

NEW YORK HERALD.

JAMES GORDON BENNETT, EDITOR AND PROPRIETOR.

OFFICE N. W. CORNER OF FULTON AND NASSAU STS. Volume XXV. No. 301

AMUSEMENTS THIS EVENING.

- NINGLO'S GARDEN, Broadway.—Prof. HERMANN. WINTER GARDEN, Broadway.—LADIES OF KILLARNEY. PAT'S MINSTRELS.—MAGIC JOKE. WALLACE'S THEATRE, No. 244 Broadway.—SHE STROOPS TO SING. LAURA KEENE'S THEATRE, Broadway.—LITTLE TOM. NEW BOWERY THEATRE, Bowery.—HERN, THE HUNTER.—MAGIC LABEL.—JOHN JONES. BOWERY THEATRE, Bowery.—STICKNEY'S NATIONAL CIRCUS. BARNUM'S AMERICAN MUSEUM, Broadway.—DAY AND EVENING.—ORPHEUS, HIPPOCRATES, WALLS, AND OTHER CIRCUSES. BRYAN'S MINSTRELS, Mechanics' Hall, 472 Broadway.—ON BALLOON IN MARCH. HOOLEY'S MINSTRELS, Shreveport Institute, No. 629 Broadway.—ETHIOPIAN SONGS, DANCES, &c. NIBLO'S SALOON, Broadway.—PEAK FAMILY BELL RINGERS.—AMERICAN EVENING. MELODEON CONCERT HALL, No. 123 Broadway.—SONGS, DANCES, BURLESQUES, &c.—RIGOLIETTA. CANTERBURY MUSIC HALL, 58 Broadway.—SONGS, DANCES, BURLESQUES, &c.—MONS. DEBAILLON. GAITEIES CONCERT ROOM, 615 Broadway.—DRAWING ROOM ENTERTAINMENTS, BALLET, FANTASIES, PARADE, &c. AMERICAN MUSIC HALL, 44 Broadway.—SONGS, BALLET, FANTASIES, &c.—STANTON. METROPOLITAN CONCERT HALL, 603 Broadway.—SONGS, DANCES, BURLESQUES, &c.—CAT FOR PIE. CRYSTAL PALACE CONCERT HALL, No. 45 Bowery.—BURLESQUES, SONGS, &c.—CAT FOR PIE. PARISHAN GARDEN OF WONDERS, 563 Broadway.—Open daily from 10 A. M. till 5 P. M. NATIONAL MUSIC HALL, Chatham street.—BURLESQUES, SONGS, DANCES, &c. NOVELTY MUSIC HALL, 616 Broadway.—BURLESQUES, SONGS, DANCES, &c.

New York, Sunday, December 29, 1861.

THE SITUATION.

All prospects of a war with England are brought to an end by the decision of the Cabinet to surrender the persons of Messrs. Mason and Slidell to the protection of the British flag, from under which they were taken by Commander Wilkes. Mr. Seward, in the masterly document he has addressed to Lord Lyons, and in the sagacious instructions he transmitted to our Minister in London, on the 30th of November last, upon this subject, has taken so clear, comprehensive and unobjectionable a view of the entire affair, its legal bearings and the position which this country has always assumed upon the question of neutral rights, as to leave no point open for cavil, either at home or with foreign governments. This difficulty being settled, the government now finds itself free and unembarrassed to carry out with energy its course against the Southern rebellion, which Mr. Seward declares can be crushed out within ninety days after the hopes of recognition by foreign Powers are extinguished. The result is looked upon in Washington with the utmost satisfaction, as depriving the rebels of much strength which they would certainly have acquired in case of a war with England and France, and also as a complete vindication of American policy established by Madison, and since always resolutely contended for. At the dinner given yesterday by the Secretary of State to the diplomatic corps, the termination of the difficulty was the subject of universal congratulation.

There is nothing of importance to report from the army of the Potomac. General McClellan is fully restored to health. No official information was received of any action in Kentucky; but from other sources we learn that 60,000 men, the advance of General Buell's command, have crossed Green river, and are within five miles of the rebel General Hindman's advance posts. A battle is therefore looked for in a short time.

The British steamer Gladiolus, about whose mission we have before informed our readers, was at Nassau, New Providence, on the 16th inst., loaded with arms for the rebels, and was lying beside the United States gunboat Flambau, who was watching her movements. The government officials there, however, had declined to furnish coal to the Flambau, while the Gladiolus was abundantly supplied. As both vessels were constantly keeping steam up, and thus consuming their fuel, it was consequently a matter of time between them whether the Gladiolus would make good her escape—the odds, of course, being greatly in her favor.

Our European files by the Nova Scotian, dated on the 12th of December—one day later—contain a continuation of the narrative relating to the progress of the war excitement in England, as well as the general agitation taking produced by the Trent seizure affair, in a series of articles which we publish in the HERALD this morning. The editorial of the London Post—the government organ of Great Britain—in which the hopes of England, regarding the consequences of a war with the United States are portrayed, is very important.

The London Army and Navy Gazette of the 7th instant says:—As soon as the fleet (North American) under Vice Admiral Sir Alexander Milne, K. C. B., is likely to be employed on active service, a junior flag officer will be nominated to serve under Sir Alexander; but, up to last evening, nothing in this respect was decided at the Admiralty.

The same paper adds:—Various incorrect reports have been circulated respecting the regiments supposed to be under orders for Canada. The only battalions at present under orders are the First of the Rifle brigade and the First of the Sixteenth. No doubt more will follow as soon as transport can be obtained and the course of the American government is more decidedly apparent. The brigade of Guards next for foreign service consists of the First Battalion Grenadier Guards, now at the Tower; Second Battalion Coldstreams, and Second Battalion Scots Fusiliers, both at Wellington barracks.

The result of the negotiations at Washington on the Trent affair will, however, make a considerable change in all these movements.

MISCELLANEOUS NEWS.

By the arrival of the steamer Karnak at this port yesterday we have advices from Havana to the 21st, and from Nassau, N. P., to the 23d inst. The general news from Havana is unimportant. The city was healthy, and business dull. At Nassau the rebel steamer Isabel and Gordon were in port,

closely watched by the United States gunboat Flambau. The British steamer Gladiolus was also in port, and would sail soon for England.

There was a report at Havana when the Karnak sailed, of an outbreak at the city of St. Domingo against ex-President Santana. It was said to have been quite serious, and that many lives were lost. A party from the country endeavored to aid the revolted citizens, but were prevented by a Spanish force sent out against them.

The grant to the Great Belt Railroad Company was confirmed by the Board of Aldermen last evening. More than two hours were frittered away in most useless conversation and badinage on unimportant matters in order to pass the time until the paper was acted upon by the Councilmen. When it reached the Aldermen all debate was cut off by a call for the previous question, and the grant was passed under protest from Aldermen Dayton, Froment, Bagley and Barry.

The proceedings in the Board of Councilmen last evening were very important, as will be seen by our report elsewhere. A petition of the Central Park, North and East River Railroad Company, to which was appended a series of resolutions granting them the privilege of constructing and running a railroad through South and West streets and various other streets was sprung upon the Board, and, after an exciting debate, they were adopted by a vote of thirteen to ten. Mr. Orton and other members asserted that the franchise was worth a million of dollars. The resolutions were taken into the other Board before the reporters had time to copy them. An injunction was served upon the Committee on Markets, prohibiting them from taking action upon the Gansvoort property measure, and the opinion of the Corporation Council requested as to its validity. A smaller swindling operation was then put through, which was concurred with the Aldermen in making the Times and World Corporation papers.

Some little trouble was expected in Canada—from the fact that part of the militia were French and part British Canadians—relative to the word of command. It was decided, however, that English only should be used, to prevent confusion of orders.

George A. Crawford, the Governor elect of Kansas, has submitted to Charles Robinson, the present Executive, a proposition to carry their respective claims to the office before the Supreme Court, and to abide by its decision. The party that elected Mr. Crawford contend that under the constitution Mr. Robinson's term expires on the 1st of January, while the latter gentleman is of opinion that the law empowers him to hold on for another year.

The "downtrodden" people of Maryland appear to elicit the strongest sympathies of the members of the Virginia Legislature. Strange that the citizens of that State "can't see it."

Three Wisconsin regiments of infantry and two cavalry companies and a battery from Minnesota have been ordered to reinforce Fort Leavenworth, Kansas.

The smaller class of vessels continue to pass up and down the Potomac, transporting government stores, with very little molestation by the rebel batteries. Powder is scarce, and they cannot afford to waste it on schooners and steam ferriboats.

Free and easy concert saloons, on the Broadway plan, have been introduced in Alexandria, Va. The Provost Marshal will give them his attention in a few days.

Hugh Adrian, a private of Company F, Sixteenth regiment New York, died on the 22d inst., of typhoid fever, at the United States Army Hospital, Baltimore. His remains reached this city on the 24th inst.

A brigade of the New Jersey militia paraded on the 26th inst., in Trenton. The brigade was composed of three regiments, numbering over four thousand men.

Skating was resumed yesterday on the ponds around Central Park and in the neighborhood of Harlem. The ice in the park itself was not in a condition to allow skating thereon, and may not be for some days yet.

Recorder Hoffman passed a number of sentences yesterday in the General Sessions. Among the prisoners was Thomas Reynolds, who, on being convicted of murder in the second degree, was sentenced to imprisonment for life in the State prison.

On Friday the North river steamers New World and Isaac Newton had not yet been extricated from their perilous positions, but it was thought that they would be saved in a day or two.

The cotton market opened dull yesterday forenoon and without animation, but after the receipt of the new, from Washington it assumed greater firmness. The sale embraced about 400 bales, closing chiefly at 34 1/2c. for middling uplands, with little or none to be had for 35c. It was reported that a large proportion of the orders not long since sent to Liverpool were not executed, the parties declining to make the purchases and shipments to this country without the cash in hand.

The four market was firmer, with rather more done, while prices were in the main unchanged. Wheat was firm at the full prices of the previous day, while sales were moderate. Corn was heavy early in the day, but became more active towards the close of 'change, and at an advance of 1c. per bushel in prices, with increased sales. Pork was heavy, with moderate sales of old and new mess, at \$8 to \$9 for old and new. Sugars were firm, and sales 200 to 300 hogs. Cuba and 150 do. melado were made at full prices. Coffee was quiet and sales unimportant. Freight was quiet steady, with a fair amount of engagements at full prices.

The Settlement of the Trent Question.—The Admirable Attitude of Our Government.

The important event which, a week ago, we foreshadowed and vindicated to our readers, is now a matter of history. The ultimatum of England upon the Trent affair, involving the restoration of our rebel emissaries—Mason, Slidell, MacFarland and Eustis—to the protection of the British flag, has been acceded to, and the clouds of a foreign war which were gathering, flashing and muttering in our eastern horizon have vanished as suddenly as the mimic thunders and lightnings of the stage.

The official correspondence, facts and arguments on both sides are before our readers. The record of our government is clear, consistent and satisfactory. Mr. Seward has discharged his duty in this matter with eminent ability, sagacity, dignity and decorum. In the very outset, it will be observed, he has anticipated the requisitions of Earl Russell, recognized the irregularity of the act of Captain Wilkes, and opened wide the door to an amicable settlement. By a happy and very remarkable coincidence, it appears that on the very same day, the 30th of November, while Earl Russell, in London, was fulminating his alternative of war, our Secretary of State, in Washington, was engaged in preparing for Mr. Adams an olive branch of peace. Exasperated by the highly colored report of the Trent affair made by Commander Williams, of the Royal Navy, Earl Russell doubtless experienced some difficulty in restraining himself within the bounds of diplomatic equanimity; while Mr. Seward, with the report of the cool, experienced and reliable Captain Wilkes before him, proceeded to his task of conciliation calm as a summer's morning. Had the Atlantic cable been in suc-

cessful operation on the 30th of November last, Mr. Seward's despatch to Mr. Adams of that day would have prevented all that unseemly, unseasonable and discreditable warlike furor which, from the failure of the Atlantic telegraph, has been running away with the common sense and sobriety of the leading journals and politicians of England. Fortified, however, as Mr. Seward is by that calm and conciliatory despatch of the 30th of November, he stands before our loyal American people free from any reproach of having compromised the national honor or dignity in the surrender of Mason, Slidell and their attaches back to the protection of England. In advance of any demand he recognises the irregularity of their seizure, and the readiness of our government for a reparation. Our Secretary of the Navy, in his annual report to Congress, takes substantially the same ground; and if the President, in his annual Message, is silent upon the subject, he is manifestly so from considerations of prudence and propriety, in view of a peaceable arrangement.

In his despatch to Lord Lyons of November 30, Earl Russell denounces the seizure of Mason, Slidell, MacFarland and Eustis, by Captain Wilkes, as "an act of violence which was an affront to the British flag and a violation of international law," and says that the only redress which can satisfy the British nation will be "the liberation of the four gentlemen, and their delivery to your lordship, in order that they may again be placed under British protection, and a suitable apology for the aggression which has been committed." This is the case as presented by Earl Russell. He states the offence committed and the reparation required; and if these terms are not offered by Mr. Seward Lord Lyons is to propose them to him. It is therefore but simple justice to Earl Russell to say that, while this ultimatum involves the alternative of war, the manner in which it is presented indicates a desire for peace.

Mr. Seward, in his elaborate and learned reply, covers all the nice legal distinctions, doubts and difficulties bearing upon the subject. He approves the patriotic and generous motives which governed the conduct of Captain Wilkes, and shows how very difficult it would have been on his part to meet the exact requirements of international law, when there is no fixed or generally recognized law in reference to such cases as this of the Trent. Upon the main question—the restitution of the rebel emissaries concerned to British protection—the apology of Mr. Seward, which will doubtless be satisfactory to England, will surely be acceptable to the loyal people of the United States. He says:—"If I decide this case in favor of my own government, I must disavow its most cherished principles, and reverse and forever abandon its essential policy." He says that "the country cannot afford this sacrifice. If I maintain those principles and adhere to that policy, I must surrender the case itself." He cannot, therefore, deny the claim presented, because "we are here asked to do to the British nation what we have always insisted all nations ought to do to us." Could a more comprehensive apology than this be demanded by England, or could a more satisfactory vindication be desired by the American people?

If any doubt of the wisdom or propriety of this settlement of the Trent difficulty still lingers in the mind of the intelligent American reader, jealous of the honor and dignity of his country, that doubt will be dissipated with the reading of the despatch of M. Thouvenel, the Minister for Foreign Affairs of the French government, to M. Mercier, the French Ambassador at Washington. This despatch comes from a friendly Power, and its object is to dissuade our government from assuming a position on this Trent question which may forfeit the sympathies of France. Thus, in yielding to the demands of England, we not only secure her neutrality in the matter of this Southern rebellion beyond the reach of quibble or pretext, but in maintaining our old ground we secure the sympathy and good will of France, and of all the other continental nations which have heretofore contended with us against England for the rights of neutrals against a belligerent maritime despotism.

Returning to Mr. Seward's despatch of November 30, he says therein to Mr. Adams:—"You spoke the simple fact when you told him (Lord Palmerston) that the life of this insurrection is maintained by its hopes of recognition in England and France," and that "it would perish in ninety days if these hopes should cease." That all such hopes must now be relinquished is abundantly manifest. England is henceforth debarred from intervention in behalf of this insurrection; France has no sympathy for it, and it must now stand or fall upon its own resources. They are nearly exhausted, and we have only now to push forward our feet and armies in order to bring this beleaguered insurrection to a general dissolution within ninety days. Accordingly, we congratulate our loyal people upon this settlement of the Trent question, and that it is settled to the credit of our government, and upon its own doctrines of neutral maritime rights.

EXPORTATION OF LIVE OAK.—We perceive that rather extensive shipments of ship timber to foreign countries are now going forward. As the principal live oak region is now in the hands of the rebels, it is a matter for the consideration of the government whether it will permit any further exports from the Northern region till we have regained possession of the soil where live oak grows. We trust that may be soon; but the government ought to be satisfied that it will have a sufficient supply for its own purposes, or else it ought to stop all shipments for the present.

The English Peace Party.

We published yesterday an address by the Rev. Newman Hall, a clergyman of some celebrity in London, on the affair of the Trent, and the warlike attitude of England towards the United States. Mr. Hall is, he it known, one of the peace party in England, and represents pretty fairly the general feeling of that section of the community. His argument against Great Britain and the United States going to war because of the alleged affront to the British flag is sensible and impartial, and he does not hesitate to rebuke the angry passions of those who clamor for war. Some people, he tells his audience, seem to imagine that Britannia has a right to rule the waves; that the ocean is her freehold; that she may do what she pleases there, and that other nations must not be allowed to act in a manner which she considers quite justifiable in herself; and he very properly stigmatizes the sentiment as unjust and monstrous. He also deprecates the idea of England taking advantage of the present position of this country, and finds a parallel in the case of two men fighting, one of whom, for some reason, shakes his fist at a third party. Would it be brave, he asked, for the latter at once to fight him? No; bravery would say, "Wait a bit, my fine fellow; you've enough on your hands at present. I'm too much of a man to accept your challenge just now. Finish affairs with your antagonist first—two at once isn't fair." He scouts the idea of fighting under any circumstances, and says that, supposing arbitration to fail, there would be the third alternative of forgiveness; and this last he strenuously advocates, professing himself utterly astonished at the widely entertained opinion that England must have either redress or retaliation. He recommends conciliation, and points to the exultation which the enemies of liberty would feel at seeing the two great champions of human freedom contending with each other, and the British flag dishonored by floating side by side with that of a confederacy of slaveholders; and he concludes by saying, "We will have no war with America—a prophecy which he will find true, but owing in no respect to his own instrumentalities.

The efforts of the gentleman in question are well intentioned; but his arguments would have availed as little in preventing a war between this country and England as those of Mr. John Bright and his colleagues with regard to Russia, before the commencement of the Crimean war. It will be remembered that these gentlemen went on a special mission, as delegates of the peace party in England, to the Emperor Nicholas, and urged upon him the avoidance of a war with Great Britain, picturing, of course, all the horrors which inevitably arise from a conflict so gigantic. The Emperor told them he was quite in favor of peace, but of course the conditions were not to be overlooked. The peace party returned to England without making any impression upon the Czar, whose desire for peace and willingness to fight they could hardly reconcile. Yet there are people who think messengers of peace are to be found in such men as Mr. Bright and the disciples of Christianity. They think that a few missionaries sent into the midst of the hostile New Zealanders would procure peace; and they think many other things on the subject which history has abundantly falsified. What did the missionaries do in India before and during the mutiny to bring peace? It has yet to be learned that the only messengers of peace are rifled hundred pounders. It is evident that with all our civilization security is only to be purchased by strength, and that the nation whose peace is least endangered is that which is best prepared to defend itself and punish others. Arguments are impotent unless backed by cannon.

THE INDICTMENT QUASHED IN THE AFFAIR OF MASON AND SLIDELL.

In this case the United States are in the position of plaintiff and the British government, a neutral Power, defendant. The indictment against the British government is that a vessel bearing its flag violated the laws of neutrality by carrying four emissaries of the enemy. There is a flaw in the indictment, and it must be quashed; but the offence remains. The merits of the case are substantially with the American government. The technicality is in favor of the offender. The Trent ought to have been taken to port, and been adjudicated upon by a court of admiralty, instead of Captain Wilkes making an adjudication himself, which compromised the case, by foregoing his right to a prize and taking only the "contrabands," from a mistaken delicacy and generosity, which could not be appreciated by the obtuse intellect of John Bull. In this Captain Wilkes acted irregularly, as was intimated to him by the Secretary of the Navy. He ought to have captured the vessel, and taken her into port, where she would have been condemned. Surely the British government and the owners of the Trent might have forgiven this wrong. As it is technically called in law, it was an "error of procedure," which does not affect the merits of the case; and, though therefore Mason and Slidell must be discharged on the ground of the "irregularity" of the circumstances attending their arrest, the guilt of the Trent remains unchanged, though unfortunately, from the peculiarity of maritime law, she cannot be seized for the offence after the voyage is performed. In cases of contraband the vessel committing the offence must be taken in the act, *flagrante delicto*, and not afterwards. If she commits an offence of the same nature in future Captain Wilkes, or whatever other officer of the United States Navy may arrest her, will know what to do.

THE SKATING SEASON.—Christmas has ushered in the skating carnival, and thousands of those who take delight in the glorious rush of the gliding steel over an icy surface are now to be seen daily in the full enjoyment of what is most devoted admirers call the poetry of motion. The ponds in the Central Park, Williamsburg, Brooklyn and other places present scenes of pleasure, gaiety and beautiful recreation which are positively refreshing to witnesses. There is a smile on nearly every face, and joy seems universal, unless, perhaps, at certain moments when some unlucky novice loses what is very necessary in skating—his equilibrium. But even accidents of this description, if not serious—and they seldom are—only add to the general mirth. It is pleasant to see young men and women mingled in a gay and swiftly circulating crowd, to listen to their laughter, and watch the skillful movements of the accomplished skater and the timid attempts of unpracticed feet; but it is a luxury to be one of the gliding throng, and to feel the glow of health which the exercise imparts. One feels for the time being more like a bird on the wing than a sedate

citizen, accustomed usually to walk, instead of skim.

To the juvenile portion of the community, now absent from school during the holidays, the advent of the skating season must be especially welcome, and tend very much to realize their ideas of "a merry Christmas and a happy New Year." The sleighing time is not far off, and then we shall have another of the pleasures which we find in the lap of winter.

Depressing News for the Rebels.

The newspapers and public men in the South exulted beyond measure when the news of the seizure of Mason and Slidell reached them, because they saw in it the first step to an inevitable war between the United States and Great Britain, with which they connected the raising of the Southern blockade, the application by England of a similar act of war to our own ports, and the assured success of the rebellion. All these very pleasant calculations have, unfortunately for the rebels, been spoiled by the sensible act of the administration in surrendering Mason, Slidell and their secretaries; and of course the news of that act will produce depression in the South corresponding with their previous elation. It is something which they did not calculate upon, as will be seen by the following extracts.

The Richmond Examiner of a recent date argues itself into blissful hopes in this way:—"The United States can do absolutely nothing but refuse the demands of Great Britain, and abide the consequences of that refusal. What they will be can be clearly foretold. First, there will be the diplomatic rupture; Lord Lyons will demand his passports, and Mr. Adams will be sent away from London. Then will follow an immediate recognition of the Southern confederacy, with encouragement and aid in fitting out its vessels and supplying their wants in the British ports and islands. Lastly, a war will be kindled from these two events."

The reasoning appears pretty good, provided the premises were correct; but therein lies all the difficulty. The government of the United States did not consider itself bound to consult rebel opinions or follow rebel advice on the subject of the Trent difficulty, but acted on its own views of what was best for the national interests. And, therefore, we are to have no "diplomatic rupture," no "immediate recognition of the Southern confederacy," and no war to be "evolved from these two events."

The Richmond Enquirer was equally jubilant with its contemporary over the Trent difficulty, saying:—"The old British lion is giving an honest roar in view of the indignity visited upon the Queen's flag. The measures of the ministers have been in full accordance with the indignation of the people, and the fullest and most energetic demand has been made for immediate and adequate apology and reparation. We will not disturb the eloquence of such facts by words of comment. We will only say, well done, John Bull, overbearing you sometimes are, but bravest never. France, too, it seems, echoes the British indignation, and will support her action. Vive Napoleon!"

The Richmond Dispatch follows suit. Arguing upon the likelihood of an immediate battle on a grand scale, it says:—"The appearance of England on the field of strife would have a decided influence on the contest. The first effect of the imbroglio, even if it should result in war between that country and the North, must be to precipitate the latter in whatever action it may have been preparing against the South during the last few months of busy activity."

The Memphis Appeal also undertakes to decide the question for the government, and declares its opinion that the action of the federal government will engender such a state of sentiment in France and England as to secure the speedy recognition of Southern independence.

The views taken by the newspapers were also those that found favor with prominent rebels, including Mr. Jefferson Davis himself and Mr. Charles J. Faulkner, recently our representative at Paris. One of our correspondents imputes to Davis the following language on this subject:—"I may depend upon it, gentlemen, England feels this insult more keenly than has yet appeared. The rebellion is only growing now. He has not yet begun to roar. There will be no delay neither at London or at Washington, when it comes to that. I have no idea that Mr. Lincoln's government will yield, however, to the demands of England. The entire Northern press has applauded the act of Captain Wilkes. Mr. Cushing, Mr. Cass and several other eminent Northern statesmen have taken the trouble to write and print letters to prove that Captain Wilkes did right, and that his act is entirely justifiable by the laws of nations. So far as we can learn, there is but one sentiment throughout the infatuated North, and that is that our envoys must be held and held until they have covered the North with disgrace. I cannot believe that Mr. Seward will be willing to stand the storm of execration that will fall upon his head if he releases our ambassadors and places them once more under the protection of the English flag. War, then, with England is inevitable, and war between the Northern States and England will be quickly followed by our recognition of our independence by England, France, Spain and Prussia, and by the withdrawal of the Union armaments from our soil."

Mr. Faulkner also took the position, in a public speech made by him in Richmond the other day, that if Mr. Lincoln receded from the present status in the Mason and Slidell affair the furious abolition sentiment would overwhelm him; and if he did not, they would be involved in a war with England.

If there were any doubt as to the propriety of the course of the administration in surrendering Mason, Slidell and Co., these outpourings from rebel sources would be more than sufficient to dispel such doubt.

SETTLEMENT OF THE TRENT DIFFICULTY.—FAVORABLE EFFECT ON THE PUBLIC MIND.

The decision arrived at by the government to restore Mason, Slidell and Co. to the British authorities had a very marked and favorable effect on the public mind in this city yesterday. It removed a load of care from men's spirits, and restored a degree of elasticity which was noticeable in every department of trade. The public pulse beat more evenly than it had done for the last five or six weeks. The Stock Exchange felt the influence, and gave evidence of it in an advance in the price of government securities and a general movement in stocks. Even those who held that the action of Commodore Wilkes was legal and justifiable felt gratified that the administration entertained a somewhat different idea, and that it found a mode of postponing war without subjecting the nation to humiliation and disgrace. Now that this trouble has passed over, let us look forward with confidence to a speedy throttling of the rebellion.

ROBERTS ACADEMY OF MUSIC.

"Damon and Pythias" was given last night, to another excellent house, Mr. Davenport and Mr. J. W. Wallack in the principal characters. The piece was admirably played, and at its close Mr. Davenport was called before the curtain and compelled to make a speech. He thanked the audience, in the name of Mr. Jarrett and the company, for the generous favor which they had bestowed from the commencement on their humble efforts. It was a source of pride to them that they had been the first to inaugurate the drama in that noble building, and they only regretted that other engagements prevented them from continuing relations which had proved so pleasant and profitable. At an early period, however, they hoped to be able to return and avail themselves of the kind disposition that had been manifested towards them. This brief address was enthusiastically cheered, the audience testifying, by the heartiness of their applause, the pleasure they had derived from Mr. Davenport's performance. Tobin's fine old comedy of "The Honey-moon" followed, and was excellently played.

Movements of General Scott.

During the whole of yesterday General Scott remained secluded in his lodgings at the Brevoort House. He was visited during the day by several distinguished persons who were anxious to pay their debts to the returned hero. Among them were Messrs. Hamilton, Fish, Wm. Thos. Kemble, J. W. Bosman, Charles J. Baker and others. It is not now probable that the General will leave the city before the latter part of next week.

IMPORTANT FROM MISSOURI.

GEN. HALLECK ON THE CONTRABAND QUESTION.

St. Louis, Mo., Dec. 28, 1861. The legal condition of the negroes discharged yesterday by order of the Provost Marshal is in no way changed. They are only free from confinement on the presumption that they are slaves. General Halleck says that this order will not deprive any one of enforcing his legal rights to the services of these negroes. Such rights, if any exist, can be enforced through the loyal civil tribunals of the State, whose mandates will always be duly respected by the military authorities of this department. Military officers cannot decide upon the rights of property or claims to service, except so far as may be authorized by the laws of war or acts of Congress. When not authorized they will avoid all interference with such questions.

NEWS FROM THE SOUTH.

FORTRESS MONROE, Dec. 27, 1861.

A flag of truce this morning took to Craney Island Rear-Admiral Brown, a rebel chaplain, and a lady. No passengers were brought down. General Burnside is expected to arrive here to-morrow, to consult with General Wool and Commodore Goldsborough in relation to his contemplated movements. Considerable excitement prevails at Yorktown, Va., in anticipation of an attack. All the sick were removed on the 21st, by order of General Siggruder. The publication of the Norfolk Day Book was suspended yesterday, for the want of a supply of paper. A copy of to-day's issue was brought down by the flag of truce, from which we extract a despatch dated August 24, Dec. 26, which says that a passenger and freight car collided about one mile from there on that afternoon. Three persons had received broken legs and several horses were killed.

The Norfolk Day Book says that Winans' steamer came into the Roads on Wednesday, and was still there yesterday. The Keystone State was perhaps mistaken for the Winans. The Norfolk Day Book learns that General Scott had arrived in New York; that he left England at the request of the English authorities, and that they were about to declare war against the United States.

A despatch dated Nashville, the 25th, says that Thomas Crittenden, with 12,000 men, was within forty miles of Hopkinsville, and would advance upon that place at three points. The Southern rights citizens there are sending their families and stock to the South.

The banking house, a branch of the Northern Bank of Kentucky, at Glasgow, was taken possession of by the rebels on the 24th. Only \$1,000 in Kentucky bills were found. John G. Davis, a member of the Union Congress from the Seventh district of Indiana, has arrived at Hopkinsville, on his way to Richmond, but for what purpose it is not stated.

A force of not less than sixty thousand men, the advance of Gen. Buell's Union army, has crossed Green river, and is within five miles of General Hindman's advance. Great preparations have been made for the defence of Bowling Green, which show a terrible conflict to be impending.

CONDITION OF THE REBELS AT NEW ORLEANS.

(From the Boston Transcript.) The publication of the Norfolk Day Book by a letter written by a merchant transacting business in New Orleans, where he resides. The letter is dated the 12th inst. It says:—"Three large steamers have run the blockade the past week, and have taken full cargoes of cotton. Schooners are leaving for Havana nearly every day. The message of Mr. Lincoln came through by express, and was published in an extra. There are over four hundred cannon mounted in the fortifications defending the city. We have over thirty thousand of our troops, and expect twenty thousand more from the country. No distress exists even among the poorer classes in the city, as they are well provided for by the free market. Houses are selling for thirty per cent more than formerly. Bank and other stocks are also advancing. The banks will declare larger dividends than usual. There are over \$20,000,000 on deposit in the institutions. Produce and other goods are on the decline. The war has thus far cost only \$50,000,000, so great have been the prizes secured. At an exhibition given at the opera, by the ladies, last week, the sum netted for the soldiers was \$3,876. The object of the exhibition was to raise money for Christmas presents, they buy tickets and give them away. It is believed that the fair will be a great success."

MILITARY MOVEMENTS IN NEW YORK.

MASACHUSETTS CAVALRY.

The second battalion of the First regiment of Massachusetts cavalry, under command of Colonel Robert Williams, arrived in this city from Readville—where they have been encamped for nearly three months—yesterday afternoon, and marched to the Park Barracks, where both men and horses were refreshed. The battalion numbers forty hussar and fifty men, with an equal number of horses. Its first reception here was cordial, and it will take its departure quietly about four o'clock for Washington, per the Jersey City Railroad. It is understood that the whole of the Massachusetts Cavalry will be in the city for Christmas. Just as the battalion of Massachusetts Cavalry was in line and ready to cross to Jersey City, Colonel Frank E. Howe received orders from General Thomas, through Colonel William Nichols, to detain in New York the balance of Colonel Robert Williams' cavalry regiment.

ARRIVAL OF THE FIRST BATTALION FIFTH REGIMENT RHODE ISLAND VOLUNTEERS.

The steamer Commonwealth arrived at the first wharf yesterday from Providence, R. I., having on board the first battalion of the Fifth regiment of volunteers from that State, under the command of Major Job Wright. The battalion, which is about four hundred strong, all armed with Eki. old rifles, is to be attached to the Burnside expedition. The officers of the battalion are as follows:—Staff Officers:—Major, Job Wright; Adjutant, Charles E. Chapman; Quartermaster, Monro H. Gladding; Chaplain, Rev. Walter B. Hayes (Episcopal); Assistant Surgeon, Albert Potter.

Line Officers:—Company A, Captain, Jonathan M. W. Taylor; First Lieutenant, Daniel S. Remington; Second Lieutenant, not appointed. Company B—Captain, A. G. Wright; First Lieutenant, W. W. Hall; Second Lieutenant, W. W. Lougee. Company C—Captain, J. M. Eddy; First Lieutenant, John E. Snow; Second Lieutenant, G. O. Hopkins. Company D—Captain, G. H. Grant; First Lieutenant, H. P. Jones. Company E—Captain, J. M. Moran. Company F—Captain, Job Arnold; First Lieutenant, not appointed; Second Lieutenant, J. M. Wheaton.

DESTRUCTION OF BRIDGES BY THE REBELS.

QUINCY, Ill., Dec. 28, 1861. The bridges over the Fabius and North rivers, on the Palmyra Railroad, were set on fire by the rebels last night and destroyed.

THE CANNONING NEAR GARDNER'S BAY.

GREENWICH, Dec. 28, 1861. The heavy cannoning near Gardner's Bay was the subject of a despatch from Stonington, and was caused by General James and others of General McClellan's staff testing the James cannon. The mysterious light was probably either that from some light-house, as seen by landmen, or an ignis fatuus.

WRECK OF THE REVENUE CUTTER HOWELL COBB.

BOSTON, Dec. 28, 1861. The revenue cutter Howell Cobb, from the Lake via Quebec, for Boston, went ashore at Lansville, Cape Ann, last night. The crew were saved, but the vessel is a total loss.

Fire at Corning, N. Y.

CORNING, Dec. 28, 1861. This morning at three o'clock a fire broke out in the laundry of the Dickinson House, destroying the laundry and furniture room of J. Mallory. The laundry was detached from the hotel, and was occupied by between ten and twelve females. It is supposed that the fire started from the clothes inside. One, Mary Gaily, it is understood, on attempting to recover her clothes, was burned to death. The total loss amounts to \$4,000. The insurance is not known.

Death of Judge Legrand, of Maryland.

BALTIMORE, Dec. 28, 1861. John C. Legrand, ex-Chief Justice of Maryland, died this morning. Good News for the LOVERS OF THE DRAMA.—We are happy to know that Mr. Wallack is