
Total	$2,625,502,848 02
Cash in the Treasury	133,998,398 02
Amount of debt less cash in the Treasury	$2,491,504,450 00

On the first day of November, 1868, it amounted to $2,527,129,552.82, and consisted of the following items:

Debt bearing coin interest	$2,107,577,950 00
Debt bearing currency interest	114,519,000 00
Matured debt not presented for payment	9,753,723 64
Debt bearing no interest	409,151,898 42
Total	$2,641,002,572 06
Cash in the Treasury	113,873,019 24
Amount of debt less cash in the Treasury	$2,527,129,552 82

By a comparison of these statements it appears that the debt, between the first day of November, 1867, and the first day of November, 1868, increased $35,625,102 82. Of this increase, $24,152,000 is chargeable to the Pacific railroads, and $7,200,000 to the purchase of Russian America. Within the same period there was paid for bounties $44,060,515, and at least $4,000,000 for interest on compound and seven three-tenth notes, which had accrued prior to the first of November, 1867. If these extraordinary advances and payments had not been made, the receipts would have exceeded the expenditures $43,787,412 18. Considering the heavy reduction of internal taxes made at the last session of Congress, and the large expenditures which have attended the military operations against the Indians on the frontier, and the maintenance of large forces at expensive points in the Southern States, this statement of the amount of the debt cannot be regarded an unsatisfactory one. The bounties will, it is expected, be entirely paid within the next three months, and very little interest, except that which accrues upon the funded debt, is hereafter to be provided for. Should there be henceforth no extraordinary expenditures, and no further donations of public moneys in the form of bounties or of additional subsidies to railroad companies—with proper economy in the administration of the General Government, and with judicious amendments of the revenue laws, and proper enforcement thereof, the public debt, without oppressive taxation, can be rapidly diminished, and easily extinguished within the period heretofore named by the Secretary.

The ability of the United States to maintain their integrity against insurrection, as well as against a foreign enemy, can no longer be doubted. The question of their ability, under democratic institutions, to sustain a large national debt is still to be decided. That this question should be affirmatively settled, it is, in the opinion of the Secretary, of the highest importance that the tax-paying voters should be encouraged by the fact that the debt is in the progress of rapid extinguishment, and is not to be a permanent burden upon them and their posterity. If it be understood that this debt is to be a perpetual incumbrance upon the property and industry of the nation, it is certainly to be feared that the collection of taxes necessary to pay the interest upon it may require the exercise of power by the Central Government, inconsistent with republicanism, and dangerous to the liberties of the people. The debt must be paid. Direct repudiation is an impossibility; indirect repudiation, by further issues of legal-tender notes, would be madness. To insure its payment without a change in the essential character of the Government every year should witness a reduction of its amount and a diminution of its burdens. The Secretary is confident that he expressed the sentiments of the intelligent tax-payers of the country when he said in his report of 1865:

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

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

"The Secretary respectfully suggests that on this subject the expression of Congress should be decided and emphatic. It is of the greatest importance in the management of a matter of so surpassing interest that the right start should be made. Nothing but revenue will sustain the national credit, and nothing less than a fixed policy for the reduction of the public debt will be likely to prevent its increase."

And in his report of 1867, when he remarked:

"Old debts are hard debts to pay; the longer they are continued, the more odious they become. If the present generation should throw the burden ofthis debt on the next, it will be quite likely to be handed down from one generation to another, a perpetual, if not a constantly increasing burden upon the people. Our country is full of enterprise and resources. The debt will be lightened every year with great rapidity by the increase of wealth and population. With a proper reduction in the expenses of the Government, with a revenue system adapted to the industry of the country, and not oppressing it, the debt may be paid before the expiration of the present century. The wisdom of a policy which shall bring about such a result is vindicated in advance by the history of nations whose people are burdened with inherited debts, and with no prospect of relief for themselves or their posterity."

In his last report, the Secretary referred to the condition of the Treasury at the close of the war, and at some subsequent periods, alluding especially to the emergency in the spring of 1865, arising from the very large requisitions which were waiting for payment, and the still larger requisitions that were to be provided for to enable the War Department to pay arrearages due to the army, and other expenses which had already been incurred in the suppression of the rebellion. In briefly reviewing the administration of theTreasury, from April, 1865, he did not think it necessary to state how much of the large revenue receipts had been expended in the payment of debts incurred during the war; and he would not undertake to do it now, did not misapprehension exist in the public mind in regard to the expenditures of the Government since the conclusion of hostilities, prejudicial to both the law-making and the law-executing branches of the Government.

The war was virtually closed in April, 1865. On the first day of that month the public debt amounted, according to the books and accounts of the department, to $2,366,955,077.34. On the first day of September following it amounted to $2,757,689,571.43, having increased in four months $390,734,494.09. From that period it continued to decline until November 1, 1867, when it had fallen to $2,491,504,450. On the first day of November last, it had risen to $2,527,129,552.82. By this statement it appears that between the first day of April, 1865, and the first day of September of the same year, the debt increased $390,734,494.09, and that between the first day of September, 1865, and the first day of November, 1868, it decreased $230,560,018.61; and that on the last day mentioned it was $160,174,475.48 larger than it was on the first day of April, 1865. Since then the Treasurer's receipts from all sources of revenue have been as follows:

For April, May, and June, 1865	$83,519,164 13
For the year ending June 30, 1866	558,032,620 06
For the year ending June 30, 1867	490,634,010 27
For the year ending June 30, 1868	405,638,083 32
June 30 to November 1, 1868	124,652,184 42
Total of receipts	$1,662,476,062 20
To which should be added the increase of the debt between the first day of April, 1865, and the first day of November, 1868	160,174,475 48
Total	$1,822,650,537 68

This exhibit shows that the average sum of $1,822,650,537.68 was expended in the payment of the interest and of other demands upon the Treasury in three years and seven months, being an average annual expenditure of $508,646,061.68.

If the statement of the public debt on the 1st day of April, 1865, had included all debts due at that time, and $1,822,650,537.68 had really been expended in payment of the interest on the public debt, and the current expenses of the Government between that day and the first day of November last, there would have been a profligacy and a recklessness in the expenditures of the public moneys discreditable to the Government and disheartening to tax-payers. Fortunately this is not the fact. That statement (as is true of all other monthly statements of the Treasury) exhibited only the adjusted debt, according to the books of the Treasury, and did not, and could not, include the large sums due to the soldiers of the great Union army (numbering at that time little less than a million of men) for "pay" and for "bounties," or on claims of various kinds which must of necessity have been unsettled. For the purpose of putting this matter right, the Secretary has endeavored to ascertain from the War and Navy Departments how much of their respective disbursements, since the close of the war, has been in payment of debts properly chargeable to the expenses of the war. The following is the result of his inquiries:

By the War Department	$595,431,125 90
By the Navy Department	35,000,000 00

It has been impossible to obtain an exact statement of the amount of such debts paid by the Navy Department, but sufficient information has been received to justify the Secretary in estimating in round numbers at thirty-five millions, which is probably an under rather than over estimate. The expenditures of the War Department have been furnished in detail, and are believed to be substantially correct.

These figures show that the money expended by the War and Navy Departments, between the first day of April, 1865, and the first day of November, 1868, on claims justly chargeable to the expenses of the war amounted to

chargeable to the expenses of the war amounted to	$630,431,125 90
To which should be added amount advanced to the Pacific roads	42,194,000 00
Amount paid for Alaska	7,200,000 00
Total	$679,825,125 90

Deducting this sum from the amount of the revenues, $1,662,476,062 20, and $160,174,475 48, the increase of the public debt—the remainder, $1,142,825,411 78, or an average of $318,928,021 89 per annum, is the amount actually expended in the payment of current expenses and interest.

It is thus shown that within a period of three years and seven months, the revenues or the receipts from all sources of revenue reached the enormous sum of $1,662,496,062 20, and that $630,431,125 90 were paid on debts which were actually due at the close of the war, and for bounties which, like the pay of the army, were a part of the expenses of the war. Adding the amount thus paid to the debt, as exhibited by the books of the Treasury on the first day of April, 1865, it appears that the debt of the United States at that time was $2,997,386,203 24, and that the actual reduction has been $470,256,650 42; and but for the advances to the Pacific roads, and the amount paid for Alaska, would have been $519,650,650 42.

Nothing can better exhibit the greatness of the resources of this young nation than this statement, or show more clearly its ability to make "short work" of the extinguishment of the public debt. It will be borne in mind that these immense revenues have been collected, while one-third part of the country was in a state of great destitution, resulting from its terrible struggle to separate itself from the Union, with its political condition unsettled, and its industry in a great degree paralyzed; and while, also, the other two-thirds were slowly recovering from the drain upon their productive labor and resources—a necessary accompaniment of a gigantic and protracted war.

The Secretary has noticed with deep regret indications of a growing sentiment in Congress—notwithstanding the favorable exhibits which have been made from time to time of the debt-paying power of the country—in favor of a postponement of the payment of any part of the principal of the debt until the national resources shall be so increased as to make the payment of it more easy. If this sentiment shall so prevail as to give direction to the action of the Government he would feel that a very great error had been committed, which could hardly fail to be a severe misfortune to the country. The people of the United States will never be so willing to be taxed for the purpose of reducing the debt as at the present time. Now, the necessity for its creation is better understood and appreciated than it can be at a future day. Now it is regarded by a large majority of tax-payers as a part of the great price paid for the maintenance of the Government, and, therefore, a sacred debt. The longer the reduction of it is postponed, the greater will be the difficulties in the way of accomplishing it, and the more intolerable will seem to be the burden of taxation. The Secretary, therefore, renews the recommendations made in his first report, that a certain definite sum be annually applied to the payment of the interest and the principal of the debt. The amount suggested was two hundred millions of dollars. As the debt is considerably smaller than its maximum was estimated at, the amount to be so applied annually might now safely be fixed at one hundred and seventy-five millions of dollars, according to the estimate already made in this report.

The subject of the currency in which the five-twenty bonds may be paid—agitated for some time past—was freely discussed during the recent political canvass, and made a question upon which parties, to some extent, were divided. The premature and unfortunate agitation and discussion of this question have been damaging to the credit of the Government, both at home and abroad, by exciting apprehensions that the good faith of the nation might not be maintained, and have thus prevented our bonds from advancing in price, as they otherwise would have advanced, after it was perceived that the maximum of the debt had been reached, and have rendered funding at a low rate of interest too unpromising to be undertaken. In his report in 1865, the Secretary used the following language:

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

Without intending to criticise the inaction of Congress in regard to a matter of so great importance, the Secretary does not hesitate to say that, if his recommendations had been adopted, the public debt would have been much less than it is, and that the reduction of the rate of interest would ere this have been in rapid progress. The Secretary does not think it necessary to discuss the question in this report. His opinions upon it are well known to Congress and the people. They were definitely presented in his report for 1867, and they remain unchanged. He begs leave merely to suggest, as he has substantially done before, that alleviationof the burden of the public debt is to be obtained—not in a decrial of the national credit; not in threats of repudiation; not in a further issue of irredeemable notes; not in arguments addressed to the fears of the bondholders; but in a clear and explicit declaration by Congress that the national faith, in letter and spirit, shall be inviolably maintained; that the bonds of the United States, intended to be negotiated abroad, as well as at home, are to be paid—when the time of payment arrives—in that currency which is alone recognized as money in the dealings of nation with nation. Let Congress say this promptly, and there can be but little doubt that the credit of the Government will so advance that within the next two years the interest on the larger portion of the debt can be reduced to a satisfactory rate. He, therefore, earnestly recommends that it be declared, without delay, by joint resolution, that the principal of all bonds of the United States is to be paid in coin.

It is also recommended that the Secretary be authorized to issue $500,000,000 of bonds, $50,000,000 of which shall mature annually; the first $50,000,000 to be payable, principal and interest, in lawful money—the principal and interest of the rest in coin; and also such further amount of bonds as may be necessary to take up the outstanding six per cents and the non-interest bearing debt, payable in coin thirty days after date, and redeemable at any time after ten years at the pleasure of the Government—the interest to be paid semi-annually in coin, and in no case to exceed the rate of five per cent.; provided that the Secretary may, in his discretion, make the principal and interest of $500,000,000 of these bonds payable at such city or cities in Europe as he may deem best.

The fact that, according to the recommendation, $50,000,000 of the bonds to be issued are to become due each year for ten consecutive years (at the expiration of which time all of the bonds would be under the control of the Government) would ensure an annual reduction of $50,000,000 of the public debt, and impart a credit to the other bonds which would ensure the negotiation of them on favorable terms.

Of the expediency of an issue of bonds corresponding, to some extent, in amount with those held in Europe—the interest and principal of which shall be paid in the countries where they are to be negotiated—there can be but little doubt. On this point, the Secretary used the following language in his report of 1866:

"The question now to be considered is not how shall our bonds be prevented from going abroad—for a large amount has already gone, and others will follow as long as our credit is good, and we continue to buy more than we can pay for in any other way—but how shall they be prevented from being thrown upon the home market, to thwart our efforts in restoring the specie standard? The Secretary sees no practicable method of doing this at an early day, but by substituting for them bonds, which being payable, principal and interest, in Europe, will be less likely to be returned when their return is the least to be desired.

The holders of our securities in Europe are now subject to great inconvenience, and not a little expense in collecting their coupons; and it is supposed that five per cent., or, perhaps, four-and-a-half per cent. bonds, payable in London or Frankfort, could be substituted for our six per cents, without any other expense to the United States than the trifling commission s to the agents through whom the exchanges might be made. The saving of interest to be thus effected would be no inconsiderable item; and the advantages of having our bonds in Europe placed in the hands of actual investors is too important to be disregarded.'

The Secretary has nothing further to say on this point than that careful reflection has only strengthened his convictions of the correctness of the views expressed in the foregoing extract.

In recommending the issue of bonds bearing a lower rate of interest, to be exchanged for the outstanding six per cents, the Secretary must not be understood as having changed his opinion in regard to the expediency or the wisdom of the recommendation in his last report:

"That the act of March 3, 1865, be so amended as to authorize the Secretary of the Treasury to issue six per cent. gold-bearing bonds, to be known as the consolidated debt of the United States, having twenty years to run, and redeemable, if it may be thought advisable, at an earlier day, to be exchanged at par for any and all other obligations of the Government, one-sixth part of the interest on which, in lieu of all other taxes, at each semi-annual payment, shall be reserved by the Government, and paid over to the States according to population."

He refers to what he then said in advocacy of that recommendation, as an expression of his well-considered opinions at the present time, and he is only prevented from repeating the recommendation by the fact that it met with little approval at he tlast session, and has not grown into favor since. He sincerely hopes that the future history of the debt will vindicate the wisdom of those who are unable to approve the proposition.

The following is a statement of the public debt of the 1st of July, 868:

DEBT BEARING COIN INTEREST.		
5 per cent bonds	$221,588,400 00	
6 per cent bonds of 1867 and 1868	6,893.441 80	
6 per cent bonds, 1881	283,677.200 00	
6 per cent 5-20 bonds	1,557,844,600 00	
Navy pension fund	12,000,000 00	
		$2,083,003,641 80
DEBT BEARING CURRENCY INTEREST.		
6 per cent bonds	$29,089,000 00	
3 year compound interest notes	21,604,890 00	
3-year 7-30 notes	25,534,900 00	
3 per cent certificates	50,000,000 00	
		126,228,790 00
MATURED DEBT NOT PRESENTED FOR PAYMENT.		
3-year 7-30 notes, due August 15, 1867, and June 15, and July 15, 1868	$12,182,750 00	
Compound interest notes, matured June 10, July 15, August 15, October 15, and December 15, 1867, and May 15, 1868	6,556,920 00	
Bonds, Texas indemnity	256,000 00	
Treasury notes acts July 17, 1861, and prior thereto	155,111 64	
Bonds, April 15, 1842	6,000 00	
Treasury notes, March 3, 1863	555,492 00	
Temporary loan	797,029 00	
Certificates of indebtedness	18,000 00	
		20,527,302 64
DEBT BEARING NO INTEREST.		
United States notes	$356,141,723 00	
Fractional Currency	32,626,951 75	
Gold certificates of deposit	17,678,640 00	
		406,447,314 75
Total debt		$2,636,297,049 19
Amount in Treasury, coin	$100,500,561 28	
Amount in Treasury, currency	30,505,970 97	
		131,066,532 25
Amount of debt, less cash in Treasury		$2,505,200,516 94

The following is a statement of receipts and expenditures for the fiscal year ending June 30, 1868:

Receipts from customs	164,464,599 66
Receipts from lands	1,318,715 41
Receipts from direct tax	1,788,145 85
Receipts from internal revenue	191,087,589 41
Receipts from miscellaneous sources (of which amount there was received for premium on bonds sold to redeem Treasury notes, the sum of $7,078,203 42)	46,949,033 09
Total receipts, exclusive of loans	

Expenditures for the civil service (of which amount there was paid for premium on purchase of Treasury notes prior to maturity, $7,001,151 004)	$60,011,018 71	
Expenditures for pensions and Indians	27,883,069 10	
Expenditures by War Department	123,246,648 62	
Expenditures by Navy Department	25,775,502 72	
Expenditures for interest on the public debt	140,424,045 71	
Total expenditures, exclusive of principal of public debt		$377,340,284 86

The following is a statement of receipts and expenditures for the quarter ending September 30, 1868:

The receipts from customs	$49,676,594 67	
The receipts from lands	714,895 03	
The receipts from direct tax	15,536 02	
The receipts from internal revenue	38,735,863 08	
The receipts from miscellaneous sources (of which amount there was received from premium on bonds sold to redeem Treasury notes the sum of $587,725 12)	6,249,979 97	
Total receipts, exclusive of loans		$95,392,868 77
Expenditures for the civil service (of which amount there was paid, as premium on purchase of Treasury notes prior to maturity, $300,000)	$21,227,106 33	
Expenditures for—		
Pensions and Indians	12,358,647 70	
War Department	27,219,117 02	
Navy Department	5,604,785 33	
Interest on public debt	38,742,814 37	
Total expenditures, exclusive of principal of public debt		$105,152,470 75

The Secretary estimates that, under existing laws, the receipts and expenditures for the three quarters ending June 30, 1869, will be as follows:

From Customs	$125,000,000 00	
Lands	1,000,000 00	
Internal revenue	100,000,000 00	
Miscellaneous sources	20,000,000 00	
Receipts		$246,000,000 00

And that the expenditures for the same period, if there be no reduction of the army, will be:

For the civil service	$40,000,000 00	
Pensions and Indians	18,000,000 00	
War Department, including $6,000,000 bounties	66,000,000 00	
Navy Department	16,000,000 00	
Interest on public debt	91,000,000 00	
Expenditures		$231,000,000 00

The receipts and expenditures under existing laws for the fiscal year ending June 30, 1870, are estimated as follows:

From Customs	$160,000,000 00	
Internal revenue	140,000,000 00	
Lands	2,000,000 00	
Miscellaneous sources	25,000,000 00	
Receipts		$327,000,000 00

The expenditures for the same period, if the expenses of the army should be kept up to about the present average, will be as follows:

For the civil service	$50,000,000 00	
Pensions and Indians	30,000,000 00	
War Department	75,000,000 00	
Navy Department	20,000,000 00	
Interest on public debt	128,000,000 00	
Expenditures		$303,000,000 00

The accompanying report of the Commissioner of Internal Revenue gives the necessary information in regard to the bureau, and contains many very judicious recommendations and suggestions, which are worthy the careful consideration of Congress.

The internal branch of the revenue service is the one in which the people feel the deepest interest. The customs duties are collected at a few points, and although paid eventually by the consumers, they are felt only by the great mass of the people in the increased cost of the articles consumed. Not so with the internal taxes. These are collected in every part of the Union; and their burdens fall, to a large extent, directly upon the tax-payers. Assessors, collectors, inspectors, detectives — necessary instruments in the collection of the revenues—are found in every part of the country. There is no village or rural district where their faces are not seen, and where collections are not made. The eyes of the whole people are therefore directed to this system, and it is of the greatest importance that its administration should be such as to entitle it to public respect. Unfortunately this is not the case. Its demoralization is admitted; and the question arises, where is the remedy? The Secretary is of opinion that it is to be found in suchamendments to the act as will equalize the burdens of taxation, and in an elevation of the standard of qualification for revenue offices.

Upon the subject of internal taxes the Secretary has already spoken. In regard to the character of the revenue officers, he has only to say that there must be a decided change for the better in this respect, if the system is to be rescued from its demoralized condition. After careful reflection the Secretary has come to the conclusion that this change would follow the passage of the bill reported by Mr. Jenckes, from the Joint Committee on Retrenchment and Reform, on the 14th of May last, entitled "A bill to regulate the civil service and promote the efficiency thereof." The Secretary gives to this bill his hearty approval, and refers to the search which was made upon its introduction, by the gentleman who reported it, for an able and lucid exposition of its provisions, and for a truthful and graphic description of the evils of the present system of appointments to office.

On the 5th day of October last, the day for their regular quarterly reports, the number of national banks was sixteen hundred and forty-four, seventeen of which were in voluntary liquidation.

Their capital was	$420,634,511 00
Their discounts	655,875,277 35
Their circulation	295,684,244 00
Their deposits	601,830,278 40

In no other country was so large a capital ever invested in banking, under a single system, as is now invested in the national banks; never before were the interests of a people so interwoven with a system of banking as are the interests of the people of the United States with their national banking system. It is not strange, therefore, that the condition and management of the national banks should be, to them and to their representatives, a matter of the deepest concern. That the national banking system is a perfect one is not asserted by its friends; that it is a very decided improvement, as far as circulation is regarded, upon the systems which it has superseded, must be admitted by its opponents. Before it was established, the several States, whether in conformity with the Constitution or not—jointly with the General Government, during the existence of the charter of the U. S. Bank, and solely after the expiration of that charter—exercised the power of issuing bills of credit, in the form of bank notes, through institutions of their own creation, and thus controlled the paper money, and thereby, in no small degree, the business and commerce of the country. In May, 1863, when the National Currency Bureau was established in Washington, some fifteen hundred banks, organized under State laws, furnished the people of the United States with a bank-note currency. In some of the States the banks were compelled to protect, partially at least, the holders of their notes against loss, by deposits of securities with the proper authorities. In other States, the capital of the banks (that capital being wholly under the control of their managers) was the only security for the redemption of their notes. In some States there was no limit to the amount of notes that might be issued, if secured according to the requirements of their statutes, nor any necessary relation of circulation to capital. In others, while notes could be issued only in certain proportions to capital, there was no restriction upon the number of banks that might be organized. The notes of a few banks, being payable or redeemable at commercial centres, were current in most of the States, while the notes of other banks (perhaps just as solvent) were uncurrent beyond the limits of the States by whose authority they were issued. How valueless were the notes of many of the State banks is still keenly remembered by the thousands who suffered by their insolvency. The direct losses sustained by the people by an unsecured bank-note circulation, and the indirect losses to the country resulting from deranged exchanges, caused by a local currency constantly subject to the manipulations of money-changers, and from the utter unsuitableness of such a currency to the circumstances of the country, can be counted by millions. It is only necessary to compare the circulation of the State banks with that furnished by the national banks, to vindicate the superiority of the present system. Under the national banking system, the Government, which authorizes the issue of bank notes, and compels the people to receive them as money, assumes its just responsibility, and guarantees their payment. This is the feature which especially distinguishes it from others, and gives to it its greatest value.

The object of the Secretary, however, in referring to the national banks, is not to extol them, but to call the attention of Congress to the accompanying instructive report of the Comptroller of the Currency, especially to that part of it which exhibits the condition and management of the banks in the commercial metropolis, and to the amendments proposed by him to the act.

On the fifth day of October last, the loans or discounts of the banks in the City of New York amounted to $163,634070 23 only $90,000,000 of which consisted of commercial paper, the balance, being chiefly made up of what are known as loans on call—that is to say, of loans on collaterals, subject to be called in at the pleasure of the banks. Merchants or manufacturers cannot, of course, borrow on such terms, and it is understood that these loans are confined mainly to persons dealing, or rather speculating, in stocks or coin. This statement shows to what extent the business of the banks in New York has been diverted from legitimate channels, and how deeply involved the banks have become in the uncertain and pangerous speculations of the street.

The deposits of these institutions on the day mentioned amounted to $226,645,655 80, and of their assets, $113,332,688 20, consisted of certain cash items which were in fact mainly certified checks, which had been passed to the credit of depositors, and constituted a part of the $226,645,655 80 of deposits, although the banks always deduct such checks from their deposits in making up their statement for the payment of interest, and their estimates for reserves. It is understood to be the practice of a number of the banks (perhaps the practice exists to a limited extent in all) to certify the checks of their customers in advance of the deposits out of which they are expected to be paid; in other words, to certify checks to be good, under an agreement between the banks and the drawers, that the money to protect them shall be deposited during the day, or at least before the checks, which go through the clearing-house, can be presented for payment. The Secretary has learned with great surprise that a number of banks—generally regarded as being under judicious management—certify in a single day the checks of stock and gold brokers to many times the amount of their capitals, with no money actually on deposit for the protection of the checks at the time of their certification. A more dangerous practice, or one more inconsistent with prudent, not to say honest banking, cannot be conceived. It is unauthorized by the act, and should be prohibited by severe penalties. Aside from the risk incurred by this reckless method of banking, the effect of such practice is to foster speculation by creating inflation. It is in fact part and parcel of that fictitious credit which is so injurious to the regular business of the city, and to the business of all parts of the country, which feel and are affected by the pulsations of the commercial centre. It is this very dangerous practice, combined with the more general practice of making loans "on call," which leads to unsafe extensions of credits, and makes many of the banks in New York helpless when the money market is stringent. Can anything be more discreditable to the banks of the great emporium of the country, or afford more conclusive evidence of their imprudent management, than the fact, that with a capital—including their surplus and their undivided profits—of one hundred millions of dollars, the withdrawal from circulation of ten or fifteen millions of legal-tender notes, by combinations for speculative purposes, can create a money stringency, by which not only the stock market is broken down, but the entire business of the city and to some extent the business of the country is injuriously affected. If the banks were no more extended than they ought to be, or had proper control over theircustomers, no such combinations would be likely to be formed, or if formed, they would utterly fail of their object.

These remarks do not, of course, apply to all the banks in New York, for some of them are strictly commercial institutions, and are under the control of men who are distinguished alike for their talents and their conservatism. They are, however, applicable to them as a class, and they undoubtedly apply in some measure to many banks in other cities.

The recommendation of the Comptroller, that all national banks be prohibited by law from certifying checks which are not drawn upon deposits actually existing at the time the checks are certified to be good, is heartily concurred in.

The Secretary has long entertained the opinion that the practice of paying interest on deposits—tending, as it does, to keep the banks constantly extended in their discounts—is injudicious and unsafe He therefore approves of the recommendation of the Comptroller, that national banks be prohibited from paying interest on bank or individual balances.

The Secretary also agrees with the Comptroller in his recommendation that authority be given to him to call upon the banks for reports on days to be fixed by himself. If a reserve is necessary, it should be kept constantly on hand, and the business of the country ought not to be disturbed by the preparation of the banks for the quarterly reports.

The views of the Secretary in regard to the necessity of a central redeeming agency for the national banks have been frequently presented, and it is not necessary for him to repeat them.

There are other suggestions in the Comptroller's report deserving the attention of Congress, which the Secretary lacks the time to consider. There is one subject, however, not discussed by the Comptroller, to which the Secretary invites special attention.

Although the national banking system should be relieved from the limitation now imposed upon the aggregate amount of notes that may be issued, this cannot safely be done as long as the suspension of specie payments continues. Nevertheless, measures should at once be adopted to remedy, as far as practicable, the inequality which exists in the distribution of the circulation. As the Government has, by the tax upon the notes of State banks, deprived the States of the power of furnishing facilities to their citizens, it is obviously just that those States, which are thus deprived of these facilities, or which do not share equally with other States in the benefits of the national banking system, should be supplied with both banks and notes. There are two modes by which this may be accomplished. One by reducing the circulation of the banks of large capital only; the other by limiting the amount of notes to be furnished to all the banks—say, to seventy per cent. of their respective capitals. The latter mode is preferable, as by it no discrimination would be made between the banks, and all would be strengthened by a reduction of their liabilities, and by a release of a part of their means now deposited with the Treasurer, which would be of material service to them in the preparation they must make for a return to specie payments. If a redeeming agency should be established, the reduction of the circulation of the existing banks could be effected as rapidly as new banks can be organized in the Western and Southern States, where they are needed.

The new Territory of Alaska has been the object of much attention during the past year, but its distance, and the uncertainty and infrequency of communication with it, and our imperfect knowledge of its condition, have somewhat embarrassed the department in organizing therein a satisfactory revenue system.

Under the authority of the act of the last session, the administration, by special agency (which in the absence of the regular machinery was of necessity resorted to) has been superseded by the appointment of a collector to reside at Sitka, who left for his post in September last, and has probably, ere this, entered upon the discharge of his duties.

A gentleman from this department accompanied him, to assist in establishing the collection service on a proper foundation, and in perfecting arrangements for the prevention of smuggling.

Recognizing also the vast importance of reliable information on matters not immediately connected with these objects, but having nevertheless a most important bearing upon them, more or less direct, another agent, long familiar with that country, was, at the same time, dispatched with directions to apply himself to the ascertainment of its natural resources, the inducements and probable channels of trade, and the needs of commerce in the way of lights and other aids to navigation. He was also particularly entrusted with a supervision of the fur interests and the enforcement of the law prohibiting the killing of the most valuable fur-bearing animals.

The existence of coal at numerous points has been known for years, and some of the beds were worked by the Russians with indifferent success; none, however, has been hitherto procured on the North American Pacific coast equal to that from the Nanaimo mines, on Vancouver's Island; and this, though raised from a considerable depth, is not of superior quality. The officers of the cutters were therefore instructed to explore the coast as far as practicable, for the purpose of ascertaining the supply and the quality of coal in the Territory. A number of localities producing coal were visited, including the abandoned Russian mines, but at none did the outcroppings exhibit any flattering promise, except on the coast of Cook's inlet. There, near Fort Kenay, about seven hundred miles from Sitka, were found upon the cliffs numerous parallel veins extending many miles along the shore. Some of the coal taken from them proved to be superior to that from the Nanaimo mines. The indications are that the supply is abundant and the quality fair.

The protection of the fur-bearing animals is a matter of importance hardly to be overrated. In consequence of information received last spring, the captain of the Wayanda was directed to visit, as early in the season as practicable, the islands in Behring's Sea, where the fur seal chiefly abounds. On his arrival at St. Paul's and St. George's Islands, he found there several large parties engaged in hunting the animals indiscriminately, and in traffic with the natives in ardent spirits and other forbidden articles. Quarrels had arisen, and the natives complained that the reckless and unskilful movements of the new hunters had already driven the animals from some of their usual haunts. The captain of the cutter instituted such measures as he felt authorized to institute for the maintenance of the peace, and the protection of the animals from indiscriminate slaughter.

The preservation of these animals, by the observance of strict regulations in hunting them, is not only a matter of the highest importance in an economical view, but a matter of life or death to the natives. Hitherto, seals have been hunted under the supervision of the Russian Company, and exclusively by the natives, who are trained from children to that occupation, and derive from it their clothing and subsistence. They have been governed by exact and stringent rules as to the time of hunting, and the number and kind of seals to be taken. It is recommended that these rules be continued by legal enactment, and that the existing law prohibiting absolutely the killing of the fur seal and sea otter be repealed, as starvation of the people would result from its strict enforcement. The natives (with the exception of the Indians in the southern part of the territory, who are fierce and warlike) are a gentle, harmless race, easy to govern, but of great enterprise and daring in the pursuit of game—many of them passing annually in their skin canoes from the mainland and Aleutian Islands to the Islands of St. Paul and St. George, a distance of about one hundred and fifty miles, through a strong sea, and returning with the proceeds of their hunt.

The seals are extremely timid and cautious. They approach their accustomed grounds each year with the greatest circumspection, sending advance parties to reconnoitre, and at once forsaking places where they are alarmed by unusual or unwelcome visitors. They have been in this way driven from point to point, and have taken refuge in these remote islands, whence, if they are now driven, they must resort to the Asiatic coast. There can be no doubt that, without proper regulations for hunting these valuable animals, and the more valuable but less numerous sea otters, a very profitable trade will soon be entirely destroyed.

The United States cannot, of course, administer such a trade as a Government monopoly, and the only alternative seems to be to grant the exclusive privilege of taking these animals to a responsible company for a series of years, limiting the number of skins to be taken annually by stringent provisions. A royalty or tax might be imposed upon each skin taken, and a revenue be thus secured sufficient to pay a large part of the expenses of the Territory.

Our relations with the Hudson Bay Company and the regulation of the transit of merchandise between their interior trading posts and the sea-coast, by way of Stikine river, will doubtless require early attention, but at present the Secretary is not sufficiently advised to offer any recommendations upon the subject.

The recent political changes in Spain, and the indications of a more liberal commercial policy on her part before the revolution took place, adds force to the remarks and recommendation of the Secretary in his last report, in regard to our commercial relations with that country, He again strongly recommends the repeal of the acts of July 13, 1832, and June 30, 1834, so that Spanish vessels may be subject to our general laws, which are ample to afford protection against unfriendly Spanish legislation, and are free from the innumerable difficulties of administration which exist under these special enactments.

The Secretary asks attention to the necessity of more exact and stringent laws respecting the carriage of passengers, and also of such legislation as shall settle, so far as they can be settled in this manner, some of the vexed questions arising under steamboat laws.

It is necessary merely to repeat what has been at other times stated in regard to the insufficiency of the tax fund to meet the necessary expenses of the marine hospitals, notwithstanding the economy which, during the past year, has reduced the expenditures more than $12,000. It is impossible to ignore the fact that these hospitals are, and must be, unless the rate of tax is greatly increased, a constant drain upon the Treasury.

The revenue cutter service now comprises twenty-five steamers and seventeen sailing vessels. Of the six steamers on the lakes, all but one are at present, agreeably to the views of Congress, out of commission, the Sherman alone being in active service.

Five of the steamers on the sea-coast are small tugs, from forty to sixty tons burden, the utility and efficiency of which at the leading ports—as substitutes for ordinary rowboats on the one hand, and for the light cutters on the other, both in the harbor duties of inspection and police, and in the prevention and detection of smuggling—have been so thoroughly tested by experience that it is thought they should be employed still more extensively than they now are. Upon the lakes in particular they would be of the greatest value, and they should be substituted for the large steamers now there, which should, with one exception, be sold, as they are depreciating in value and are a useless expense. The exception is the S. P. Chase, which is of such dimensions that she might be brought to the sea-coast, where she could be used to advantage. This would probably be preferable to a sale of her where she lies. The schooner Black, being old and not fit for further service, has been sold. The Morris, also, is about to be disposed of for the same reason. The steamer Nemaha, stationed at Norfolk, has been destroyed by accidental fire.

On the Pacific coast are the Wayanda, in Alaska, and the Lincoln, at San Francisco, both in excellent condition; the schooner Reliance, recently ordered to Sitka, is also in good order. The schooner Lane, at Puget Sound, is old and unfit for the requirements of that station.

The addition of several thousand miles of sea-coast, by the purchase of Alaska, renders the cutter force in the Pacific inadequate for even the ordinary duties pertaining to the service, without regard to the additional demands upon it for the protection of the fur-bearing animals. The recommendation heretofore made that two first-class steamers be built or purchased for the Western coast is therefore renewed. A steam-cutter is also needed for Charleston, and one for the coast of Texas.

In his report for the year 1866, the Secretary called the attention of Congress especially to the condition of the shipping interest of the United States. In his report of last year, he again referred to it in the following language:

"The shipping interest of the United States, to a great degree prostrated by the war, has not revived during the past year. Our shipyards are, with rare exceptions, inactive. Our surplus products are being chiefly transported to foreign countries in foreign vessels. The Secretary is still forced to admit, in the language of his last report, 'that with unequaled facilities for obtaining the materials, and with acknowledged skill in shipbuilding, with thousands of miles of sea-coast, indented with the finest harbors in the world, with surplus products that require in their transportation a large and increasing tonnage, we can neither profitably build ships, nor successfully compete with English ships in the transportation of our own productions.'

"No change for the better has taken place since that report was made. On the contrary, the indications are that the great shipbuilding interest of the Eastern and Middle States has been steadily declining, and that, consequently, the United States is gradually ceasing to be a great maritime power. A return to specie payments will do much, but will not be sufficient, to avert this declension and give activity to our shipyards. The materials which enter into the construction of vessels should be relieved from taxation by means of drawbacks; or if this may be regarded as impracticable, subsidies might be allowed as an offset to taxation. If subsidies are objectionable, then it is recommended that all restrictions upon the registration of foreign-built vessels be removed, so that the people of the United States, who cannot profitably build vessels, may be permitted to purchase them in the cheapest market. It is certainly unwise to retain upon the statute books a law restrictive upon commerce when it no longer accomplishes the object for which it was enacted."

What was said by the Secretary in 1866 and 1867 upon this subject is true at the present time, and he therefore feels it his duty to repeat his recommendations. The shipping interest was not only prostrated by the war, but its continued depression is attributable to the financial legislation, and the high taxes consequent upon the war. The honor and the welfare of the country demand its restoration.

Accompanying this report there is a very accurate and instructive chart, prepared by Mr. S. Nimmo, Jr., a clerk in this department, which presents, in a condensed form, the progress of shipbuilding in the United States from 1817 to 1868.

Since the abrogation of the treaty of June 4, 1854, between the United States and Canada, no favorable opportunity for a reconsideration of the commercial relations of the two countries has been presented. Canada has yet to consolidate a political confederation with the other English colonies and possessions on this continent, and until the hostility of Nova Scotia to that measure is removed, and the concurrence of Northwest British America is secured, the authorities at Ottawa are in no situation to make an adequate proposition to the United States, in exchange for the great concession of an exceptional tariff, on our northern frontier, in favor of the leading Canadian staples. On the other hand, until the United States shall have fully matured a satisfactory system of duties, external as well as internal, the Secretary would be indisposed to favor any special arrangement which would remove any material branch of the revenue system from legislative control. Meanwhile, a Canadian policy for the enlargement of the Welland and St. Lawrence Canals to dimensions adequate to pass vessels of one thousand tons burden from the Upper Lakes to the Atlantic, will doubtless be regarded as indispensable to any substantial renewal, by treaty or legislation, of the former arrangement. The discussions and experience of the last twelve months are regarded by the Secretary as warranting an authoritative comparison of views between the representatives of Great Britain and Canada and the Government of the United States; and in that event this department will cheerfully contribute, by all appropriate means, to comprehensive measures which shall assimilate the revenue systems of the respective countries, make their markets mutually available, and, for all commercial or social purposes, render the frontier as nearly an imaginary line as possible. There certainly seems no just reason why all the communities on the American continent might not imitate the example of the Zoll Verien of the German States.

The progress of the coast survey has been satisfactory, and commensurate with the appropriations, as will be seen from the annual report of the superintendent of that work. During the past year surveys have been in progress in the following localities, named in geographical order, viz: On the coast of Maine, in Penobscot bay and on the islands lying within its entrance; on the shores of St. George's and Medonick rivers; in Muscougus bay; on the estuaries of Quolog bay, and in the vicinity of Portland; completing all the in-shore work between the Penobscot and Cape Elizabeth. In Massachusetts, between the Barnstable and Monomay, completing the survey of Cape Cod. In Rhode Island, on the western part of Narragansett bay. In New York, at Rondout and in the bay of New York. In New Jersey, on the coast near the head of Barnegat bay. In Maryland and Virginia, on the Potomac river and the southern part of Chesapeake bay. In North Carolina, in Pamlico sound and on its western shore, including Neuse and Bay rivers, and of the coast north of Hatteras. In South Carolina, on the estuaries of Port Royal sound. In Georgia, on St. Catherine's, Dobcy, and St. Andrew's sounds; in the Florida straits and in the bay between the keys and main shore of Florida. On the coast between Pensacola and Mobile entrances. At the passes of the Mississippi, and in Galveston, Matagorda and Corpus Christi bays, on the coast of Texas. In California surveying parties have been at work on the coast between Buenaventura and Santa Barbara, at Point Sal, and on the peninsula of San Francisco. In Oregon, on Yaquinna bay, Columbia and Uehaleur rivers. In Washington Territory, on Fuca straits and in Puget sound.

In the Coast Survey Office, forty-eight charts have been entirely or partially engraved during the year, of which nineteen have been published. Regular observations of the tides at seven principal stations have been kept up, and tide tables for all parts of the United States, for the ensuing year, have been published. A new edition of the Directory or Coast Pilot for the western coast has been prepared, and a preliminary guide for the navigation of the north-western coast has been compiled.

This brief glance at the operation of the Coast Survey during the past year shows the great scope of that work, which has justly earned a large measure of public favor. Its importance to the commerce and navigation of the country are now well understood, nor can its incidental contributions to science fail to be appreciated by the representatives of the people. The work should be pressed steadily forward, with means sufficient for the most effective working of the existing organization, so that it may embrace, at no distant period, the whole of our extended coast line within its operations, including the principal harbors in our newly acquired Territory of Alaska.

The report of the Lighthouse Board is, as usual, an interesting one. No bureau of the Treasury Department is conducted with more ability, or with a more strict regard to the public interests than this.

In view of the extension of the lighthouse system consequent upon the increase of the commerce of the country and the acquisition of sea-coast territory, it is respectfully submitted that some authoritative definition of the limit to which aids to navigation shall be extended by the General Government should be established.

It may well be doubted whether the General Government should be called upon to do more than to thoroughly provide the sea and lake coasts with lights of high order, both stationary and floating, and so to place lights of inferior order as to enable vessels to reach secure anchorages at any season of the year.

The act of Congress approved August 31, 1852, establishing the Lighthouse Board, directs that the coasts of the United States shall be divided into twelve districts. It is recommended that authority be given to increase the number of districts to fourteen.

The business of the bureau would be facilitated if Congress should confer the franking privilege upon the Lighthouse Board, in the same manner and upon the same terms as it is now exercised by the several bureaus of the Treasury Department.

The attention of Congress is called to the annual report of the Director of the Mint, which contains the usual statistics of the coinage of the country, and various suggestions and recommendations, which are worthy of consideration.

The total value of the bullion deposited at the mint and branches during the fiscal year was $27,166,318 70, of which $25,472,894 82 was in gold, and $1,693,423 88 in silver. Deducting the redeposit, the amount of actual deposit was $24,591,325 84.

The coinage for the year was: In gold coin, $18,114,425; gold bars, $6,026,810 06; silver coin, $1,136,750; silver bars, $456,236 40; nickel, copper, and bronze coinage, (one, two, three and five-cent pieces,) $1,713,385; total coinage, $20,964,560; total bars stamped, $6,483,046 54.

The gold deposits of domestic production were: At Philadelphia, $1,300,338 53; at San Francisco, $14,850,117 84; at New York, $5,409,996 55; at Denver, $357,935 11. The silver deposits were: At Philadelphia, $67,700 78; at San Francisco, $651,239 05; at New York, $262,313 06; at Denver, $5,082 67.

The gold and silver deposits of foreign production were $1,686,602 35. The amount of gold coined at Philadelphia was $3,864,425; at San Francisco, $14,979,558 52; of silver at Philadelphia, $314,750; at San Francisco, $822,000; of nickel, copper, and bronze at Philadelphia, $1,713,385. Total number of pieces struck, $49,735,840.

The branch mint at Denver has never coined money, and its expenses are entirely out of proportion to its business. The law under which it was organized should be repealed, and the institution reorganized as an assay office.

During the past year the branch mint building at Carson City, Nevada, has been completed, and the necessary machinery and fixtures have been forwarded. It will be ready for work early next season.

The mint at Philadelphia and the branch mint at San Francisco have the confidence of the people and of the Government, and when the new mint building in San Francisco is erected, these mints will be of ample capacity to supply coinage for the whole country. The business of coinage requires large and expensive establishments, under charge of men of science and undoubted integrity; and such can be successfully maintained only at commercial centres, where bullion of different degrees of fineness is continually offered for manipulation. The establishment of additional branch mints is, therefore, unnecessary, and would be injudicious.

The entire deposits at the branch mint in San Francisco were formerly in unparted bullion; now nearly two-thirds of the amount is deposited in bars, refined by private establishments. The law requires that the parting charge shall equal the actual cost of the process: but the experience of the past four years shows that not less than thirty thousand dollars annually may be saved to the Government by discontinuing the business of refining upon the Pacific coast, and it is, therefore, recommended that the Secretary be authorized to exchange the unparted bullion deposited at the mint for refined bars, whenever in his opinion it may be for the public interest to do so.

It is also recommended that authority be given for the redemption of the one and two-cent pieces by the Treasurer, under such rules and regulations as may be prescribed by the department.

On the first day of April last Mr. R. W. Raymond was appointed Commissioner of Mining Statistics, in place of Mr. J. Ross Browne, now Commissioner to China.

Mr. Raymond was instructed to continue the work so ably commenced by his predecessor, and his report will show with what diligence and ability he is performing the duties assigned to him. The Secretary invites the attention of Congress to this report, and asks for the recommendations which it contains due consideration.

The following extract, from the Secretary's report of 1867, presents, in language which he cannot make more explicit, his present views:

"The Secretary respectfully recommends the reorganization of the accounting offices of the Treasury Department, so as to place this branch of the public service under one responsible head, according to what seems to have been designed in the original organization of the department, and followed until the increase of business led to the creation of the office of Second Comptroller, and subsequently to that of Commissioner of Customs. There are now three officers controlling the settlement of accounts, each independent of the others, and, as a consequence, the rules and decisions are not uniform where the same or like questions arise. In the judgment of the Secretary, the concentration of the accounting offices under one head would secure greater efficiency, as well as greater uniformity of practice, than can be expected under a divided supervision. It is believed, also, that it would be advantageous to relieve the Commissioner of Customs of the duty of settling accounts, and to confine his labors to the supervision of the revenue from customs, now sufficiently large to demand his whole time. It is therefore recommended that the office of Chief Comptroller be created, having general supervision of the accounting officers, and appellate jurisdiction from their decisions: to which should be transferred the duty of examining and countersigning warrants on the Treasury, and of collecting debts due the Government, now constituting a part of the duties of the First Comptroller; and that the adjustment of accounts pertaining to the customs be restored to the latter office.

"The Secretary also renews the recommendation contained in his last annual report, of a reorganization of the bureaus of the department, and most respectfully and earnestly solicits for it the favorable action of Congress. The compensation now paid is inadequate to the services performed, and simple justice to gentlemen of the ability and character of those employed in the department requires a liberal addition to their present compensation. Since the rates of compensation now allowed were established, the duties, labors, and responsibilities of the bureaus have been largely increased, and the necessary expenses of living in Washington have been more than doubled."

The Secretary, also, again recommends that a change be made in regard to the adjustment and settlement of accounts in the office of the Third Auditor; that a period be fixed within which war claims shall be presented, and that measures be adopted to perpetuate testimony in cases of claims that are disallowed.

The able report of the Treasurer gives a detailed account of the operations of the Treasury during the last fiscal year, and contains many valuable suggestions for the consideration of Congress.

The report of the Supervising Architect gives full and detailed accounts of the progress that has been made in the construction of public buildings.

The reports of the heads of all the respective bureaus will be found to be of unusual interest—containing, as they do, accurate information in regard to the affairs of the Government in this interesting period of its history.

Mr. S. M. Clark having resigned the office of Superintendent of the Bureau of Engraving and Printing, Mr. G. B. McCartee has been placed temporarily in charge of it. As the past management and present condition of this bureau are now under investigation by the Joint Committee on Retrenchment and Reform, the Secretary feels at liberty only to say, at this time, that, from the examinations which he has caused to be made by officers and clerks of this department, he feels justified in remarking that the reports which have been at various times put in circulation in regard to over issues of notes or securities, and of dishonesty in the administration of the bureau, are unfounded.

A systematic effort is being made to reduce the expenses of the administration of the customs service, and with considerable success. The process is necessarily slow and beset with difficulties; but material reduction has been already made, and still greater is in progress.

During the war the business of the Treasury Department was so largely and rapidly increased, and so many inexperienced men necessarily employed, that perfect order and system could not be enforced. Many accounts were unsettled, and some branchess of business had fallen into confusion. Much attention has been given by the Secretary "to straightening up" the affairs of the Department. He is now gratified in being able to say, that order and system have been ntroduced where they were found to be needed; that the bureaus are in good working order, and that the "machinery" of the department is in as satisfactory condition as perhaps it can be, under existing laws. The result of the examinations which he has caused to be made has excited his admiration of the wisdom displayed by Mr. Hamilton in the system of accounting which he introduced, and most favorably impressed him with the value of the services of the men who, poorly paid, and little known beyond the walls of the Treasury Building, have for years conducted, with unfaltering fidelity, the details of a business larger and more complicated than was ever devolved upon a single department by any Government in the world.

In concluding this communication, it may not be inappropriate for the Secretary, in a few brief words, to review some points in the general policy of the administration of the Treasury for the past four years.

The following statement—published in the last Treasury report—exhibits the condition of the Treasury on the 1st of April, 1865:

Funded debt	$1,100,361,241 80
Matured debt	349,420 09
Temporary loan certificates	52,452,328 29
Certificates of indebtedness	171,790,000 00
Interest bearing notes	526,812,800 00
Suspended or unpaid requisitions	114,256,548 93
United States notes, legal tenders	433,160,569 00
Fractional currency	24,254,094 07
	$2,423,437,002 18
Cash in the Treasury	56,481,924 84
Total	$2,366,955,077 34

By this statement it appears that, with $56,481,924 84 in the Treasury, there were requisitions waiting for payment (the delay in the payment of which was greatly discrediting the Government) to the amount of $114,256,548 93; that there were $52,452,328 29 of temporary-loan certificates liable to be presented in from ten to thirty days' notice, and $171,790,000 of certificates of indebtedness, which had been issued to contractors, for want of the money to pay the requisitions in their favor, and which were maturing daily. At the same time, the efforts to negotiate securities were not being attended with the usual success, while the expenses of the war were not less than two millions of dollars per day. The vouchers issued to contractors for the necessary supplies of the army and navy—payable one-half in certificates of indebtedness and the other half in money—were being sold at a discount of from ten to twenty per cent., indicating by their depreciation how low was the credit of the Government, and how uncertain was the time of payment.

The fall of Richmond and the surrender of the army of Virginia under General Lee (which virtually closed the war), had not the effect of relieving the Treasury. On the contrary, its embarrassments were increased thereby, inasmuch as it seemed to leave the Government without excuse for not paying its debts, at the same time that popular appeals for subscriptions to the public loans were divested of much of their strength. As long as the Government was in danger by the continuation of hostilities, the patriotism of the people could be successfully appealed to for the purpose of raising money and sustaining the public credit, without which the war could not be vigorously prosecuted. When hostilities ceased, and the safety and unity of the Government were assured, self-interest became again the controlling power. It will be remembered that it was then generally supposed that the country was already fully supplied with securities, and that there was also throughout the Union a prevailing apprehension that financial disaster would speedily follow the termination of the war. The greatness of the emergency gave the Secretary no time to try experiments for borrowing on a new security of long time and lower interest, and removed from his mind all doubts or hesitation in regard to the course to be pursued. It was estimated that at least seven hundred millions of dollars should be raised, in addition to the revenue receipts, for the payment of the requisitions already drawn, and those that must soon follow—preparatory to the disbandment of the great Union army—and of other demands upon the Treasury. The anxious inquiries then were, by what means can this large amount of money be raised? and not what will be the cost of raising it. How can the soldiers be paid, and the army be disbanded, so that the extraordinary expenses of the War Department may be stopped? and not what rate of interest shall be paid for the money. These were the inquiries pressed upon the Secretary. He answered them by calling to his aid the well-tried agent who had been employed by his immediate predecessors and by offering the seven and three-tenths notes—the most popular loan ever offered to the people—in every city and village, and by securing the advocacy of the press, throughout the length and breadth of the land. In less than four months from the time the work of obtaining subscriptions was actively commenced the Treasury was in a condition to meet every demand upon it. But while the Treasury was thus relieved, the character of the debt was by no means satisfactory. On the first day of September it consisted of the following items:

unded debt	$1,109,568,191 80
Matured debt	1,503,020 09
Temporary loan	107,148,713 16
Certificates of indebtedness	85,093,000 00
Five-per cent. legal tender notes	33,954,230 00
Compound interest legal tender notes	217,024,160 00
Seven-thirty notes	830,000,000 00
United States notes, legal tenders	433,160,569 00
Fractional currency	26,344,742 51
Suspended requisitions uncalled for	2,111,000 00
Total	$2,845,907,626 56
Deduct cash in Treasury	88,218,055 13
Balance	$2,757,689,571 43

From this statement it will be perceived that $1,276,834,123.25 of the public debt consisted of various forms of temporary securities, $433,160,569 of the United States notes—the excess of which over $400,000,000 having been put into circulation in payment of temporary loans—and $26,344,742 of fractional currency. Portions of this temporary debt were maturing daily, and all of it, including $18,415,000 of the funded debt, was to be provided for within a period of three years. The seven-thirty notes were, by law and the terms of the loan, convertible at maturity, at the will of the holder, into five-twenty bonds, or payable, like the rest of these temporary obligations, in lawful money.

It was, of course, necessary to make provision for the daily maturing debt, and also for taking up from time to time such portions of it as could be advantageously converted into bonds or paid in currency before maturity, for the purpose of avoiding the necessity of accumulating large sums of money, and of relieving the Treasury from the danger it would be exposed to if a very considerable portion of the debt were permitted to mature, with no other means for paying it than that afforded by sales of bonds in a market too uncertain to be confidently relied upon in an emergency. In addition to the temporary loan, payment of which could be demanded on so short a notice as to make it virtually a debt payable on demand, the certificates of indebtedness, which were maturing at the rate of from fifteen to twenty millions per month; the five per cent. notes which matured in January following, and the compound interest notes, which were payable at various times within a period of three years, there were $830,000,000 of seven-thirty notes which would become due as follows, viz.:

August 15, 1867	$300,000,000
June 15, 1868	300,000,000
July 15, 1868	230,000,000

As the option of conversion was with the holders of these notes, it depended upon the condition of the market whether they would be presented for payment in lawful money, or to be exchanged for bonds. No prudent man, intrusted with the care of the nation's interest and credit, would permit two or three hundred millions of debt to mature without making provision for its payment; nor would he, if it could be avoided, accumulate large sums of money in the Treasury which would not be called for, if the price of bonds should be such as to make the conversion of the notes preferable to their payment in lawful money. The policy of the Secretary was, therefore, as he remarked in a former report, determined by the condition of the Treasury and the country, and by the character of the debt. It was simply, first, to put and keep the Treasury in such condition as not only to be prepared to pay all claims upon presentation, but also to be strong enough to prevent the success of any combinations that might be formed to control its management; and, second, to take up quietly, in advance of their maturity, by payment or conversion, such portions of the temporary debt as would obviate the necessity of accumulating large currency balances in the Treasury, and at the same time relieve it from the danger of being forced to a further issue of legal-tender notes, or to a sale of bonds, at whatever price they might command. In carrying out this policy, it seemed also to be the duty of the Secretary to have due regard to the interests of the people, and to prevent, as far as possible, the work of funding from disturbing legitimate business. As financial trouble has almost invariably followed closely upon the termination of protracted wars, it was generally feared, as has been already remarked, that such trouble would be unavoidable, at the close of the great and expensive war in which the United States had been for four years engaged. This, of course, it was important to avoid, as its occurrence might not only render funding difficult, but might prostrate those great interests upon which the Government depended for its revenues. It was, and constantly has been, therefore, the aim of the Secretary so to administer the Treasury, while borrowing money and funding the temporary obligations, as to prevent a commercial crisis, and to keep the business of the country as steady as was possible on the basis of an irredeemable and constantly fluctuating currency. Whether his efforts have contributed to that end or not, he does not undertake to say; but the fact is unquestioned that a great war has been closed, large loans have been effected, heavy revenues have been collected, and some thirteen hundred millions of dollars of temporary obligations have been paid or funded, and a great debt brought into manageable shape, not only without a financial crisis, but without any disturbance to the ordinary business of the country. To accomplish these things successfully, the Secretary deemed it necessary, as has been before stated, that the Treasury should be kept constantly in a strong condition, with power to prevent the credit of the Government and the great interests of the people from being placed at the mercy of adverse influences. Notwithstanding the magnitude and character of the debt, this power the Treasury has for the last three years possessed; and it has been the well-known existence, rather than the exercise of it, which has in repeated instances saved the country from panic and disaster. The gold reserve, the maintenance of which has subjected the Secretary to constant and bitter criticism, has given a confidence to the holders of our securities at home and abroad, by the constant evidence which it exhibited of the ability of the Government, without depending upon purchases in the market, to pay the interest upon the public debt, and a steadiness to trade, by preventing violent fluctuations in the convertible value of the currency, which have been a more than ample compensation to the country for any loss of interest that may have been sustained thereby. If the gold in the Treasury had been sold down to what was absolutely needed for the payment of the interest on the public debt, not only would the public credit have been endangered, but the currency; and, consequently, the entire business of the country would have been constantly subject to the dangerous power of speculative combinations.

Of the unavailing effort that was made by the Secretary to contract the currency, with the view of appreciating it to the specie standard, he forbears to speak. His action in respect to contraction, although authorized, and for a time sustained, was subsequently disapproved (as he thinks, unwisely) by Congress. This is a question, however, that can be better determined hereafter than now.

Complaint has been made that in the administration of the Treasury Department since the war there has been too much of interference with the stock and money market. This complaint, when honestly made, has been the result of a want of reflection, or of imperfect knowledge of the financial condition of the Government. The transactions of the Treasury have, from necessity, been connected with the stock and money market of New York. If the debt after the close of the war had been a funded debt, with nothing to be done in relation to it but to pay the accruing interest, or if business had been conducted on a specie basis, and consequently been free from the constant changes to which it has been and must be subject—as long as there is any considerable difference between the legal and commercial standard of value—the Treasury could have been managed with entire independence of the stock exchange or the gold room. Such, however, was not the fact. More than one-half of the national debt, according to the foregoing exhibits, consisted of temporary obligations, which were to be paid in lawful money, or converted into bonds, and there was in circulation a large amount of irredeemable promises constantly changing in their convertible value. The Secretary, therefore, could not be indifferent to the condition of the market, nor avoid connection with it, for it was, in fact, with the market he had to deal. He would have been happy had it been otherwise. If bonds were to be sold to provide the means for paying the debts that were payable in lawful money, it was a matter of great imporance to the Treasury that the price of bonds should not be depressed by artificial processes. If the seven-thirty notes were to be converted into five-twenty bonds, it was equally important that they should sustain such relations to each other, in regard to prices, that conversions would be effected. If bonds were at a discount, the notes would be presented for payment in legal tenders; and these could only be obtained by further issues, or the sale of some kind of securities. For three years, therefore, the state of the market has been a matter of deep solicitude to the Secretary. If he had been indifferent to it, or failed carefully to study the influences that controlled it, or had hesitated to exercise the power with which Congress had clothed him for successfully funding the temporary debt by conversions or sales, he would have been false to his trust. The task of converting a thousand millions of temporary obligations into a funded debt, on a market constantly subject to natural and artificial fluctuations, without depressing the prices of bonds, and without disturbing the business of the country, however it may be regarded now, when the work has been accomplished, was, while it was being performed, an exceedingly delicate one. It is but simple justice to say, that its successful accomplishment is in a great measure attributable to the judicious action of the Assistant Treasurer at New York, Mr. Van Dyck.

Similar complaint has also been made of the manner in which gold and bonds have been disposed of, by what has been styled "secret sales;" and yet precisely the same course has been pursued in these sales that careful and prudent men pursue, who sell on their own account. The sales have been made when currency was needed, and prices were satisfactory. It was not considered wise or prudent to advise the dealers precisely when and to what amount sales were to be made (no sane man operating on his own account would have done this), but all sales of gold have been made in the open market, and of bonds by agents or the Assistant Treasurer in New York, in the ordinary way, with a view of obtaining the very best prices, and with the least possible disturbance of business. In the large transactions of the Treasury, agents have been in dispensable, but none have been employed when the work could be done equally well by the officers of the department. Whether done by agents or officers, the Secretary has no reason to suppose that it has not been done skillfully and honestly, as well as economically. He is now gratified in being able to say, that unless a very stringent market, such as was produced a few weeks ago by powerful combinations in New York, should send to the Treasury large amounts of the three per cent. certificates for redemption, no further sales of bonds are likely to be necessary. Until, however, the receipts from internal revenues are increased, the necessities of the Government will require that the sales of gold shall be continued. These sales are now being made by advertisements for sealed bids, instead of the agencies heretofore employed. The result, so far, has not been entirely satisfactory, but a proper respect for what, according to the tone of the press, appeared to be the public sentiment, seemed to require it. The new mode will be fairly tested, and continued, if it can be, without a sacrifice of the public interest.

The Secretary has thus referred to a few points in his administration of the Treasury, for the purpose of explaining some things which may have been imperfectly understood, and not for the purpose of defending his own action. Deeply sensible of the responsibilities resting upon him, but neither appalled nor disheartened by them, he has performed the duties of his office according to the best of his judgment and the lights that were before him, without deprecating criticism; and plainly and earnestly presented his own views without seeking popular favor. It has been his good fortune to have had for his immediate predecessors two of the ablest men in the country, to whose judicious labors he has been greatly indebted for any success that may have attended his administration of the Treasury. Nor is he under less obligation to his associates, the officers and leading clerks of the department, whose ability and whose devotion to the public service have commanded his respect and admiration.

HUGH McCULLOCH,
Secretary of the Treasury,

HON. SCHUYLER COLFAX,
Speaker of the House of Representatives.

REPORT OF THE COMPTROLLER OF THE CURRENCY.

OFFICE OF THE COMPTROLLER OF THE CURRENCY,
Washington, November 10, 1868.

SIR: In compliance with the provisions of section 61 of the national currency act, I have the honor to present, through you, to the Congress of the United States, the following report:

Since the last annual report 12 national banks have been organized, of which five are new associations. One was organized to take the place of an existing State bank, and six were organized to take the place of national banks previously organized, but now in liquidation and winding up, making the total number organized upto October, 1685.

Table exhibiting the number of banks, with the amount of capital, bonds deposited, and circulation, in each State and Territory, September 30, 1868.

States and Territories.	ORGANIZATION. Organized.	Closed or closing.	In operation.	Capital paid in.	Bonds on deposit.	Circulation issued.	In actual circulation.
Maine	61	..	61	$9,085,000 00	$8,407,250	$7,569,166	$7,510,066
New Hampshire	40	..	40	4,785,000 00	4,839,000	4,328,195	4,281,695
Vermont	40	..	40	6,560,012 50	6,517,000	5,802,960	5,737,560
Massachusetts	209	2	207	80.032,000 00	64,718,400	58,561,030	57,084,640
Rhode Island	62	..	62	20,364,800 00	14,185,600	12,676,630	12,491,480
Connecticut	83	2	81	24,684,220 00	19,768,000	17,800,625	17,443,793
New York	314	15	299	116,544,941 00	79,442,500	73,823,505	68,853,726
New Jersey	55	1	54	11,583,350 00	10,678,650	9,520,485	9,397,985
Pennsylvania	205	8	197	50,247,390 00	44,303,350	39,949,700	38,772,102
Maryland	32	..	32	12,790,202 50	10,065,750	9,150,800	8,904,800
Delaware	11	..	11	1.428,185 00	1,348,200	2,117,225	1,198,825
Dist. of Columbia	6	2	4	1.550,000 00	1,398,000	1,278,000	1,137,700
Virginia	20	2	18	2,500,000 00	2,429,800	2,157,930	2,146,670
West Virginia	15	..	15	2,216,400 00	2,243,250	2,020,350	1,988,550
Ohio	137	4	133	22,404,700 00	20,768,800	18,667,750	18,410,425

Indiana	71	3	68	12,867,000 00	12,532,500	11,169,055	11,018,735
Illinois	83	..	83	12,070,000 00	11,047,950	9,777,650	9,648,150
Michigan	43	1	42	5,210,010 00	4,357,700	3,872,955	3,826,455
Wisconsin	37	3	34	2,960,000 00	2,768,050	2,583,950	2,541,410
Iowa	48	4	44	4,057,000 00	3,713,750	3,349,805	3,252,228
Minnesota	16	1	15	1,710,000 00	1,712,200	1,501,900	1,476,800
Kansas	5	..	5	400,000 00	382,000	354,600	341,000
Missouri	20	2	18	7,810,300 00	4,724,050	1,305,550	4,129,310
Kentucky	15	..	15	2,835,000 00	2,665,900	2,367,270	2,338,620
Tennessee	13	1	12	2,025,300 00	1,492,700	1,270,220	1,204,755
Louisiana	3	1	2	1,800,000 00	1,308,000	1,245,000	1,131,415
Mississippi	2	2	..	150,000 00	75,000	66,000	64,035
Nebraska	4	..	4	350,000 00	235,000	170,000	170,000
Colorado	3	..	3	350,000 00	297,000	254,500	254,000
Georgia	9	1	8	1,600,000 00	1,383,500	1,235,400	1,234,000
North Carolina	6	..	6	653,300 00	399,500	317,600	316,000
South Carolina	3	..	3	685,000 00	204,000	153,000	135,000
Alabama	3	1	2	500,000 00	370,500	353,025	304,900
Nevada	1	..	1	155,000 00	155,000	131,700	131,700
Oregon	1	..	1	100,000 00	100,000	88,500	88,500
Texas	4	..	4	525,000 00	472,100	417,635	407,535
Arkansas	2	..	2	200,000 00	200,000	179,500	179,500
Utah	1	..	1	150,000 00	150,000	135,500	135,000
Montana	1	..	1	100,000 00	40,000	36,000	36,000
Idaho	1	..	1	100,000 00	75,000	63,500	63,500
Total	1,685	56	1,629	426,189,111 00	342,619,950	309,915,166	299,806,565

From the number of banks organized, heretofore stated to be 1,685, should be deducted 56 leaving the number in active operation 1,629.

The banks to be excluded are the following:

NEVER COMPLETED THEIR ORGANIZATION SO AS TO COMMENCE BUSINESS.

The First National Bank of Lansing, Michigan, No. 232.
The First National Bank of Penn Yan, New York, No. 169.
The Second National Bank of Canton, Ohio, No. 463.
The Second National Bank of Ottumwa, Iowa, No. 195.

SUPERSEDED BY SUBSEQUENT ORGANIZATION WITH THE SAME TITLES.

The First National Bank of Norwich, Connecticut, original No. 65, present No. 458.
The First National Bank of Utica, New York, original No. 120; present No. 1,395.

IN VOLUNTARY LIQUIDATION.

The First National Bank of Columbia, Missouri.
The First National Bank of Carondelet, Missouri.
The National Union Bank of Rochester, New York.
The National Bank of the Metropolis, Washington, D. C.
The First National Bank of Leonardsville, New York.
The Farmers' National Bank of Richmond, Virginia.
The Farmers' National Bank of Waukesha, Wisconsin.
The City National Bank of Savannah, Georgia.
The National Bank of Crawford County, Meadville, Pennsylvania.
The First National Bank of Elkhart, Indiana.
The First National Bank of New Ulm, Minnesota.
The Pittston National Bank, Pennsylvania.
The Berkshire National Bank of Adams, Massachusetts.
The Fourth National Bank of Indianapolis, Indiana.
The Kittanning National Bank, Kittanning, Pennsylvania.
The First National Bank of Providence, Pennsylvania.
The National State Bank of Dubuque, Iowa.
The Ohio National Bank of Cincinnati, Ohio.

Since October 1, 1867:

The First National Bank of Kingston, New York.
The First National Bank of Bluffton, Indiana.
The First National Bank of Skaneateles, New York.
The First National Bank of Jackson, Mississippi.
The First National Bank of Downingtown, Pennsylvania.
The National Exchange Bank of Richmond, Virginia.
The Appleton National Bank, Appleton, Wisconsin.
The National Bank of Whitestown, New York.
The First National Bank of New Brunswick, New Jersey.
The First National Bank of Titusville, Pennsylvania.
The First National Bank of Cuyahoga Falls, Ohio.
The First National Bank of Cedarburg, Wisconsin.
The Commercial National Bank of Cincinnati, Ohio.
The Second National Bank of Watertown, New York.
The Second National Bank of Des Moines, Iowa.
The First National Bank of South Worcester, New York.
The National Mechanics and Farmers' Bank of Albany, New York.
The First National Bank of Plumer, Pennsylvania.

Of the banks in liquidation, the following are winding up for the purpose of consolidating with other banks:

The Pittston National Bank, Pittston, Pennsylvania, with the First National Bank of Pittston.

The Berkshire National Bank of Adams, Massachusetts, with the First National Bank of Berkshire.

The Fourth National Bank of Indianapolis, Indiana, with the Citizens' National Bank of Indianapolis.

The Kittanning National Bank, Kittanning, Pennsylvania, with the First National Bank of Kittanning.

The First National Bank of Providence, Pennsylvania, with the Second National Bank of Scranton, Pennsylvania.

The National State Bank of Dubuque, Iowa, with the First National Bank of Dubuque.

The Ohio National Bank of Cincinnati, Ohio, with the Merchants' National Bank, of Cincinnati.

The First National Bank of Titusville, Pennsylvania, with the Second National Bank of Titusville.

The National Exchange Bank of Richmond, Virginia, with the First National Bank of Richmond.

The Second National Bank at Watertown, New York, with the first National Bank of Watertown

The following banks in liquidation are succeeded by new organizations, which are to take their circulation as fast as it is redeemed; this being the only process by which a change of location can be effected.

The First National Bank of Downington, Pennsylvania, succeeded by the First National Bank of Honeybrook, Pennsylvania.

The First National Bank of New Brunswick. New Jersey, succeeded by the Princeton National Bank, Princeton, New Jersey.

The Second National Bank of Des Moines, Iowa, succeeded by the Pacific National Bank of Council Bluffs, Iowa.

The First National Bank of Plumer, Pennsylvania, succeeded by the First National Bank of Sharon, Pennsylvania.

Statement showing the national banks in liquidation for the purpose of closing up and going out of existence, their capital bonds, deposited to secure circulation, circulation delivered, circulation redeemed, and circulation outstanding, October 1, 1868.

Name of Bank.	Capital.	U. S. bonds on deposit.	Legal Tenders deposited.	Circulation delivered.	Circulation returned and destroyed.	Circulat'n outstanding.
First Nat. Bk. Columbia, Mo......	$100,000	....	$90,000	$90,000	$6,910	$83,090
First Nat. Bk. Carondelet, Mo....	30,000	....	25,500	25,500	16,640	8,860
Nat. Un. Bk. Rochester, N. Y.......	400,000	$220,000	....	192,500	....	192,500
Nat. Bk. Metropolis, Wash'n D. C...	200,000	202,000	....	180,000	....	180,000
First Nat. Bk. Leonardsville, N. Y.	50,000	50,500	....	45,000	....	45,000
Farmers' Nat. Bk. Richmond, Va..	100,000	100,000	....	85,000	....	85,000
Farmers' Nat. Bk. Waukesha, Wis.	100,000	....	90,000	90,000	140	89,860
City Nat. Bk. Savannah, Ga.......	100,000	....	....	(*)	....	....
Nat. Bk. Crawf'd Co., Meadville, Pa	300,000	....	....	(*)	....	....
First Nat. Bk. Elkhart, Ind........	100,000	100,000	....	88,150	1,000	87,150
First Nat. Bk. New Ulm, Minn.....	60,000	60,000	....	54,000	....	54,000
First Nat. Bk. Kingston, N. Y......	200,000	200,000	....	180,000	....	180,000
First Nat. Bk. Bluffton, Ind........	50,000	50,000	....	45,000	....	45,000
First Nat. Bk. Skaneateles, N. Y...	150,000	153,000	....	135,000	....	135,000
First Nat. Bk. Jackson, Miss.......	100,000	45,000	....	40,500	....	40,500
Appleton Nat. Bk., Appleton, Wis.	50,000	50,000	....	45,000	....	45,000
Nat. Bk. Whitestown, N. Y.........	120,000	50,000	....	44,500	....	44,500
First Nat. Bk. Cuyahoga Falls, Ohio.	50,000	50,000	....	45,000	....	45,000
First Nat. Cedarburg, Wis.........	100,000	80,000	....	90,000	18,000	72,000
Commercial Nat. Bk. Cin., Ohio...	500,000	407,000	....	345,950	....	345,950
First Nat. Bk. South Worcester, N.Y.	175,000	177,700	....	157,400	....	157,400
Nat. Mech. & Farmers' Bk. Alb., N.Y.	350,000	350,000	....	314,950	3,520	311,430

* No circulation.

Statement showing the national banks in liquidation for the purpose of consolidating with other banks, their capital, bonds, and circulation.

Name of Bank.	Capital.	U. S. bonds on deposit.	Circulation delivered.	Circulation returned and destroyed.	Circulat'n outstanding.
The Pittston N. B'k, Pittston, Pa.......	$200,000	....	(*)	....	....
The Berkshire N. B'k of Adams, Mass..	100,000	....	(*)	....	....
The Fourth N. B'k of Indianapolis, Ind.	100,000	$94,000	$85,700	$1,100	$84,600
The First N. B'k of Providence, Pa.....	100,000	101,550	90,000	1,000	89,000
The Kittanning N. B'k, Kittanning, Pa..	200,000	....	(*)	....	....
The Ohio N. B'k of Cincinnati, Ohio....	500,000	530,000	450,000	2,500	447,500
The N. S. B'k of Dubuque, Iowa........	150,000	146,000	127,500	3,400	124,100
The N. Ex. B'k of Richmond, Va........	200,000	206,300	180,000	....	180,000
The First N. B'k of Titusville, Pa.......	100,000	100,000	86,750	1,505	85,245
The Second N. B'k, Watertown, N. Y...	100,000	100,000	90,000	....	90,000

No circulation

STATEMENT SHOWING THE NATIONAL BANKS IN LIQUIDATION FOR THE PURPOSE OF CHANGING THEIR LOCATION, THEIR CAPITAL, BONDS, AND CIRCULATION.

Name of Bank.	Capital.	U. S. bonds on deposit.	Circulation delivered.	Circulation return'd and destroyed.	Circulation outstanding.
The First National Bank of Downingtown, Pa	$100,000	$100,000	$89,500	$1,400	$88,100
The First National Bank of New Brunswick, N. J	100,000	100,000	90,000	500	89,500
The Second National Bank of Des Moines, Iowa.	50,000	50,000	42,500	....	42,500
The First National Bank of Plumer, Pa	100,000	100,000	87,500	....	87,500

NATIONAL BANKS WHICH HAVE FAILED TO REDEEM THEIR CIRCULATING NOTES, AND FOR WHICH RECEIVERS HAVE BEEN APPOINTED.

The First National Bank of Attica, New York, Leonidas Doty, receiver.
The Venango National Bank of Franklin, Pennsylvania, Harvey Henderson, receiver.
The Merchants' National Bank of Washington, D. C., James C. Kennedy, receiver.
The First National Bank of Medina, New York, Edwin P. Healey, receiver.
The Tennessee National Bank of Memphis, Tennessee, William A. Hill, receiver.
The First National Bank of Newton, Newtonville, Massachusetts, D. Wayland Jones, receiver.
The First National Bank of Selma, Alabama, Cornelius Cadle, jr., receiver.
The First National Bank of New Orleans, Louisiana, Charles Case, receiver.
The National Unadilla Bank, Unadilla, New York, Lewis Kingsley, receiver.
The Farmers and Citizens' National Bank of Brooklyn, New York, Frederick A. Platt, receiver.
The Croton National Bank of the city of New York, C. P. Bailey, receiver.
The National Bank of Vicksburg, Mississippi, Edwin F. Brown, receiver.
The First National Bank of Keokuk, Iowa, H. W. Sample, receiver.
The First National Bank of Bethel, Connecticut, E. S. Tweedy, receiver.

The affairs of the First National Bank of Attica have been finally closed, and a dividend paid to the creditors of forty-eight per cent.

The affairs of the First National Bank of Newton have been finally closed. The government claims were paid in full, and a dividend of forty per cent paid to the general creditors.

A partial dividend has been declared to the creditors of the Farmers and Citizens' National Bank of Brooklyn, New York, of fifty five per cent, and to the creditors of the Croton National Bank of the city of New York of fifty per cent upon all claims approved or adjudicated.

STATEMENT SHOWING THE NATIONAL BANKS IN THE HANDS OF RECEIVERS, THEIR CAPITAL, AMOUNT OF UNITED STATES BONDS DEPOSITED TO SECURE CIRCULATION, AMOUNT OF CIRCULATION DELIVERED, THE AMOUNT OF CIRCULATION REDEEMED AT THE TREASURY OF THE UNITED STATES, AND THE AMOUNT OUTSTANDING ON THE 1ST DAY OF OCTOBER, 1868.

	Capital.	U. S. bonds on deposit.	Legal Tenders on deposit, realized from sale of bonds.	Circulation delivered.	Circulation redeemed.	Circulation outstanding.
The First National Bank of Attica, N.Y	$50,000	$.....	$44,000 00	$44,000	$32,750	$11,250
The Venango National Bank of Franklin, Pa.	300,000	40,000	61,871 00	85,000	64.030	20,970
The Merchants' National Bk of Washington, D.C	200,000	80,000	127,741 00	180,000	125,800	54,200
The First National Ba'k of Newt'n, Mass	150,000	146,000	....	130,000	6,500	123,500
The First National Bank of Medina, N.Y	50,000	20,000	27,329 25	40,000	26,210	13,790
The Tennessee Nat'nal B'k of Memphis, Tenn	100,000	50,000	53,372 00	90,000	59,465	30,535
The First National Bank of Selma, Ala.	100,000	60,000	41,247 20	85,000	48,125	36,875
The First National Ba'k of New Orleans, La	500,000	100,000	104,742 00	180,000	113,585	66,415
The National Unndilla Bank, Unadilla, N.Y	120,000	61,200	53,183 50	100,000	64,880	35,120
The Farmers and Citizens Nat. Bank of B'klyn, N.Y	300,000	185,500	106,504 10	253,900	137,920	115,980
The Croton Nat. B'k of the city of N. York, NY	200,000	142,000	73,181 90	180,000	105,111	74,899
The First National B'k of Bethel, Conn	60,000	30,000	....	26,300	2,020	24,280
The First National B'k of Keokuk, Iowa	100,000	100,000	....	90,000	28,780	61,220
The First National B'k of Vicksburg, Miss	50,000	50,000	......	25,500	1,965	23,535

The following statement exhibits the number and amount of notes issued, redeemed and outstanding, October 5, 1868:

Ones.

	Notes.	
Issued	8,896,576	$8,896,576
Redeemed	254,754	254,754
Outstanding	8,641,822	8,641,822

Twos.

	Notes.	
Issued	2,978,160	$5,956,320
Redeemed	73,176	146,352
Outstanding	2,904 984	5,809,968

Fives.

	Notes.	
Issued	23,106,728	$115,533,640
Redeemed	482,132	2,410,660
Outstanding	22,624,596	113,122,980

Tens.

	Notes.	
Issued	7,915,914	$79,159,140
Redeemed	142,359	1,423,590
Outstanding	7,773,555	77,735,05

Twenties.		
Issued	2,219,322	44,386,440
Redeemed	36,355	727,100
Outstanding	2,182,967	43,659,340
Fifties.		
Issued	355,181	$17,759,050
Redeemed	17,256	862,800
Outstanding	337,925	16,896,250
One Hundreds.		
Issued	267,350	$26,735,000
Redeemed	15,582	1,558,300
Outstanding	251,767	25,176,700
Five Hundreds.		
Issued	13,486	$6,743,000
Redeemed	1,759	879,500
Outstanding	11,727	5,863,500
One Thousands.		
Issued	4,746	$4,746,000
Redeemed	1,846	1,846,000
Outstanding	2,900	2,900,000
Total of all denominations outstanding on the first Monday of October, 1868..		$299,806,110
Add for fragments of notes outstanding, lost or destroyed, portions of which have been redeemed		455
		$299,806,565

(We here omit tables showing the lawful money reserves of the banks each quarter of the year, they having already appeared in the CHRONICLE. See page 712 of this Volume.)

STATEMENT OF CAPITAL LOANS AND DISCOUNTS MADE BY NATIONAL BANKING ASSOCIATIONS, 1867.

States and Territories.	Capital.	Number of distinct loans & discounts.	Aggregate amount of l'ns & disc.	Av. amo't of each loan & discount.	Av. time of each loan and dis.-days
Maine	$9,085,000 00	37,838	$50,703,349 37	$1,340 00	95
New Hampshire	4,735,000 00	13,329	11,030,942 20	827 00	95
Vermont	6,510,012 50	30,652	19,085,570 80	623 00	69
Massachusetts	79,932,000 00	182,300	392,562,183 16	2,153 00	90
Rhode Island	20,364,800 00	27,058	67,036,311 10	2,477 00	102
Connecticut	24,584,220 00	83,200	105,467,506 31	1,268 00	86
New York	116,494,941 00	545,322	1,668,141,362 30	3,059 00	52
New Jersey	11,333,350 00	111,830	84,098,828 11	752 00	75
Pennsylvania	50,277,795 00	274,182	352,138,245 20	1,284 00	71
Delaware	1,428,185 00	13,439	10,258,133 14	768 00	72
Maryland	12,590,202 50	45,396	59,094,941 92	1,302 00	54
Dist. of Columbia	1,350,000 00	7,814	4,689,302 09	600 00	64
Virginia	2,500,000 00	23,667	18,757,303 36	793 00	66
West Virginia	2,216,400 00	9,363	7,810,086 91	834 00	77
North Carolina	583,300 00	4,169	3,967,136 21	951 00	54
Georgia	1,700,000 00	8,174	18,156,271 47	2,221 00	[illegible]
Alabama	500,060 00	728	1,638,463 50	2,250 00	60
Texas	576,450 00	851	1,615,071 89	1,898 00	50
Arkansas	200,000 00	1,765	1,795,782 11	1,017 00	49
Kentucky	2,885,000 00	7,114	11,427,829 62	1,606 00	91
Tennessee	2,100,000 00	7,810	14,116,503 32	1,807 00	50
Ohio	22,404,700 00	75,454	147,287,568 46	1,952 00	70
Indiana	12,067,000 00	43,880	48,674,671 07	1,109 00	74
Illinois	11,620,000 00	65,395	105,645,384 90	1,615 00	65
Michigan	5,007,010 00	35,518	33,606,901 10	946 00	65
Wisconsin	2,935,000 00	30,279	22,491,388 40	742 00	62
Minnesota	1,660,000 00	13,810	9,906,349 58	717 00	66
Iowa	3,992,000 00	29,008	21,785,700 45	751 50	74
Missouri	7,559,300 00	14,669	39,660,096 85	2,704 00	72
Kansas	400,000 00	1,650	1,471,809 63	892 00	55
Nebraska	250,000 00	3,251	2,737,775 35	842 00	70
Oregon	100,000 00	252	178,659 31	708 00	73
Colorado Territ'y	350,000 00	1,755	1,715,399 94	977 00	89
Utah Territory	150,000 00	220	592,275 30	2,694 00	90
Montana Territ'y	100,000 00	85	240,646 00	2,831 00	60
Idaho Territory	100,000 90	76	96,327 19	1,482 00	55
Louisiana	1,200,000 00	3,991	11,322,588 36	2,837 00	60
Total	422,804,666 00	1,755,283	3,351,004,665 08	1,909 00	71

NOTE.—The banks in Mississippi, (2,) South Carolina, (2,) and Nevada, (1,) in all five banks, not having reported, are not included in above.

STATEMENT SHOWING THE AMOUNT AND RATE OF TAXATION (UNITED STATES AND STATE), OF THE NATIONAL BANKING ASSOCIATIONS FOR THE YEAR ENDING DECEMBER 31, 1867.

States and Territories.	Amount of taxes paid U. States.	Rate per cent of United States taxat'n.	Amount of taxes paid to & ass'd by State author's.	Rate per ct. of State taxation.	Total am't of tax's p'd to the U.S & State author's.	Rate p.c. of U S. & S. tax n on cap.
Maine	$180,119 00	.02	$141,225 64	.015	$321,344 64	.035
N. Hampshire	88,772 90	.019	93,178 83	.019	181,951 73	.038
Vermont	122,213 57	.019	144,163 50	.022	266,377 07	.041
Massachus's	1,616,824 50	.0202	1,562,128 10	.02	3,178,952 60	.0402
R. Island	324,844 25	.015	195,355 32	.01	520,199 57	.025
Connecticut	434,440 35	.017	387,146 26	.016	821,586 61	.033
New York	3,022,662 16	.0261	4,058,706 11	.0348	7,088,361 27	.0609
New Jersey	253,359 31	.022	223,106 28	.02	476,465 59	.042
Pennsylvania	1,242 037 40	.0247	278,268 04	.0055	1,520,305 44	.0392
Maryland	260.261 25	.0206	166,054 11	.0131	426,3 5 36	.0337
Delaware	32,620 68	.0228	1,260 61	.0008	33,881 29	.0236
Dis. of Col'b'a	15,329 45	.0133	3,285 94	.0028	18,615 39	.0161
Virginia	48,344 81	.0193	13,925 66	.0055	62,270 47	.024[illegible]
W. Virginia	46,966 34	.021	51,457 38	.023	98,423 72	.044
Ohio	514.681 46	.0229	520,951 20	.0232	1,035,632 66	.0461
Indiana	278,797 60	.0216	200,372 29	.0155	479,169 89	.0371
Illinois	321,406 24	.0276	231,917 00	.02	553,323 24	.0476
Michigan	111,789 26	.022	68,061 41	.0134	179,850 97	.0354
Wisconsin	76,583 25	.0261	62,011 51	.021	138,594 76	.0471
Iowa	106,349 31	.0266	88,281 27	.0221	194,630 61	.0487
Minnesota	39,132 43	.02	29,522 20	.013	6[illegible],654 63	.033
Kansas	10,229 23	025	7.801 08	.02	18,030 31	.048
Missouri	133,141 77	014	189,247 69	.02	322,389 46	.034
Kentucky	59,816 01	.021	17,466 77	.006	77,282 78	.027
Tennessee	52,459 82	.027	27.974 80	.014	80,434 62	.041
Louisiana	35,894 28	.0276	20,041 58	.0154	55,935 86	.043
Nebraska	10,734 67	.0429	7.014 39	.028	17,749 06	.0709
Colorado	9,701 72	.0277	1,615 00	.0046	11,316 72	.0323
Georgia	40,844 75	.025	6,050 46	.004	46,895 21	.029
North Carol'a	9,048 71	.0155	5,144 31	.0088	14,193 02	.0243
Alabama	8,762 52	.0175	3,829 49	.0095	12,592 01	.027
Oregon	1,623 86	.024	....	.....	1,623 86	.024
Texas	6,865 36	.0119	2,149 34	.0037	9,014 70	.0156
Arkansas	5,745 38	.0287	1,350 99	.0068	7,096 37	.0355
Utah	1,887 42	.0125	1,097 00	.00[illegible]3	2,984 42	.0193
Montana	837 31	.0083	560 00	.0056	1,397 31	.0139
Idaho	478 65	.0047	1,405 36	.014	1,884 01	.0187
Total.	9,525,607 31	2¼	8,813,126 92	2.082	18,338,734 23	4.332

STATEMENT SHOWING THE AMOUNTS AND KINDS OF UNITED STATES BONDS HELD BY THE TREASURER OF THE UNITED STATES TO SECURE THE REDEMPTION OF THE CIRCULATING NOTES OF NATIONAL BANKS ON THE 30TH DAY OF SEPTEMBER, 1868.

Description of securities.	Amounts.
Registered bonds—Act of June 14, 1858	$805,000
" " " " 22, 1860	59,000
" " " Feb. 8, 1861	3,487,000
Coupon " " " 8, 1861	1,000
" " " March 2, 1861	16,0 0
Registered " Acts of July 17 and August 5, 1861	58,611,000
Coupon " " " 17 " " 5, 1861	9,000
Registered bonds—Act of Feb. 25, 1862	6,506,330
Coupon bonds—Acts of Feb. 25, 1862	4,2000
Registered bonds—Act of March 3, 1863	34,142 050
" " " " 3, 1864, 5 per cent	88,596,150
Coupon " " " 3, 1864, 5 "	10,000
Registered " " June 30, 1864	38,045,000
" " Acts of July 1, 1862, and July 2, 1864	9,263,000
" " Act of March 3, 1864, 6 per cent	3,503,500
" " " " 3, 1865, first series	27,218,100
" " " " 3, 1865, second series	10,714,100
" " " " 3, 1865, third series	2,287,550
" " " " 3, 1865, fourth series	185,000
Total	$342,019,950

REPORTS.

The national currency act requires every association to make a report, exhibiting in detail its resources and liabilities on the first Monday of January, April, July and October, of each year. In addition to this, every association is required on the first Tuesday of each month to make a statement, exhibiting the average amount of loans and discounts, specie and other lawful money deposits, and circulation; and banks not located in the cities named in section 31 of the act are required also to return the amount due them available for the redemption of their circulation.

The quarterly reports coming, as they do, upon a certain specified day, known in advance, and for which the amplest preparation may be made, can hardly be expected to present the actual working condition of the banks. They are, of course, careful to exhibit the full amount of reserve required, and otherwise a full compliance with all the important provisions of the law. But it is in the large cities, especially in New York, that this plan proves most objectionable. Gold and stock speculators, knowing that at certain time the banks will make it a point to have a full supply of lawful money in their vaults, get up combinations for the purpose of producing a scarcity of legal-tender notes, and a stringent money market, so as to depress the market for government, State, railroad, and other securities. National banks, held firmly to the requirements of the law, are seriously embarrassed by such trickery. Their necessities compel them to have the lawful money at any hazard. Besides the damage resulting from an unnecessary and forced depression of public securities, regular commercial transactions are impeded, suspended, or forced to be carried on at ruinous rates, owing to the artificial stringency thus produced. It is becoming more manifest, as one quarter succeeds another, that the evil is becoming more and more intolerable. Honest industry, regular trade, and legitimate business of every kind, which depend upon the banks for their usual facilities, are subjected to great inconvenience, hardship, and loss, through the abuses thus practiced.

This state of things calls for a prompt and efficient remedy. This may be found in an amendment to section 34 of the act, authorizing the Comptroller of the Currency to call upon the banks for five detailed statements or reports during each year, fixing upon some day that is past for the date of the report. In this way the condition of the banks may be ascertained at irregular intervals, without previous preparation on their part; and the precise period when the reports will be called for being unknown to the public, outside operators will be prevented from conspiring against the banks and the honest trade of the country.

This subject is commended to the early attention of Congress.

BANKS IN VOLUNTARY LIQUIDATION.

Section 42 of the currency act provides that any association may go into liquidation and be closed by a vote of shareholders owning two-thirds of its stock; that due notice of such action shall be published, &c.; and at any time after the expiration of one year from the publication of such notice, the said association may pay over to the Treasurer of the United States the amount of its outstanding notes in lawful money of the United States, and take up the bonds which it has on deposit with the Treasurer as security for such circulating notes—leaving it optional with the bank or its representatives to take up the bonds, or not.

Under this provision a bank may go into liquidation, pay off its depositors and other creditors, do no business, have no existence as a bank of discount and deposit, and yet reap all the benefits of a circulation guarantied by the government. In some cases the ownership has been concentrated in the hands of two or three individuals, who continue to do business as private bankers, avoid taxation, evade the requirements of the currency act, and still retain the most profitable feature of a national bank.

To correct abuse of this kind, it is suggested that national banking associations which go into voluntary liquidation be required to provide for their outstanding circulation in lawful money, and take up their bonds within three or six months; in default of which, the Comptroller shall have power to sell their bonds at public auction in New York City, and, after paying to the Treasurer the amount of the outstanding circulation of the bank in lawful money, to pay over any excess realized from the sale of the bonds to the association or its legal representatives.

Banks that are winding up for the purpose of consolidating with other banks, or for the purpose of reorganizing at some other and more desirable points, should be excepted from the foregoing requirements.

A CENTRAL REDEEMING AGENCY.

The opinion was expressed in the last annual report from this office that it was important that a system of redemptions for national bank notes should be established as early as practicable, by means of which they should be made convertible into the lawful money of the country, whether it be paper or gold, at the principal centre of trade. Without repeating the argument then made, the conviction is again expressed that only by rigid, unfailing redemptions at a central point can the bank currency of the country be kept at a uniform par value.

A prevalent objection to this doctrine is, that it would render the country banks tributary to New York. While there is strong reason to believe this objection would prove to be unfounded, yet it may be entirely removed by authorizing the national banks of the country to take the whole matter into their own hands. If Congress should provide by law for the organization of a national bank in New York City, without circulation, in which every national bank should be required to become a stockholder in proportion to its surplus fund, a bank with a capital of from ten to fifteen or twenty millions could be established, which would become the redeeming agency of the whole country, and the clearing-house of all national bank notes in circulation. It would be owned, controlled, and managed by the banks themselves for their benefit, and in their interest. It should have one department devoted exclusively to redemptions and exchanges of currency, and another department devoted to a general banking business. The latter department could be made to pay all the expenses of the redemptions and exchanges, and yield a revenue to the stockholdesr in addition, which would be so much interest on their surplus funds thus invested. Such an institution would prove of incalculable benefit to the banking, commercial and industrial interests of the country. It would place the bank circulation of the country at once upon the soundest footing, and demonstrate practically the fact that the banks stand ready to make their issues not only redeemable, but actually convertible at all times in the great markets of the Union.

Moreover, such an agency, by becoming a place of deposit for that portion of the reserves kept in New York, would remedy the evils adverted to in my last report, growing out of the payment of interest on the balances of the country banks, and their consequent use by the New York City banks. The reserves, instead of being loaned on call to speculators and brokers, as is largely done at present, would be held exactly where they would be needed, and would be applied to just the purpose for which they were intended. They would be actual reserves, and at all times available as such; thus adding to the safety and the credit of the currency of the country, and carrying into practical operation the spirit and intent of the law on this subject.

This suggestion is earnestly commended to the consideration of Congress, as tending to reconcile the interests of all sections on the question of redemptions.

THE PERIODICAL STRINGENCY IN NEW YORK CITY.

A careful study of the bank statements of New York taken separately, and the application of the facts so obtained to the aggregate statement or abstract of the whole, affords valuable and instructive information.

The abstract shows the total of loans to be $163,634,000.

An examination of the statements in detail seows the character of the loan to be substantially as follows:

Commercial or business paper	$90,000,000
Demand loans	68,500,000
Accommodation loans	3,500,000
Suspended loans	1,500,000
Total	163,500,000

Nine sixteenths, or rather more than half the loan, is legitimate business paper; the balance is upon call, or for accommodation. The amount loaned on call for commercial purposes is not stated; but reliable information leads to the belief that it is very small. The customs and necessities of trade are of such a character as to preclude loans of this kind. The merchant, with his capital invested in trade, must know when his liabilities are to mature, in order that he may be prepared to meet them. It would be unsafe for him to use money in his business which he is liable to be called on to pay at any moment. Consequently, merchants and others in business where the profits are regular and legitimate, yielding a fair return to skill and industry, cannot afford to borrow money on call. Dealers in money, stocks and gold constitute almost the only class of business men whose transactions are of such a nature as to make call loans desirable or profitable; and it is scarcely possible to avoid the inference that nearly one-half of the available resources of the national banks in the city of New York are used in the operations of the stock and gold exchange; that they are loaned upon the security of stocks which are bought and sold largely on speculation, and which are manipulated by cliques and and combinations, according as the bulls or bears are, for the moment, in the ascendancy.

In addition to this direct loan of $70,000,000, they furnish facilities by means of certified checks to the same class of operators to an amount ranging from $110,000,000 to $120,000,000 daily, (on the 5th of October the amount was $112,800,000), and these checks are made to swell the amount of individual deposits. They are credited to depositors as money, and are circulated and treated as money by the banks and by their customers; yet, when ascertaining the amount of deposits upon which they must hold a reserve, or upon which they must pay taxes, the banks invariably deduct all such checks on hand. For instance, on the 1st Monday of October they reported:

Individual deposits	$224,170,000
But deducting checks on hand	112,800,000
They had actual deposits of	$111,370,000

Taking the call loans and the certified checks together, the somewhat startling fact is developed, that the New York National Banks furnish $70,000,000 of capital and $112 000,000 of credit for speculation.

The use of certified checks is a direct inflation to that extent; which stimulates the stock market, and keeps the price of a large class of miscellaneous securities much above their actual value, so that the market is feverish and fluctuating, and a slight stringency reduces the prices. Taking advantage of an active demand for money to move the crops, west and south, shrewd operators form their combinations to depress the market by "locking up" money—withdrawing all they can control or borrow from the common fund: money becomes scarce, the rate of interest advances, and stocks decline. The legitimate demand for money continues; and, fearful of trenching on their reserve, the banks are straitened for means. They dare not call in their demand loans, for that would compel their customers to sell securities on a falling market, which would make matters worse. Habitually lending their means to the utmost limit of prudence, and their credit much beyond that limit, to brokers and speculators, they are powerless to afford relief. Their customers, by the forceof circumstances, become their masters. The banks cannot hold back or withdraw from the dilemma in which their mode of doing business has placed them. They must carry the load to save their margins. A panic, which should greatly reduce the price of securities, would occasion serious if not fatal results to the banks most extensively engaged in such operations, and would produce a feeling of insecurity which would be very dangerous to the entire banking interest of the country.

The fact that a banking interest with capital and surplus of $100,000,000 can be, and has been repeatedly placed at the mercy of a few shrewd, though bold and unscrupulous men, is evidence of some inherent defect in its management, and the foregoing statement may serve in some degree to show where the error lies:

1st. In demand or call loans to brokers and speculators, on collateral security, by which nearly one-half the active resources of the banks are used directly to foster and promote speculative operations.

2d. Certified checks or loans of credit to the same class of men, whereby stocks are inflated and immense operations are carried on daily upon fictitious capital.

3d. The payment of interest on bank balances; which, being payable on demand, must be loaned on call in order to avoid loss.

The necessity for making call loans is, in part, owing to the fact that a large fund, belonging to country banks, is held by the New York City banks, subject to the payment of interest. This fund is liable to be demanded at any time. But, bearing interest, it cannot be suffered to lie unemployed, and so *must* be loaned on call. It may be merely a coincidence; but on the first Monday of October, the bank deposits held by the New York City banks were $68,529,417, and the call loans reported were $68,500,000. These loans, as before stated, are made to brokers, stock and gold operators, on collateral security, and constitute a large portion of the capital used in speculation. Thus, by a vicious practice, the reserve fund of the country is handed over to the tender mercies of Wall street and its purlieus.

Not content with the $70,000,000 so absorbed, a fictitious capital of $120,000,000 is created by means of certified checks, which, by an ingenious arrangement, after being traded on the street, are finally traded back to the banks that issue them, without materially increasing or diminishing the cash deposits. Many of the largest and best managed national banks in New York deprecate the practice herein set forth, and look with anxiety and alarm toward the final issue; but they are all involved in the danger. The failure of one or more institutions, through reckless management would endanger the whole. If all bankers were wise and prudent, no law would be required to restrain them; but they are in the position of trustees —trustees for their stockholders, trustees for their depositors, and trustees for the public. If they habitually engage in practices dangerous to stockholders, depositors and the public the law may be invoked to provide a remedy. It is not becoming that institutions organized under an act of Congress for the public good, should so far pervert their corporate powers and privileges as to work detriment to the public interests. If they regard legislative interference as arbitrary and tyrannical, they may have the option of conforming to the requirements of law, or of withdrawing from a system to which they add no strength.

A return to specie payments would be the best remedy for speculation; as every departure from specie value is the signal and incentive for its rise and reign. As a present corrective, however, it is recommended that national banks be prohibited by law from paying interest on bank balances, and also from certifying checks to be good which are not drawn against actually existing cash deposits standing to the credit of the drawer when the checks are made and presented.

PANICS

Notwithstanding the fact, however, that the troubles to which the banking interest is liable are caused primarily by the disregard of sound principles on the part of the banks themselves, it is nevertheless true that they do recur from time to time, and that they are usually the cause of wide-spread disaster—disaster reaching far beyond the immediate circle in which the trouble originated, and extending into every branch of trade, and into every section of the country.

When money is abundant, the temptation is very great to find employment for it as much as possible; and though the danger of too great extension is palpable, and has been demonstrated by experience, yet the majority of bankers are prone to go on, carrying full sail, until they find themselves in the breakers, repeating the same mistakes and suffering the same retributions which they themselves, or their predecessors, have before made and suffered. The facts must be taken as they are found to exist. Panics come; and while it would be wise to learn lessons of wisdom from experience, so as to avoid their recurrence, the fact that we are, and will probably continue to be, liable to panics as long as men make mistakes, or act in reckless disregard of established principles, should be duly considered. Recognizing this fact, it may not be without profit to ascertain the nature of the trouble that prevails in a time of financial pressure.

If banks habitually lend all their available means when times are easy, or when there is no extraneous demand for money, it is evident that when an extra demand arises, it can be met only by withdrawing or calling in loans previously made. For instance, during the Summer months there is but little demand for money throughout the country generally, beyond the ordinary wants of regular trade, and a large surplus is accumulated in the large cities, principally in New York. The banks in New York, with their coffers full to overflowing, seek employment for their money, and loan freely as far as they can find borrowers, and at low rates. Their funds are thus absorbed, and to a considerable extent form the basis upon which a large amount of business is transacted. Abundance of money at low rates stimulates and builds up a certain kind of business, which comes to depend upon the banks for its activity and support. Meantime the grain crops of the West, and the cotton crops of the South, are gathered, and are made ready for shipment to market. Both are prime necessities to the country at large. They must go forward, and money is required to buy them and to move them. The demand is paramount and must be answered; but it can be met only by withdrawing money that has been absorbed and become the very life blood of a business built up and supported by its use.

The banks contract their loans, and murmurs are heard of stringency. The crops require all the money in the country to pay for them; but Wall street demands its share, insisting, and not without reason, that the banks encouraged its speculative operations by tendering means in abundance, and now to withdraw the accustomed support will be ruinous to its interests. The banks, interested so argely in the operations of their customers, cannot afford to call in their loans, or to cut off supplies; their own safety is at stake, and they must carry their customers through, or suffer with them the consequences of a dangerous convulsion, possibly of a fatal collapse.

This is substantially the history of a panic under the present order of things. Possibly it might be prevented by a proper conservatism exercised in season; but prudence is not the most distinguishing trait of the times. The important question, therefore, is how to relieve the public? There is not money enough in the country to meet all the demands at once. A suspicion that a financial institution is unable to respond to all demands, is almost fatal to its stability; and when confidence is unsettled, judgment loses its sway, and unreasoning panic follows.

THE REMEDY.

If the Treasury of the United States could hold in reserve a certain amount of legal tender notes in excess of the amount of money in regular circulation, to be advanced to banking institutions at a specified rate of interest upon the deposit of United States bonds as collateral security, a source of relief would be established which would effectually prevent a monetary pressure from being carried to any ruinous extent.

This proposition is not anomalous or without precedent. In time of severe pressure, the Bank of England has been authorized by the Chancellor of the Exchequer to issue its notes in excess of the limitations prescribed in its charter. This was done in violation, or without authority, of law, upon the pledge by the Government of an act of indemnity. In our government no power to make such pledges exists; and therefore, any extraordinary provision of the character suggested must be authorized by law.

The measure is one of relief and protection to the interests of the public at large, and therefore justifiable. If the consequences of overtrading, speculation, and otherwise reckless conduct could be confined to the parties or institutions so overtrading or speculating, they might well be left to their own resources; but immense interests are involved which are in no way responsible for the trouble. A financial panic generally extends to commercial circles, and in several instances has damaged the trade and industry of the country to such an extent that its effects have been felt for years. Any measure that would mitigate or prevent such calamities would be a measure of national importance and a proper subject for Congressional legislation.

SPECIE PAYMENTS.

The subject of specie payments naturally comes up whenever the currency question is discussed, and much ingenuity has been exercised in devising plans for an early resumption.

The principle obstacle to specie payments may be found in the statement of the public debt of the United States for the 1st of October, 1868, under the head of "Debt bearing no interest," as follows:

United States notes	$356,021,073 00
Fractional currency	32,933,614 17
Making together	388,954,687 17

of Government notes circulating as money, and designed to take the place of gold and silver by being made "a legal tender for all debts, public and private, except duties on imports" and interest on the bonded debt. As long as the people prefer an inferior currency—inferior because irredeemable and inconvertible except at a heavy discount—they will have it to the entire exclusion of the precious metals. Whenever the people conclude that it is more economical to conduct the business of the country on a specie basis, they can ordain specie payments by making provision through their representatives in Congress for the payment or withdrawal of the present depreciated paper currency issued and kept in circulation by the Government. And whenever the people wish to restore the credit of the nation, they can do it through their representatives in Congress, by removing the only embarrassment that stands in the way—by directing that provision shall be made for the payment of a floating indebtedness amounting to $388,000,000, consisting of promises to pay that are never paid—and so establish the fact that the United States is a solvent debtor, able and willing to pay every debt as it becomes due. Specie payments and the restoration of public credit are within the reach, and depend upon the will, of the people of the United States.

FREE BANKING.

Whenever Congress shall inaugurate measures looking to the appreciation of United States notes to a gold standard, the effect of such measures will probably be to diminish the volume of such notes in circulation. To what extent the reduction would have to be carried in order to place them permanently on a specie basis, would at present be mere matter of speculation. Doubtless a large amount might be carried, with profit to the Government and with benefit to the public.

As soon as the effect of such measures becomes apparent, by the gradual approach of legal tender notes to a par with gold, the restrictions imposed upon the issue of circulating notes by national banks may be safely removed, provided the establishment of a central redeeming agency in the city of New York, at which all national bank notes are redeemable at par, shall be required by law. Any inconvenience resulting from a reduction of legal tenders may thus be remedied, and the remedy will be in the hands of the only competent judge of the necessities of the case—the business public of the United States.

Respectfully submitted,

H. R. HULBURD,
Comptroller of the Currency.

Hon. HUGH MCCULLOCH,
Secretary of the Treasury.

THE MINES OF AUSTRALIA.

The Melbourne *Australian* says: Some interesting statistics just issued from the Mining Department show a decrease in the number of miners employed in 1867, as compared with 1866, and an increase in their average earnings. Indeed it is satisfactory to observe that these have been steadily on the rise for the last six years; while we must not lose sight of the fact that the yield of gold does not represent the whole of the miners' earnings; inasmuch as these are supplemented by the tens of thousands of pounds expended in unsuccessful ventures by capitalists in Melbourne and elsewhere. The mean number of miners employed in 1867 was 65,857, of whom about three-fourths were engaged in alluvial operations. Their average earnings per man were £67 10s. 7½d., and those of the quartz miners £158 11s. 8d¾d. per head per annum. The machinery two millions sterling; the estimated value of all claims, £7,461,212; the length of water races, 2,300 miles; and the quantity of gold exported during the past year was 1,433,687 ounces, of which 560,527 ounces were obtained from quartz veins, and 873,160 ounces from alluvial workings. We subjoin an estimate of the value of the metals and minerals raised in the colony from the first discovery of the gold fields to the 31st December, 1867:

Gold, 33,910,952¾ ounces	£135,643,811
Silver, 12,591 oz, at 5s. 6d. per oz	3,462
Tin	10[illegible],049
Copper	4,673
Antimony	30,426
Coal, 1,993 tons, at £1 10 per ton	2,899
Lignite, 235 tons, at 17s 6d. per ton	205
Kaolin, 1,757 tons, at £4 per ton	7,028
Flagging	18,663
Slates	508
Magnesite, 6¼ tons, at £2 per ton	12
Diamonds, about 80 carats, at an average of, say, £1 per carat	80
Sapphires, numbers cannot be estimated, say	150
Total	£135,906,96

COMMERCIAL CHRONICLE AND REVIEW.

Derangement of Monetary affairs—Statement of the New York Banks—Rates of Loans and Discounts—The Stock Market—Bonds sold at the New York Stock Exchange Board—Prices of Government Securities at New York—Course of Consols and American Securities at London—Railway and Miscellaneous Securities at New York—General Movement of Coin and Bullion at New York—Course of Gold at New York—Course of Foreign Exchange at New York.

November has been remarkable chiefly for derangements in monetary affairs, produced by the operations of speculative combinations in Erie stock. Extraordinary issues of shares have been made by the managers of that Company, and the proceeds hoarded for about three weeks. It is estimated that not less than $15,000,000 of legal tenders were in this way taken out of the banks. This sudden movement, coming immediately after the withdrawal of large amounts of money to the West, had the effect of reducing the legal tenders in the Clearing-House banks, in the week ending November 7th, to $47,100,000. This, of course, necessitated a violent contraction of loans, and compelled borrowers on stock collaterals to pay, for a time, rates of interest ranging from 7 per cent in gold to ½ per cent per day. About the middle of the month, the Erie party became large buyers of their stock; and in that way the funds for some time held out of circulation were again returned into the banks, with the result of a marked ease in money and a fall in the rate of interest to 5@7 per cent. The wide fluctuations in banking movements will be apparent from the following comparison of items on November 7th and 21st:

	Nov. 7,	Nov. 21.
Loans and discounts	$256,600,000	$251,000,000
Specie	16,400,000	17,300,000
Circulation	34,300,000	34,100,000
Deposits	175,500,000	184,100,000
Legal tenders	47,100,000	63,500,000

The extreme scarcity of money materially interfered with discounting operations, and caused much inconvenience to merchants; but, within the last two weeks, the accumulation of paper has been worked off and rates have declined 2@3 per cent, the rate for prime merchants paper, at the close, being 7@9 per cent. The success with which the tying up of money has thus been carried on has produced a strong impression of the evils arising from the lack of elasticity in our currency, which will probably find expression in an appeal to Congress for the adoption of measures promotive of a more effective redemption of bank circulation. The Sub-Treasury found it necessary at to reduce one period of the month, its currency balance to about $8,500,000 in redeeming 3 per cent Certificates sent in by the banks to procure legal tenders; and, as a means of staying the panicky feeling, the Secretary of the Treasury announced that, during the continuance of the pressure, rather than sell bonds or gold to supply himself with currency, he would, if necessary, reissue legal tender notes which had been redeemed but not cancelled. Fortunately, the necessity for this extreme resort did not occur; and, since the return of ease, the Treasury has again sold gold, to the amount of about $1,000,000.

The following comparison shows the totals of the statements of the New York banks at the close of each week in October and at the close of October 1867:

	Nov. 7.	Nov. 14.	Nov. 21.	Nov. 28.	Nov. 30, '67.
Loans and discounts...	$256,612,191	$249,119,539	$251,091,063	$254,386,057	$247,815,509
Specie	16,446,741	16,155,008	17,333,153	15,786,277	16,572,890
Circulation	34,353,637	34,249,564	34,195,068	34,284,563	34,080,792
Deposits...............	175,556,708	175,150,589	184,110,340	187,418,835	175,686,233
Legal Tenders........	47,167,207	51,466,693	58,599,944	62,440,206	52,098,132

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

RATES OF LOANS AND DISCOUNTS.

	Nov. 6.	Nov. 13.	Nov. 20.	Nov 27.
Call loans	Irregular.	Irregular.	5 @ 7	5 @ 7
Loans on Bonds and Mortgage......			—@ 7	—@ 7
A 1, endorsed bills, 2 mos.........			8 @10	7 @ 8
Good endorsed bills, 3 & 4 mos.....			9 @ 2	8 @10
" " single names....			10 @12	9 @11
Lower grades......................			12 @15	12 @15

The stock market during the first half of the month was excited and panicky, in sympathy with the condition of the money market and the eccentric movements in Erie shares. A very sharp "corner" in Erie was developed, under which the price advanced to 54. During this process it is supposed the Erie combination succeeded in placing a large amount of stock upon the street. The subsequent litigation caused the stock to be wholly neglected, and the price declined to 35½ closing at 40. The pressure in money caused the failure of a large operator in the Milwaukee and St. Paul's stocks, with the result of a break in the common shares from 97½ to 61. New York Central declined from 129¼ to 115, and Hudson River from 138 to 120. All other stocks also declined very heavily; but upon the return of the "tied up" currency into circulation there was a rapid upward movement in prices, and at the close of the month the market was generally strong. The transactions at both boards of brokers, for the month, have been as follows:

Classes.	1867.	1868.	Increase.	Dec
Bank shares	3,221	2,345	.....	876
Railroad "	1,002,516	1,539,212	536,696	.....
Coal "	3,806	11,669	7,863	....
Mining "	13,600	28,750	15,150	.....
Improv'nt"	17,120	11,200	.....	5,920
Telegraph"	79,514	26,151	.....	53,363
Steamship"	117,719	48,926	.....	68,793
Expr'ss&c"	121,672	45,274	...	76,298
Total—November	1,359,168	1,713,627	354,459	
" —since January 1....................	19,510,315	18,619,672	.....	890,643

United States bonds have fluctuated very widely, in sympathy with the derangements in the money market, and with the efforts of combinations to depress prices. Early in the month Five-Twenties of 1862 fell to 106⅝, but subsequently recovered to 113⅝; this extreme rise, however, was due partially to speculation, and the price stood at the close at 111⅜. Sixty-Sevens fell to 108⅜, but recovered to 111⅛, and closed at 11[illegible]¾. Excepting Sixty Twos, the range of fluctuations has been 2½@3 per cent. The month closed with a healthy demand from investors, and with a generally strong feeling among dealers, based upon the understanding that measures will be early introduced into Congress with a view to closing up all outstanding gold-bearing loans, and declaring the principal of all United States bonds payable in coin. We see, however, little probabi'ity of this latter measure passing the lower House. The amount of transactions at the board for the month has been $29,600,000 against $15,800,000 for the sa ne period of 1867 The transactions in bonds registe ed at the Stock Exchange compare as follows:

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

Classes.	1867.	1868.	Inc.	Dec.
U. S. bonds	$10,396,500	$23,065,900	$12,669,400	$.......
U. S. notes	1,203,150	......	......	1,203,150
St'e & city b'ds	3,454,500	5,416,000	1,961,500	....
Company b'ds	827,500	1,181,700	354,200	....
Total—November	$15,881,650	$29,663,600	$13,781,950	....
" —since Jan. 1	193,391,380	225,184,690	31,793,310	....

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

PRICES OF GOVERNMENT SECURITIES AT NEW YORK.

Day of month.	6's, 1881. Coup.	6's, 1881. Reg.	6's, (5-20 yrs.) Coupon 1862.	1864.	1865.	new.	1867.	1868.	5's, 10-4· yrs. C'pn.
2	115⅜	.....	109⅜	108	107⅝	.....	110⅞	110⅞	106
3	114	.....	109¼	107⅜	107⅜	110⅛	110⅞	110¾	106
4	115	.. ..	108¾	106⅝	106⅝	109¾	109⅞	110¼	105⅜
5	112½	.....	106⅝	106	105⅞	108⅜	108⅜	109	104
6	112½	112	107⅝	106⅛	106¼	108⅞	108¾	108⅜	....
7	112⅞	112½	107⅞	106½	106½	109⅜	108⅞	109½	104⅜
9	114¼	112⅞	107	107½	107⅝	110⅛	110	110⅝	104⅜
10	113⅛	112⅞	108¾	106¾	107	109⅝	109⅝	110⅝	105⅛
11	113¼	112⅞	108¾	106⅞	107	109¾	109⅞	110⅜	105
12	.....	113	108¾	106¾	106¾	109⅝	109⅝	110½	105
13	.....	.....	108⅜	106¼	106⅜	109⅜	109⅜	109¾	....
14	113¾	112¾	108⅞	106½	106⅞	109¾	109¾	110	104¾
16	114	113	109⅝	107⅜	107⅝	110¼	110⅝	110⅝	105¼
17	114¼	.....	109⅜	106¾	107⅜	109½	110	110½	105
18	114⅜	113¼	110	107⅛	107½	110	110⅛	110¼	105
19	114½	113½	109⅞	107¼	.....	109⅞	110⅜	110⅜	105
20	114	114¾	110⅝	107⅜	107⅝	110⅛	110½	110½	105¼
21	114⅞	114¼	111¼	107⅝	108	110¼	110½	.....	105½
23	115	115	112¼	107⅞	108⅜	110⅝	110¾	111	105¾
24	115½	115	113½	108¼	108¾	110⅞	111⅛	.....	106¾
25	115⅜	.....	113⅜	108	108½	110¾	110⅞	.....	106½
26	(Thanksgiving Day.)								
27	115⅛	114¾	112⅛	107½	108	110½	110⅞	.....	106⅜
28	115	.	111⅜	107½	107⅞	110⅝	110⅝	110¾	106
30	.....	114⅞	111⅜	.....	107⅝	110⅝	110½	.....	.....
First	115⅜	112	109⅜	108	107⅝	110⅛	110⅝	110⅞	106
Lowest	112½	112	106⅝	106	105⅞	108⅜	108⅜	108⅜	104
Highest	115½	115	113½	108¼	108¾	110⅞	111⅛	110⅞	106¾
Range	3	3	6⅞	2¼	2⅞	2½	2¾	2½	2¾
Last	115	114⅞	111⅜	107½	107⅝	110⅝	110½	110¾	106

The prices of bonds at London and Frankfort have remained remarkably steady through the wide fluctuations in the home market, as will appear from the following daily quotations:

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.
Monday 2		Holi	day.		Saturday 21	94⅛	74⅝	96	29¾
Tu'sday 3	94⅜	74⅜	97¼	27¾	Monday 23	94¼	74⅝	96	28¼
Wednesday 4	94⅛	74½	97⅛	28	Tuesday 24	94⅜	74⅞	96	29
Thursday 5	94⅜	74¾	97¼	27¾	Wednesday 25	94¼	75	96	26¾
Friday 6	94¼	74	97	27⅝	Thursday 26	94¼	74⅝	96	27
Saturday 7	94⅜	73¾	97	27¾	Friday 27	94¼	74⅝	96	27
Monday 9	94⅜	73⅞	96¾	27¾	Saturday 28	94	74⅝	96	27
Tuesday 10	94⅜	74¼	96¼	27½	Monday 30	94⅛	74⅝	96	27½
Wedney 11	94⅜	74	96½	26½					
Thurs 12	94¼	74¼	96¼	25¾	Lowest	94	73¾	95¾	23¾
Friday 13	94⅜	74⅜	96	23¾	Highest	94⅜	75	97¼	32¾
Saturday 14	94¼	74¼	96	26	Range	⅜	1¼	1½	9
Monday 16	94⅛	73⅞	95¾	30¼					
Tuesday 17	94	73⅞	95¾	32¾	Low } Since Jan. 1	91⅞	70⅛	84¾	23¾
Wednesday 18	94	74¼	96	30	Hig	96½	75	102	50½
hursday 19	94⅛	74¼	96	30	Rng	4⅝	4⅞	17¼	26⅜
riday 20	94⅛	74¼	96	30¾	Last	94⅛	74⅝	96	27½

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

Nov. 5.	Nov. 12.	Nov. 19.	Nov. 26.	Month.
79⅛@79¼	78⅞	79	79⅜	78⅞@79⅜

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 October aand November, 1868 :

	October.				November.			
	Open.	High.	Low.	Clos.	Open.	High.	Low.	Clos.
Railroad Stocks—								
Alton & Terre Haut	42½	45	40	40	41	41	40	40
do do pref	....	....	....	.	60	62	60	62
Boston, Hartford & Erie	23	27¾	23	27½	27⅜	27⅜	27⅜	27⅜
Chicago & Alton	150	155½	150	151½	151	151	134	147
do do pref	153	156	152	156	150	150	135	147
Chicago, Burl. & Quincy	170	171	168	170	170	170	169	170
do & Gt. Eastern	40¼	40⅜	40	40¼	....	....	....	...
do & Northwest'n	88⅜	97¾	88⅜	92	90⅜	90⅜	73	86
do do pref	88	98⅛	88	92⅞	91	91½	77¼	87⅞
do & Rock Island	102⅛	109½	102	106⅛	104¾	109¼	101	108½
Cleve., Col., Cin. & Ind	79	80	75	77	78	78	75	76½
do & Pittsburg	84¾	91½	84¾	88¾	87	89¾	81½	88⅝
do & Toledo	101¼	106⅝	101¼	103	102	103	95	100⅞
Del., Lack & Western	121½	132	121½	132	130	130	126	129½
Dubuque & Sioux city	95	101	95	100	....	....	....	...
do do pref	95	95	95	95	....	....		....
Erie	47	49½	38½	41¼	40	54	35½	40
do pref	70	71	65	65	65	65	59	60
Hannibal & St. Joseph	....	.	....	...	90	90	90	90
do do pref	89	89⅝	87	89	89	92½	86	92½
Hudson River	139	139	134⅛	137¾	137½	138	120	131
do do scrip	....	...	....	....	90	90	90	90
Illinois Central	147½	147¾	143	145	144	144	141	143¼
Ind. & Cincinnati	50	50	50	50	....	....	....	....
Joliet & Chicago	96	96	96	96	95	95	95	95
Long Island	45	45	45	45	....	....	....	....
Lake Shore	99	102½	98¼	100¾	99¾	100	96	100
Mar. & Cincin., 1st pref	25½	25½	23½	23½	25	25	25	25
do 2d pref	9	10	9	10	....	....	...	....
Michigan Central	119	119	118½	119	116	118	111	117½
do S. & N. Ind.	83¾	91	83¾	87	85	90	80	89¼
Mil. & Pr. du Ch'n. 1st pf	....	....	....	....	105	105	105	105
Milwaukee & St. Paul	95½	111	93	102½	95	97½	61	70¾
do do pref	93	112	93	102½	96½	98¾	76	88½
Morris & Essex	65½	66	65½	66	....	....	...	.
New Jersey	134	134	120¼	121	134	134	131½	133
do Central	122¼	122½	119	120¼	120½	121	116	116
New York Central	126¾	130½	123⅛	126⅝	125¼	129¼	115	129⅛
do & N. Haven	141½	142	141½	142	143	143	140	140
Norwich & Worcester	....	....	....	....	90	90	90	90
Ohio & Mississippi	28⅛	32½	28⅛	31⅜	30⅝	31¾	28½	31½
do do pref	78	79	78	79	79	79	79	79
Panama	345	345	330	330	330	330	330	330
Pittsb., Ft. W. & Chica	108⅝	117¾	108⅜	114¼	112¼	113½	105⅛	111⅞
Reading	93⅜	100¼	93⅜	99⅜	97⅞	99¾	92	99½
Rome & Watertown	....	....	....	...	114	114	114	114
Stonington	....	....	....	....	85	85	85	85
Toledo, Wab. & Western	59	67	58½	64	60½	63	54	58¾
do do do pref	75	78	73¾	74	73¼	73¼	70	71
Miscellaneous—								
Cumberland Coal	33	36	33	35	35	41	34	40⅛
Del. & Hud. Canal Coal	128½	130½	128	129¾	130	133½	127	132⅞
Pennsylvania Coal	210	220	210	220	220	220	220	220
Spring Mountain Coal	40	40	40	40	....	....	....	....
Pacific Mail	110	130¼	110	126¾	124¼	124½	112½	118⅜
Boston Water Power	16½	18⅞	15½	18	15¼	15½	14⅞	15½
Canton	47	51½	47	48½	47	51½	45½	51
Brunswick City	9	12½	9	12½	12	12	11	11
Mariposa	5	8¼	5	8	6¼	6¼	6	6
do pref	13¼	24⅜	13¼	23⅛	22½	22½	18½	21¾
Quicksilver	21¼	27¾	21¼	24	22½	25	20	23½
Manhattan Gas	230	230	230	230	225	225	225	225
West. Union Telegraph	34¼	38	34	36¾	36	37⅛	33¼	37
Express—								
American	48	49	45½	46½	46	49	41	48
Adams	52½	52½	49¼	50⅛	49¼	50	46	50
United States	49	50	47	47	48	50	44½	50
Merchant's Union	23⅝	23¾	21	21½	21½	21⅝	18¾	19⅛
Wells, Fargo & Co	30½	31⅞	28¾	28¾	28½	29½	25	27

Gold has fluctuated between 132 and 137. This wide range of quotations has been due rather to speculative operations attributed to the Erie combination than to any legitimate causes affecting the premium. Early in the month, large amounts of gold were withdrawn from the market, and the "short" interest being quite large, borrowers of coin were compelled to pay, for one day's use of it, from ¼@1 per cent. The market has a very steady undertone, owing to anticipations among foreign houses that, within a few weeks, a considerable amount of coin will have to be exported. The ample supply of cotton bills, together with some exports of bonds, have obviated the necessity of shipping gold in connection with remittances against the coupons of foreign holders of our bonds.

The following formula will show the movement of coin and bullion during the month of November, 1867 and 1868, respectively:

GENERAL MOVEMENT OF COIN AND BULLION AT NEW YORK.

	1867.	1868.	Increase.	Decrease
In banks, near first	$6,161,164	$16,446,741	$10,285,577	$... ...
Receipts from California	513,8 5	1,200,760	686,905	....
Imports of coin and bullion	201,600	201,325	....	275
Coin interest paid	16,969,514	16,485,908	... .	483,606
Redemption of loan of 1847-'48	....	32,200	32,200	....
Total reported supply	$23,846,133	$34,366,834	$10,520,701	$........
Exports of coin and bullion	$1,569,100	$1,181,084	. ....	$388,016
Customs duties	7,304,934	7,638,888	333,954	.. ..
Total withdrawn	$8,874,034	$8,819,972	$	$54,062
Excess of reported supply	$ 4,972,099	$25,546,902	$10,574,803	$.....
Specie in banks at end	16,411,726	15,786,277	... .	625,449
Derived from unreported sources	$1,439,627	$9,760,625	$8,320,998	$....

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

COURSE OF GOLD AT NEW YORK.

Date.	Openi'g	Lowest.	High'st.	Closing.	Date.	Openi'g	Lowest.	High'st.	Closing.
Monday 2	133½	133	133⅝	133⅜	Monday 23	134⅛	134	134¾	134⅝
Tuesday 3	133¼	133¼	133¾	133⅜	Tuesday 24	134¾	134½	134⅞	134⅝
Wednesday 4	133½	133	133¾	133	Wednesday 25	134½	134½	135½	135⅜
Thursday 5	132⅝	132⅜	132¾	132⅛	Thursday 26	(Tha	nksg	iving	Day)
Friday 6	132¼	132	132½	132⅛	Friday 27	135½	135	135⅞	135⅛
Saturday 7	134¼	133¾	134½	134⅛	Saturday 28	134⅞	134¾	135⅜	135¼
Monday 9	134⅜	134¼	134¾	134⅝	Monday 30	135⅝	135⅛	135¾	135⅛
Tuesday 10	135⅜	134⅜	135¾	134⅜					
Wednesday 11	133⅞	133¾	134⅜	134¼	Nov.... 1868	133½	132	137	135⅛
Thursday 12	134⅛	133⅝	134½	133⅝	" 1867	140¾	137⅞	141½	138
Friday 13	133⅝	133⅜	133¾	133⅝	" 1866	146⅜	138⅜	14-¾	141¼
Saturday 14	134¼	134¼	135	134⅞	" 1865	145¾	145½	148⅞	147¼
Monday 16	135¾	135½	137	136⅜	" 1864	238½	210	260	230
Tuesday 17	136⅜	134¼	136⅝	134½	" 1863	146	148	154	148½
Wednesday 18	134⅜	133⅞	135¼	135⅛	" 1862	129⅜	129	133¼	129
Thursday 19	134⅝	134½	135	134¾	" 1861	100	100	100	100
Friday 20	134⅜	134¼	134⅞	134¾					
Saturday 21	134½	134⅜	134¾	134½	S'ce January 1, 1868	133½	132	150	135½

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

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

Days.	London. cents for 54 pence.	Paris. centimes for dollar.	Amsterdam. cents for florin.	Bremen. cents for rix daler.	Hamburg. cents for M. banco.	Berlin. cents for thaler.
2	109⅞@	514⅜@513¾	41 @41⅛	79⅜@79½	36 @36⅛	71⅝@71¾
3	109¾@109⅞	515 514⅜	41 @41⅛	79⅜@79½	36 @36⅛	71⅝@71¾
4	109¾@109⅞	515 @514⅜	41 @41⅛	79⅜@79½	36 @36⅛	71⅝@71¾
5	109⅝@109⅞	516½@515	41 @41⅛	79⅜@79½	36 @36⅛	71⅝@71¾
6	109 @109½	518¾@516¼	41 @41⅛	79 @79½	35⅞@36	71½@72
7	109 @109½	518¾@516¼	41 @41⅛	79 @79½	35⅞@36	71½@72
9	109⅛@109¼	518¾@516¼	41 @41⅛	79 @79½	35⅞@36	71½@72
10	109⅛@109½	517½@516¼	41 @41⅛	79¼@79⅜	36 @36⅛	71½@71⅝
11	109⅜@109½	517½@516¼	41 @41⅛	79¼@79⅜	36 @36⅛	71½@71⅝
12	109¼@109⅜	517½@516¼	41 @41⅛	79¼@79⅜	36 @36⅛	71½@71⅝
13	109¼@109½	517½@516¼	41 @41⅛	79¼@79⅜	36 @36⅛	71½@71⅝
14	109⅜@109½	517½@516¼	41 @41⅛	79¼@79⅜	36 @36⅛	71½@71⅝
16	109 @109⅜	517½@516⅞	41 @41⅛	78¾@78⅞	36 @....	71½@71⅝
17	109 @109⅜	517½@516⅞	41 @41⅛	78¾@78⅞	36 @....	71½@71⅝
18	109 @109⅜	517½@516⅞	41 @41⅛	78¾@78⅞	36 @....	71½@71⅝
19	109⅛@109⅜	517½@516⅞	41 @41⅛	78¾@78⅞	36 @....	71½@71⅝
20	109⅜@109½	517½@516¼	41 @41⅛	78¾@78⅞	36 @....	71½@71⅝
21	109⅜@109½	517½@516¼	41 @41⅛	78¾@78⅞	36 @....	71½@71⅝
23	109⅜@109½	517½@516¼	41 @41⅛	78¾@78⅞	36 @....	71½@71⅝
24	109⅛@109½	517½@516¼	41 @41⅛	78¾@78⅞	36 @....	71½@71⅝
25	109⅜@109½	517½@516¼	41 @41⅛	78¾@78⅞	36 @....	71½@71⅝
26	(Thanksgiving Day.)					
27	109½@109⅝	517½@516¼	41 @41⅛	78¾@78⅞	36 @....	71½@71⅝
28	109⅜@109½	517½@516⅞	41 @41⅛	78¾@78⅞	36 @....	71½@71⅝
30	109⅜@109½	517½@516¼	41 @41⅛	78¾@78⅞	36 @....	71½@71⅝
Nov., 1867	109 @109⅞	518¾@513¾	41 @41⅛	78¾@79½	35⅞@36⅛	71½@72
Nov., 1868	109 @109¾	517½@513¼	40⅞@41⅛	@79	35⅞@36⅛	71¾@72½

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	253,170,723	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[illegible]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	217,844,518	55,846,259	597,242,595
February 15	271,015,970	24,192,955	34,043,296	216,759,828	63,471,762	550,521,185
February 21	267,763,643	22,513,987	34,100,023	209,095,351	60,868,930	452,421,592
February 29	267,240,678	22,091,642	34,0[illegible]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	266,816,034	19,744,701	34,218,381	201,188,470	54,738,866	691,277,641
March 21	261,416,900	17,944,308	34,212,571	191,191,526	52,261,086	649,482,341
March 28	257,378,247	17,323,367	34,190,808	186,525,128	52,123,078	557,843,908
April 4	254,287,891	17,077,299	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[illegible]2,784,154
May 2	257,623,672	16,166,373	34,114,843	191,206,135	57,863,599	588,717,822
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	201,313,305	57,613,095	480,186,908
May 23	267,381,279	20,479,947	34,183,038	202,507,550	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
June 6	273,792,267	14,328,531	34,188,159	209,089,655	68,822,028	640,663,329
June 13	275,142,024	11,193,631	34,166,846	210,670,765	69,202,840	530,328,197
June 20	274,117,608	9,124,830	34,119,120	211,484,387	72,567,582	553,983,817
June 27	276,504,[illegible]36	7,753,300	34,048,721	214,302,207	73,853,303	516,726,075
July 3	281,945,931	11,954,730	34,032,466	221,050,806	72,125,939	525,646,693
July 11	284,147,708	19,235,348	34,068,202	224,320,141	68,531,542	591,756,395
July 18	282,912,490	20,399,031	34,004,111	228,130,749	71,847,545	505,462,464
July 25	280,345,255	20,804,101	33,963,373	226,761,662	72,235,586	487,169,387

Date.	Loans.	Specie.	Circulation.	Deposits.	L. Tend's.	Ag. clear'gs.
August 1	279,311,657	20,502,737	33,957,305	228,101,867	73,638,061	409,134,169
August 8	279,705,786	24,784,427	31,074,374	231 716,492	74.051,548	587 004,381
August 15	277,808,620	22,953.850	34,114,087	223,561,087	72.935,481	482,533,952
August 22	275,345,781	19 768,681	34,137,627	216,435,405	69,757,645	610,308,551
August 29	271,780,726	16,949,108	34,112,139	210,334,646	67,757,376	480,785,665
September 5	271,830,696	16,815,778	34,170,419	207.854,341	65,983,773	470,036,175
September 12.	272,055,690	16,150,942	34,139.926	205,489,070	63,429,337	493,191,072
September 19.	271,252,096	14,665,742	34,044,693	202,824,583	63,772,700	518,471,552
September 26.	271,273,544	12,603,483	34,050,771	202,068,334	63,587,576	620,105,094
October 3....	269,5[illegible]3,868	11,757,335	34,154,806	194,919.177	60,2[illegible]0,4[illegible]7	747,618,516
October 10....	265,595.582	9,346,097	34,188,103	189,053,997	60,605,086	657,958,155
October 17....	264,644,035	9,186,620	34,213,918	188,880,586	58,626,857	635,516,454
October 24....	263 579,133	9.553,583	34,193,938	186,05[illegible],847	56.711,434	850,584,443
October 31....	262,365,569	10,620,526	34,2[illegible]3,210	181,948,547	51.590,9[illegible]8	809,452,542
November 7..	256,612,191	16,446,741	34,353,637	175,556,718	47,167,207	876,571,604
November 14 .	249,119,539	16 155,008	34.249,5[illegible]4	175,150,589	51.466,693	807,806,543
November 21..	251,091,063	17,333,153	34,195,068	184,110.340	63,599,944	865,111.990
November 28..	254,386,057	15,786,277	34,284,563	187,418,835	62,440,206	512,952,800

PHILADELPHIA BANK RETURNS.

Date.	Legal Tenders.	Loans.	Specie.	Circulation.	Deposits.
January 4.............	$16,782,432	$52,002,304	$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...	16,949,944	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 7................	17,157,954	53,081,665	232.180	10.633,713	34,826,861
March 14..	16,662,299	53,367,611	251.051	10,631,399	94,523,550
March 21	15,664.946	53.677,337	229.518	10,643,613	33,836,996
March 28................	14,348,391	53,450,878	192 858	10,643,606	32,428,390
April 4	13,208,625	52,209,234	215,835	10.642,670	31,278,119
April 11..	14,194,385	52,256,949	250,240	10 640.932	32,255 671
April 20............. ...	14,493,287	52,989,780	222,229	10,640.479	33,950,952
April 27	14,951.106	52,812 6[illegible]3	204,699	10,640,312	34,767,290
May 4..	14,990,832	53,333,740	314,366	10.631,044	35,109,937
May 11....	15,166,017	53,771,794	397,778	10,629,0[illegible]5	36,017,596
May 18....	15,381,545	53,494,583	3[illegible]3,525	10,632,665	36.030,063
May 25....	15,823,099	53,[illegible]63,225	280,302	10,661,276	36,000,297
June 1................	16,184,865	53,562,449	239,371	10,626,937	36,574.457
June 8...	16,078,308	53,491 864	226,581	10,630 945	42,910,499
June 15	15,837,117	53,122,521	175,308	10,630,979	43,016,968
June 22.............. .	15,993,145	53,381,820	182.711	10,631,2[illegible]0	43,243,562
June 29	16,414,877	53,072,878	198,563	10,630,307	43,936,629
July 6................	16,443.153	53,653,471	233,996	10,625.426	44,824,398
July 13................	16,664,232	53,791,596	182,524	10,626,214	45,156,620
July 20................	16,747,440	53,994,618	188,252	10,647.852	45,637,975
July 27	16,855,894	54,024,355	195,886	10,622.247	45,583,220
August 3............ .	17,402,177	54,341,163	187,281	10,623 646	47 205,867
August 10.............. .	17,792,508	54,592,015	184 007	10,622,751	45,048,718
August 17	17,819,300	54.674,758	196,530	10,624,772	46,636,377
August 24.........	17, 14,195	55,151,724	185,186	10,623.360	45,985,616
August 31.........	17,616.325	55,255.474	182,208	10.622,581	46,063,150
September 7............	16.875,409	55.684,068	222,900	10,622,316	45,279,109
September 14............	16,310,565	55 646,740	209,053	10,613,974	44,730,328
September 21............	15.857,032	55,620,710	197,207	10,620,531	43,955,531
September 28............	16,038,854	55,468,286	234,552	10,607,940	44,227,127
October 5............	15,677,539	55,248,512	195,689	10,608,330	43.525,479
October 12.............	15,082,008	55,373,834	161,282	10,607,413	42,713,623
October 19.............	14,821,796	55,401,115	200,598	10.610,700	42,676,626
October 26	14,546,736	54,964,488	176,595	10,609,359	41,698,881
November 2	13,802,798	54,731.646	222.901	10,612,512	41 107,463
November 9	13,229,266	53,957,647	387,221	10.611,086	39,343,970
November 16	12 570,578	53,323,460	335,012	10,609,645	38,377,937
November 23	12,685,593	52,350,530	298,754	10,605,975	37,736,444
November 30	13,016,734	52,386,666	249,154	10,603,158	3[illegible],176,990

BOSTON BANK RETURNS.

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

Date.	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	$228,730
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,[illegible]06	226,258
February 3	96,895,260	777,627	16,738,229	42,891,128	24,628,103	221,560
February 10	97,973,9[illegible]6	652,939	16,497.643	42,752,067	24.850,926	221,700
February 17	98,218,828	605,[illegible]40	16.561,4[illegible]1	41 502,550	24,850,055	220,452

Date.	Loans.	Specie.	Leg. Tenders.	Deposits.	Circulation. National.	Circulation. State.
February 24	97,469,436	616,953	16,309,501	40,387,614	24,686,212	216,490
March 2	100,243,692	633,832	16,304,846	40,954,936	24,876,089	2[illegible]5,214
March 9	101,559,361	867,174	15,556,696	39,770,418	24,987,700	210,162
March 16	101,499,611	918,485	14,582,342	39,276,514	25,062,418	197,720
March 23	100,109,595	798,606	13,712,560	37,022,546	25,094,253	197,289
March 30	99,132,268	685,034	13,736,032	36,184,640	24,983,417	197,079
April 6	97,020,925	731,540	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	24,231,058	166,962
April 27	98,002,343	577, 63	12,2[illegible]8.545	36,259,946	25,231,978	161,331
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	96,938,524	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	38,398,14[illegible]	25,210,660	160,151
June 1	97,458,997	766,553	14,188,806	40,311,569	25,204,939	159,560
June 8	98 116,632	631,149	14,368,900	41,470,376	25,194,114	159,313
June 15	99,513.988	561,990	14,373,575	41,738,706	25,190,565	159.150
June 22	99,389.632	476,483	14,564,614	42.583,871	25,197,317	158,908
June 29	99,477,074	436,699	15,195,550	42,506,316	25.182,920	158,812
July 6	100,110.830	1,617,638	15,[illegible]7,207	43,458,654	25.214,100	144,689
July 13	101.493,516	1,198.529	15,743,211	43,116,765	25,216,184	141,538
July 20	102,430,433	1,521,393	15,469,406	43,876,300	25,218,727	135,799
July 27	102,408,771	785,641	15,837,748	43,580,894	25,254,906	142,450
August 3	102,[illegible]80.658	7[illegible]6,254	15,796,059	43,389,523	25,016,492	......
August 10	103,860,686	634,963	15,753,958	44,962,268	25,197,164	......
August 17	103,956,603	664,695	15,554,580	43,702,501	25,182,658	......
August 24	103,624,691	779,1[illegible]2	16,310,323	42,360,049	25,214,5[illegible]6	......
August 31	103.550,020	[illegible]7,8[illegible]9	15,843,796	41,214,607	25,190,091	......
September 7	103,853,110	833.063	14,975,841	40,891,745	25,196,084	......
September 14	102,921,733	748,714	13,[illegible]74,330	40,640,820	25,183,876	......
September 21	102,472,936	642,793	13,466,258	39,712,168	25,184,048	......
September 28	101,621,744	642.829	1[illegible],0[illegible]2,447	39,127,659	25,[illegible]0,081	......
October 5	99.562,844	618,428	13,923,894	39,215,483	25,143,517	......
October 12	100,839,722	505,805	13.691,864	38,801.454	25,282,[illegible]82	......
October 19	102,595,177	501,008	13,009,829	38,686.344	25,267,095	......
October 26	101,595.576	481,755	11,915,738	37,872,697	25,168.348	......
November 2	99,720,762	729,830	11,701,307	37,740,824	25,248 470	......
November 9	99,770,134	1,249,781	11,120,415	37,335,519	25,267,9[illegible]9	......
November 16	98,688,779	1,242,085	10,961.899	34,970,223	25,230,679	......
November 23	97,354,999	1,196,098	10,931,225	35,114,817	25,204,845	......
November 30	97,612,382	1,030,427	11,129,836	36,515,167	25,992,423	......

SPECIAL NOTICE.

We take pleasure in calling the attention of our numerous readers to the card of the Mercantile Library Association, which will be found on the outside cover of this edition. This institution has now some 100,000 volumes, comprising the works of all the standard authors, and is constantly adding the newest publications. The low price of membership places it within the reach of all, and we would especially recommend young men who are not already members of the Library to join it at once, assuring them that it will be a step never to be regretted.

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