NEWS FROM EUROPE.

TWO DAYS LATER INTELLIGENCE.

Arrival of the Canada at Halifax, the Bremen at this Port and the Bohemian at Portland.

Anxiety in England for the Arrival of the Africa with the Expected Answer Relative to the Surrender of Slidell and Mason.

What the English Think of Secretary Chase's Financial Report.

THE FUNERAL OF PRINCE ALBERT,

&c., &c., &c.

THE NEWS BY THE CANADA.

HALIFAX, Jan. 8, 1862.

The steamship Canada, from Liverpool at three o'clock on the afternoon of the 28th, via Queenstown on the 29th of December, arrived here at nine o'clock this (Wednesday) morning.

The dates per the Canada are two days later than those already received.

The Canada brings about 200 troops, a strong battery of artillery and over 900 tons of military stores.

The Canada has also twelve passengers and £50,000 in specie.

When the Canada left Liverpool a state of suspense prevailed, and the greatest anxiety was felt relative to the advices per the Africa, then due, in response to those from England by the Europa.

The steamer Hibernian was to sail from Liverpool on the 2d of January, with 600 to 700 troops, touching at St. Johns, N. B., to land them.

The steamship Africa was to sail from Liverpool on the 4th of January. She would also take a number of troops, landing them at Halifax.

The iron-plated frigate Warrior had got her sails bent, and was to be kept in readiness to leave, pending the solution of the American question.

Great Britain.

Deputations from religious denominations, including the Congregational Union, the Baptist Union, and the Baptist Board, had an interview on the 27th of December with Earl Russell on the subject of the threatened war with America.

The English papers continue to teem with articles on the American question, but as they are mostly confined to speculations, on the eve of solution, it is not essential to give them.

As the nearest precedent yet quoted to the Trent case, the London *Times* draws attention to the affair of the Dutch brig Hendric and Aleda, captured by the British in 1777, while she was bound to a neutral port. She had on board five officers for the American army. The ship and officers were released by the British Admiralty, the Judge ruling that although the officers frankly admitted their positions, yet as they were passengers on a neutral ship, which sailed from a neutral port for another neutral port, the proximate destination of the passengers was entitled to be regarded as an innocent destination, and they were consequently set at liberty.

The London *Times* claims that this case plainly establishes the principle that between one neutral port and another all persons and things, whatever may be legally carried.

The London *Daily News*, in a letter from Hamburg, gives an account of a meeting of English merchants there, at which a Mr. Ward, British Charge d'Affaires, read a paper purporting to be Earl Russell's note to Lord Lyons in regard to the Trent affair. This note is worded with great moderation. It describes the seizure of Messrs. Mason and Slidell, the Southern Commissioners, in the terms of Captain Williams' report to the Admiralty. It makes no mention of the opinion of the law officers of the crown, of which so much has been said in the papers, but simply and explicitly characterizes the capture of the Commissioners as an infraction of the law of nations and an insult to the English flag. It declares that the Cabinet at St. James, considering the cordial and friendly character of the relations existing between England and the United States, cannot doubt for an instant that the Captain of the San Jacinto must have acted without authority from his government. It then adds that the British government feels confident that the government of the United States will not hesitate to take the only steps possible under the circumstances—namely, the release of the prisoners, Messrs. Mason and Slidell, and making, at the same time, suitable reparation for the insult offered to the British flag.

Every regiment in the camp at Aldershott had been medically inspected, so that they might be in perfect readiness to embark immediately for Canada.

A body of trained nurses, on Miss Florence Nightingale's plan, were to proceed at once to Halifax.

The *Army and Navy Gazette* says that there is a prospect of trouble with the Sikhs. The batteries of artillery at Bombay, on the point of embarkation to England, were stopped by pressing despatches from Bengal.

The English funds were flat on the 27th of December, and ⅛ a ¼ lower. The heaviness was caused by the tone of the New York journals per the City of Baltimore, which it was argued rendered the prospects of peace less favorable.

The Board of Trade returns for November show a falling off in the exports of eight per cent, as compared with the same month in 1860, almost entirely made up of cotton manufactures. The decline of the eleven months is seven and a half per cent.

In a letter written by the command of the Queen, it is stated that the only consolation she can hope to find in the rest of her life, under her sad and hopeless bereavement, is to endeavor to carry out the wishes and intentions of her beloved husband.

France.

The Paris *Moniteur* announces the appointment of two vice admirals, three rear admirals, ten captains and forty lieutenants of men-of-war, and fourteen captains of frigates.

It was reported that Prussia had made fresh proposals to France in relation to the conclusion of a treaty of commerce between France and the Zollverein.

The Paris Bourse was flat on the 27th of December at 67f. 20c. for the rentes.

Italy.

There was a vague rumor that an attempt had been made to assassinate General Guyon at Rome, and that one of his aids had received two poniard wounds.

It was reported that the French Ambassador to Rome had proposed to the ex-King of Naples to take up his residence in France.

General Klapa had arrived at Turin.

It was reported that Signor Petingo, Lieutenant Governor of Sicily, had tendered his resignation.

Austria.

It was rumored that a considerable reduction of the Austrian army was contemplated.

Portugal

Prince Joas continued in a very dangerous state.

The King had gone to his country palace, at the request of the people. This was urged upon him in consequence of some disturbances, which afterwards ceased.

A royal decree appoints a Medical Commission to examine into the state of the royal palaces.

India and China.

The India and China mails reached Marseilles on the 26th of December, and would probably arrive in London in season to catch the Canada, via Queenstown.

The Bombay mails, which left Marseilles on the 20th of December, had to be taken back there, owing to an accident to the machinery of the steamer conveying them. They were to be forwarded again on the 28th.

The news is of little importance.

Advices from Pekin say that the Chinese authorities appeared to be desirous of receiving European counsels, and a favorable influence on foreign relations was consequently expected.

The foreigners at Shanghae had been attacked and threatened with extermination.

THE LATEST NEWS.

QUEENSTOWN, Dec. 29, 1861.

The steamship Bavaria has arrived at Southampton, and the most intense excitement prevails at Liverpool to learn the news she brings.

BERLIN, Dec. 29, 1861.

The government of Prussia has addressed a despatch to the Minister of Prussia, at Washington, in reference to the arrest of Messrs. Mason and Slidell, condemning the proceedings of the commander of the San Jacinto.

LONDON, Dec. 29, 1861.

Lord Palmerston has so far recovered from his attack of the gout as to be able to leave the house. Yesterday he took a carriage drive.

The Duke of Saxe-Coburg and Gotha left Osborne yesterday for the Continent.

NEWS BY THE BREMEN AND BOHEMIAN.

The steamship Bremen from Southampton, December 25, arrived here yesterday afternoon at five o'clock. Her news has been anticipated by the arrivals of the Bohemian and the Canada at Halifax. She, however, brings four days later papers, from which we glean further details than has already reached us by telegraph.

The mails from the Bohemian arrived in this city late last night.

On Monday, December 23, the funeral of the late Prince Consort took place at St. George's chapel, Windsor.

All the London journals of Tuesday, December 24, publish M. Thouvenel's despatch, on the late breach of international law, addressed to the representative of France at Washington.

The London *Times* says:—

Mr. Maury, who is so well known to all navigators and to all scientific men, has addressed a long letter to Admiral Fitz Roy, containing an apology for the step he has taken of resigning his post at the Washington Observatory, and devoting himself to the cause of his compatriots of the South.

The Duke of Devonshire has allowed himself to be nominated for the vacant Chancellorship of the University of Cambridge.

The London *Times'* leading article of Monday, December 23, says:—

The French circular on the late breach of international law, addressed to her diplomatic agents abroad, has given great satisfaction to the English people. We are confident that, should the federal government prove obstinate in this matter, it will not have one friend left in Europe. The Americans on this side of the Atlantic admit that the precedents and deductions of their own advocates are alike worthless. France not only acquiesces in the justice of our demand, but considers the outrage so flagrant, and, if tolerated, so dangerous as a precedent, that France protests against the act, and considers reparation indispensable. This judgment is delivered by so exalted a tribunal, and one from which no arbitrator would take the responsibility of dissenting.

Army and Navy Preparations of England.

ARMY PREPARATIONS.

The *Army and Navy Gazette* says:—Another battalion of infantry sailed for Canada on Saturday last, and three more will sail in the course of the present week. Until hostilities are actually declared no further body of troops are likely to be placed under orders. In that event the authorities might naturally look to the fine regiments now in the Mediterranean garrisons, the Ninth, Twenty-second, Twenty-fifth and One Hundredth, which could be sent across the Atlantic without delay from Gibraltar. The infantry regiments at home are to be strengthened.

Recruiting for the army is now going on in earnest.

The Fourth company of Royal Engineers are under orders to embark for Canada. The force of Royal Engineers in British North America will consist of upwards of 700 men, and will include the Fourth, Fifth, Seventh, Fifteenth, Eighteenth and Thirty-fourth companies.

The government having decided on forming a reserve of troops at Bermuda, for operations in North America, the Fifth company of Royal Engineers are to hold themselves in readiness to embark at an hour's notice.

NAVAL PREPARATIONS.

The *Times* and the *Army and Navy Gazette* say:—The whole of the screw gunboats attached to the first division at Chatham are to be removed from the Medway for immediate service. The second and third divisions could be got ready in a very short time. Altogether the fleet of gunboats at Chatham and on the Medway numbers twenty-four. In addition to the above there is a large squadron of mortar boats, all of which can be ready immediately.

The Rattlesnake, twenty-one guns, screw frigate, 400 horse power, is to be brought forward with the utmost despatch. The line-of-battle screw steamer Meeance, eighty-one guns, is to be brought forward to be placed in commission.

The Flying Fish sailed on Friday, December 20, for Lisbon, with sealed orders.

The coast guard ships around the coasts of the three kingdoms were telegraphed for all men belonging to them to prepare for immediate service.

The screw steam corvette Satellite, twenty-one guns, accompanied by the gunboats Sheldrake and Spider, left Plymouth on Sunday last for the southwest coast of America.

The screw steam frigate Orlando, fifty-one guns, will take out winter clothing for the squadron at Halifax.

Several gunboats at Devonport are ordered to be prepared for the pennant.

No. 6, screw steam transport Mauritius, is taking in 350 tons of war stores for Canada, a battery of twelve-pounder Armstrong guns, and about 800 troops.

The Defence, iron steamer, twenty two guns, six hundred horse power, is ordered to be ready to sail on January 2 for Canada. She will take out 190 common and 190 segment one hundred-pounder shells, 50 boxes of common and 50 boxes of the segment twenty-pounder shells, 125 boxes of the twelve-pounder segment shells, 360 of the naval sixty-eight-pounder shells and 109 boxes of the twenty-four-pounder howitzer shells. Her solid shot will consist of 600 sixty-eight pounders, 160 one hundred-pounder conical Armstrongs, 50 twenty-pounder Armstrongs and 50 twelve-pounder Armstrongs; two additional one hundred-pounder Armstrongs will be added.

Secretary Chase's Gigantic Financial Scheme.

[From the London Times, Dec. 23.]

Everything in America is on a magnificent scale. She has mammoth rivers, her waterfalls are tumbling floods, her mountains tower head and shoulders above the pigmy altitudes of Europe. She is a continent of very marked features. But there is nothing in her physical phenomena which so taxes our astonishment as the moral immensities she has lately developed. We have got used to the thunders of Niagara, and the tremendous distances of the Mississippi and the high shooting peaks of the Andes; but we are not altogether incapable of a new sensation. We stand aghast when we have for the first time disclosed to us the tremendous vegetation of her national debt and the magnificent scale of her deficits.

The American news we publish to-day is chiefly remarkable for the wonderful financial statement of Mr. Chase, the Secretary of the Treasury. In other respects it is still but an uncertain sound. The populace of New York was yet hugging the fond delusion that the seizure of the Trent would be passed over without resentment. The organs which assume to represent the policy of Mr. Seward and the opinion of the inhabitants of New York were still keeping up their spirits by big words; still boasting that England had too many interests at stake to risk a quarrel with the United States, and comforting themselves with the braggart notion that "Canada is within two days' railway journey of half a million of armed men, and has a frontier that can offer no resistance to an invading force." The news had only just reached them that England had heard of the exploit of Commodore Wilkes. It will be remembered that at the first moment it was received with some astonishment, but with great calmness. The primary impulse here was, not to bluster, but to inquire. The people of New York, judging too much by their own habits, are delighted to find us so calm, and telegraph at once that "the effect of the news in England is not so unfavorable as was expected." In this fool's paradise they had yet to be disturbed. They had yet to learn that the more calmly and deliberately a sensible nation examines the ground it proposes to take up the more resolute it will be in maintaining that ground. We are as far as ever from being able to judge in what mood our demand of reparation may find them; but if there should have been any doubt upon the mind of the federal leaders, or any division of opinion among the federal populace when Lord Lyons made his communication, that magnificent and stupendous deficit of forty-three millions sterling remaining at the end of a year during which the borrowing powers of the federal States were taxed to the utmost ought to aid these people to see their position. Mr. Chase, as a prudent, or rather a zealous Secretary of the Treasury, does not go out of his way to mention disagreeable facts. He does not tell us how much of the expenditure of 1861 was raised by loans, and how much by taxes; nor does he mention the present amount of the newly-born national debt of his nation. Without this intelligence, however, he states quite enough to enable any man of business to judge how long this war of subjugation can last, and what the probabilities are of sustaining another war in addition to it. He says that from July, 1861, to July, 1862, the war expenses will be, in round numbers, £109,000,000 sterling of which he has succeeded in borrowing about £40,000,000, and hopes to get the rest by paper money, more loans, and taxation to the amount of about £2,500,000. If he can get the loans, and if people will take his paper money, and if they will also pay taxes, he will then be able to make both ends meet up to July, 1862. But if the South should not be subjugated by that early date, he tells his countrymen plainly that he shall want seventy-six millions sterling for the service of the next year, and that at the end of June, 1863, the national debt of the federal States will be nine hundred millions of dollars.

This is pretty well for a three years' war. Yet, if we were to examine Mr. Chase's figures very closely, we should find the estimate of expenditure, and still more the estimate of the amount of debt, very much understated. However, let that pass. Two hundred millions in three years form not a bad nucleus to a respectable national debt. It will be observed that there is no question here as to where the lenders are to come from who are to supply all the money. There can be no doubt, of course, that they will rush from all parts of the earth to fill up the vacuum in the federal treasury. It is, we presume, consistent with all the experience of American financiers that the more pressing the need of a borrower the greater becomes the zeal of lenders to assist him, and the more deeply the security becomes deteriorated by mortgage the more ready the capitalist is to double his advances. For the first time, Mr. Chase gives us a glimpse as to what this security is. Of course national security means the national patience of taxation. Mr. Chase is about to make the great experiment whether any such security exists in the federal States. He proposes to raise by an income tax the moderate sum of £2,000,000. It is but a fifth of what we raise by the same tax; but when Mr. Chase has obtained his £2,000,000 we shall have a faith in his security which we have not now. He hopes also to get another four millions from other direct taxes. These six millions, when he gets them, will not go far, as he must admit; but then he has a complete set of excise machinery ready to get into gear. He is about to tax stills and spirits, and sugar, and tea, and coffee, and tobacco; he has an impost prepared for bank notes, licenses and carriages; and—oh, Mr. John Bright, how can your credit with the North have fallen so low!—he offers as part security for this mountain of debt a duty upon paper!

If all this only "go forward," as mercantile people say, we shall congratulate the federal States upon being as well taxed a community as any respectable, old fashioned kingdom of the Old World. Whether such young taxpayers will bear such a weight all at once must be a matter of experiment. Boston used not to like tea duties, and even under the present popular and enlightened government of the federal States some timorous man might have objections to take the appointment of Income Tax Commissioner in one of the Western States. We do not find any estimate of the cost of the collection of these taxes or of the new machinery of excise. We presume that patriotism will supply all the costly expedients of Europe, and that all these imposts will be voluntarily paid into the exchequer. If this should be so, Mr. Chase will get some four teen millions towards his expenditure of seventy-six millions. And yet it is still dubious whether to this expenditure is not to be added the trifling contingency of a war with England.

England Satisfied with M. Thouvenel's Despatch to the French Minister at Washington.

[From the London Times, Dec. 23.]

If anything were wanting to show that the course taken by the British Cabinet has the sanction of European opinion, it would be furnished by the circular which the French government has addressed to its diplomatic agents abroad. The purport of this circular is, we are told, to declare that the arrest of Messrs. Mason and Slidell was contrary to the principles which are regarded as essential to the security of neutral flags, and to announce that the Emperor has deemed it necessary to submit this opinion to the Cabinet of Washington, in order to determine it to make concessions which France considers indispensable. *This act of the French government will give great satisfaction to the English people at the present crisis.*

After this important declaration of the French government we can afford to smile at the ill humor of a small portion of the French press. Two or three organs, at the most, have taken the part of our opponents, and, indeed, the Paris journals have been nearly as unanimous as our own. But the *Opinion Nationale*, which is now said to be the organ of Prince Napoleon, is anxious to assert the newly acquired independence of the French press. It has an article which we may point to as the best justification of English policy during the present generation, and a proof of the really good understanding which exists between us and the several continental nations. It is well known that Prince Napoleon visited the Northern States some time since, and that he formed an opinion which events have not justified respecting the speedy triumph of the North and the reconstruction of the old Union. *In fact, the Prince, taking the views of the war which these around him pointed out, came to the conclusion that France should give warm encouragement to the federal government,* and look upon the Confederates as rebels doomed to defeat and punishment. These opinions have certainly made very little impression on the French government, which, like our own, has resolved on strict neutrality, and it may be that subsequent events have sobered the zeal which had been excited in the Prince himself by Northern hospitality. However, he is still supposed to sympathize with the federal States, and the *Opinion Nationale*, of course, exaggerates and burlesques the sentiments of its patron. But at this momentous crisis what is the worst that an unfriendly writer can say of us? Not that we are in the wrong—not that we have shown captiousness or arrogance—not that we have failed in any of the duties of a neutral—not that we shall overstrain our rights by declaring this outrage to be a case of war; but simply that we are the natural enemies of France, and that it is the duty of Frenchmen to hate and thwart us to all eternity! * * * * * *

We have referred to this article because it is gratifying to find that, in a capital where Americans are numerous and know how much depends on making out a fair case, a writer who enters the field against us can find absolutely nothing to say on the merits of the dispute. It was stated some time since that Prince Napoleon was understood to be preparing a speech for the Senate in which he would make the apology of the North. In such a speech the relations between the American republic and England could not fail to be noticed. We know not if after the Emperor's remonstrance at Washington the Prince will persist in this advocacy, but should it be so we have no fear even of an uncharitable construction of our acts. It is plain that on both sides of the channel the defenders of the North are at the last extremity, and that the moderation of our conduct and the justice of our claims are too clear for the utmost ingenuity of our enemies.

The Paris Temps on Seward's Policy.

[From the London Star's Paris correspondence.]

PARIS, Dec. 21, 1861.

The *Temps* of this evening asserts that a despatch has arrived in London from Mr. Seward, replying to a communication from Earl Russell on the subject of neutral rights.

"In this despatch," says the *Temps*, "Mr. Seward assures Earl Russell that the Cabinet of Washington, faithful to its past policy, is ready to guarantee to neutrals every facility compatible with the rights of belligerents, and that satisfaction will loyally be given by the federal government in case an infraction of the rule adopted in common should take place. This despatch, although bearing a date anterior to that of the British ultimatum, was written after the arrest of the Confederate Commissioners became known in America."

Why President Lincoln Dare Not Give Up the Rebel Commissioners.

[From the London Telegraph, Dec. 25.]

A general impression prevailed at both ends of the metropolis yesterday that the latest intelligence from America wore a more peaceful aspect; and there can be no doubt that, if the councils at Washington were governed by pure reason and sound sense, the differences with this country would be brought to a prompt and friendly termination. We have, however, reminded the public that the boastful reports and reckless projects of the Secretaries for War, Navy and Finance have been adopted by the President in the Cabinet, and avowed in presenting them to Congress. It must be remembered, also, that the democratic party is just now supporting the present government in its suicidal career, but stands ready to avail itself of the first blunder or first public disgrace. For President Lincoln to persevere, therefore, in the policy framed for him by his Secretaries is ruin; but to recant is to proclaim the ruin. All this enormous war expenditure, this destructive tumult for the "loyal" States, this universal devastation for private interests—all have been incurred without one single achievement to redeem the cost. The army of six hundred and fifty thousand has done nothing; the "Young Napoleon" has not had his Waterloo; and to quail at the first word of displeasure from Great Britain would be for the successor of Washington and of Jackson to incur irretrievable disgrace in the eyes of the mob. But even if they should discern the utter hopelessness of their present course, Mr. Lincoln and his accomplices may think to back out of it by a still more wicked resort. The notion is that they might turn their young Napoleon upon Great Britain in Canada, give their army of six hundred and fifty thousand something to do before it is disbanded, and thus, even if they scramble to a hasty peace, still have something of military deeds to report before they wind up.

The English Conclude that Americans as Enemies are Not to be Despised.

[From the London Times, Dec. 25.]

In the event of a war with America we should suddenly find ourselves engaged in hostilities with a powerful and adventurous people, strong in maritime resources and participating in our own national familiarity with the risks and dangers of the deep. Such an enemy is not to be held cheap. It is quite true that the Americans have at present no fleet which could pretend to cope with the royal navy of England, and we may even say, perhaps, that they have hardly a single vessel which could be matched for speed and armament against the best specimens of the same class from our own squadrons. The supremacy of the seas, therefore, in a general sense, would certainly be ours; and it is equally certain that we could blockade all the chief ports of the federal States without the slightest difficulty. *But the Americans possess maritime resources of no ordinary kind, and they are second to none in the skill with which they can employ them.* The Northern States are full of building yards and abound with timber and all other materials required in naval arsenals. We may depend upon it that our adversaries will lose not a moment after the declaration of war in pressing forward the construction and equipment of cruisers, and it must be expected that many of these vessels will, as in the last war, elude the blockade and prowl about the ocean in quest of prey. They may hope, in any case, to snap up our merchantmen and derange our commerce, but the more adventurous spirits among them may not improbably fly at higher game. It is quite possible that while England is ruling undisputed mistress of the waves *a Yankee frigate may appear some fine morning off one of our ports and inflict no slight damage upon us before anything could be done to stop her.* We have a long coast line to defend, and our enterprising enemy might quietly mark out his point of attack, and try the chances of the adventure. It would be rather a desperate service, no doubt, but it is precisely by such exploits that the Americans would attempt to establish a reputation, and redress the balance of loss and gain in the incidents of the war.

We happen, it is true, at the present time, to be unusually well prepared for such contingencies. Our coast defences have been reorganized, our fortifications have been greatly strengthened and extended, and our ordnance as well as our navy has been reconstructed. We have a very large flotilla of gunboats especially fitted for service on our own coasts, and we have an efficient naval reserve fully competent to meet the demand for seamen. Besides this, in every maritime county we have militia artillery, and we have also volunteer artillery, and even volunteer engineers. There is not a port in the kingdom but has recently taken thought how to defend itself against attack. At many points new batteries have been thrown up and new guns mounted, while the local artillery is always at hand to turn these defences to account. These are incalculable advantages, but it still does not follow that at some one point an enemy's frigate might not detect an opportunity for mischief, and we have lately published some communications purporting to show that one of our principal ports is actually exposed to a visitation of this very kind. It is declared that an American cruiser, if she could get across the Atlantic and thread her way through St. George's Channel, *might undoubtedly enter the Mersey, and so hold the shipping of Liverpool at her mercy for some hours together.*

The Reasonable Men of England and America to Interpose and Prevent War.

[From the London Star, Dec. 24.]

If the federal government find, as perhaps it may not be rash to assume it will, that the opinion of the European governments is generally against the legality of the act of Captain Wilkes, there would be little or no chance of war. Should this not be the case, it is for the honorable, just and reasoning portion of both nations to interpose and arrest this great wickedness and supreme folly. Let them insist upon having the question treated calmly and upon equitable principles. Both governments, we believe, would be glad to be encouraged in that course. The honor of one nation is as precious as that of the other, and the only danger to either lies in the forgetfulness of that justice by one which is equally due to both. Mr. Lincoln, we believe, is not disinclined to disavow the act of Captain Wilkes and restore the captives, and it is for us to render that course easy to him, not to throw moral obstacles in the way. When reparation is refused, and arbitration or the good offices of a mediating Power rejected, we may exact what is due to us by the sword; but, in the name of reason, let not the sword be the last resort.

A Quarrelsome Yankee Captain Gives England a Great Deal of Trouble.

[From the London Times, Dec. 25.]

If it be reasonable to reflect with how little wisdom the world is sometimes governed, it is more reasonable to wonder by what contemptible instruments great nations are often embroiled. We are at this moment looking up at the coin which is twirling in the air, and guessing, without any good grounds of preference, whether it will come down heads or tails—peace or war. We are arguing that, if the Americans are not mad, it must be peace, and yet preparing as if we were certain that it would be war. *We are calling together our fleets from all parts of the world, we are taking up every available transport, we are pushing our picked troops across the Atlantic, and we are providing huts and halting places and piles of stores in the bare wintry deserts of Nova Scotia and New Brunswick*—and all because a quarrelsome Yankee captain, upon whose discretion or common sense no sane human being would, after a knowledge of his antecedents, have trusted the decision of a gunroom squabble, has thought fit to fancy himself an adept in the science of international law. This Commodore Wilkes has just favored the world with a narrative of how it was he came to commit that outrage upon our flag which his government must now either apologize for or justify by war.

England and France to Rule the World.

[From the London Times, Dec. 25.]

A correspondent, whose letter we inserted a few days ago, has accused us of overlooking the point of Mr. Cobden's argument in favor of arbitration. To whose arbitration should the question be referred? England, as having made the proposition, would be called upon to name an arbitrator. But to any one whom she should name there would be sure to exist the strongest objections. If she were to name the Emperor of the French, America might argue, with great reason, that the Emperor of the French had already expressed an opinion adverse to and subversive of her claims. If we should take the Emperor of Austria America might urge that he would be a partial judge in such a case, from the treatment he received in the rescue of Colonel Turr; and, indeed, by the very last advices we observe that Count Rechberg has intimated to the American government that the British demand for reparation is fully justified. If we took the Emperor of Russia, something might be made of the very close relations which exist between the colony of Sitka and the Hudson's Bay Company. One Power would be too small and another too large, and it is impossible to say how long diplomatic industry might keep the decision in suspense. On the other hand, supposing the offer to be made by America, with every conceivable circumstance of apparent fairness and moderation, what third Power are we likely to agree upon as the arbitrator of the question at issue, and the holder of the prisoners *pendente lite?* France has already spoken, and has pronounced in our favor. *With England and France agreed, what third Power would be listened to if it presumed to differ?*

England Suspicious of Louis Napoleon and Why.

[From the London Telegraph, Dec. 23.]

That Louis Napoleon desired to participate in our proceedings is known; but most certain it is that any intimation to that effect has been, on our side, firmly but courteously declined; and we can easily perceive that the Emperor has only respected us the more for that decision. We shall, however, understand his conduct better if we glance at a precedent which affords far more than a parrallel to the present situation. It will enable us to understand why the reigning sovereign of France desires that England should not have a monopoly of the glory in any Atlantic war, and still more that she should not carry on the war at all. That purchase of Louisiana, which Mr. Jefferson thought so expedient for the United States, although so unconstitutional, was attended, at its very birth, by some curious and complicated questions. Even then the Texan difficulty was foreseen. The magnificent territory virtually belonged, by the right of discovery, to Louisiana, and the cession of the one almost implied the cession of the other. "Was this distinctly understood?" asked some anxious politician; on which Mr. Monroe urged that the Americans should not trouble their heads about their Texan rights, but should concentrate their attention on securing Louisiana, since Texas would as surely fall to them as the pear when it is ripe would fall into the lap from its stem. The simile was afterwards publicly used by Mr. Adams; but its real author was Monroe, who was subsequently charged with the special mission of ascertaining whether Spain interposed any obstacle to the cession of Louisiana from France to the United States. All doubts of that kind had been removed, and Monroe had joined the other plenipotentiaries in Paris; every condition had been settled; nothing remained but to affix the signatures to the treaty; and all the ambassadors were assembled for the purpose, awaiting only the presence of Napoleon I. He entered the room, folded his arms in the manner so characteristic of him, and, seeming to forget the work in hand, walked up and down with an abstracted air, as if there were still much to ponder before proceeding to business. Suddenly he looked round and asked "What price was to be given for the ceded provinces?" In utter astonishment at the question so late in the proceedings, Mr. Livingston replied that the price already proposed and accepted by France was sixty millions of francs. "What!" cried Napoleon, "a mere bagatelle!" and, from the indignation of his manner, the plenipotentiaries imagined for a moment that he was about to retract from the bargain. But suddenly changing he exclaimed, "Very well; let it go. It will create a power that will one day or other contest the supremacy of the seas with Great Britain." Subsequent events seemed to confirm that calculation of the First Napoleon, and even within the last few months the Executive at Washington has boasted of creating something else—a navy, which in its augmented form is, as we have shown, about one-fourth or one-fifth of that possessed by Great Britian. We cannot now misunderstand the point from which the Third Napoleon views the present situation of affairs between England and the Northern States. He sees the approach of a war in which—to use the only term which conveys the idea—the navy of the transatlantic Power would be smashed. In that event, the object sought by the uncle through the otherwise mortifying surrender of Louisiana would be torn from the hands of the nephew.

The Funeral of Prince Albert.

[From the London Times, Dec. 23.]

During Sunday funeral sermons were preached at all the principal churches on the loss the British nation has sustained in the removal by death of the Prince Consort of England. Yesterday, with little of the pomp and pageantry of a State ceremonial, but with every outward mark of respect, and with all the solemnity which befitted his high station and his public virtues, the mortal remains of the husband of our Queen were interred in the last resting place of England's sovereigns—the Chapel Royal of St. George's, Windsor. By the express desire of his Royal Highness the funeral was of the plainest and most private character; but in the chapel, to do honor to his obsequies, were assembled all the chiefest men of the State, and throughout England, by every sign of sorrow and mourning, the nation manifested its sense of the loss which it has sustained. Windsor itself wore an aspect of the most profound gloom. Every shop was closed and every blind drawn down. The streets were silent and almost deserted, and all who appeared abroad were dressed in the deepest mourning. The great bell of Windsor Castle clanged out its doleful sound at intervals from an early hour, and minute bells were tolled also at St. John's church. At the parish church of Clewer and at St. John's there were services in the morning and afternoon, and the day was observed throughout the royal borough in the strictest manner. The weather was in character with the occasion; a chill, damp air, with a dull, leaden sky above, increased the gloom which hung over all. There were but few visiters in the town, for the procession did not pass beyond the immediate precincts of the Chapel and Castle, and none were admitted except those connected with the Castle and their friends. At eleven o'clock a strong force of the A division took possession of all the avenues leading to the Chapel Royal, and from that time only the guests specially invited and those who were to take part in the ceremonial were allowed to pass. Shortly afterwards a guard of honor of the Grenadier Guards, of which regiment his Royal Highness was Colonel, with the colors of the regiment shrouded in crape, marched in and took up its position before the principal entrance to the Chapel Royal. Another guard of honor from the same regiment was also on duty in the Quadrangle, at the entrance to the State apartments. They were speedily followed by a squadron of the Second Life Guards, dismounted, and by two companies of the Fusileer Guards, who were drawn up in single file along each side of the road by which the procession was to pass, from the Norman gateway to the Chapel door. The officers wore the deepest military mourning—scarves, sword-knots and rosettes of crape. In the Home Park was stationed a troop of horse artillery, which commenced firing minute guns at the end of the Long-walk, advancing slowly until it reached the Castle gates just at the close of the ceremony. The ministers, the officers of the Queen's household, and other distinguished personages who had been honored with an invitation to attend the ceremonial, reached Windsor by a special train from Paddington. They were met by carriages provided for them at the station, and began to arrive at the Chapel Royal soon after eleven o'clock. The Earl of Derby, the Archbishop of Canterbury, Earl Russell, and the Duke of Buccleuch were among the first to make their appearance, and as they alighted at the door of the chapel they were received by the proper officials and conducted to the seats appointed for them in the choir.

In the great Quadrangle were drawn up the hearse and the mourning coaches, and, all the preparations having been completed within the castle, the procession began to be formed shortly before twelve o'clock. It had been originally intended that it should leave the castle by the St. George's gate, and, proceeding down Castle hill, approach the chapel through Henry VIII.'s gateway, but at a late hour this arrangement was changed, and the shorter route by the Norman gateway was chosen. The crowd which had gradually collected at the foot of Castle hill, owing to this change, saw nothing of the procession but the empty carriages as they returned to the Castle after setting down at the chapel. The few spectators who were fortunate enough to gain admission to the Lower Ward stood in a narrow fringe along the edge of the flags in front of the houses of the Poor Knights, and their presence was the only exception to the strict privacy of the ceremonial. The Prince of Wales and the other royal mourners assembled in the Oak Room, but did not form part of the procession. They were conveyed to the chapel in private carriages before the coffin was placed in the hearse, passing through St. George's gateway into the Lower Ward. In the first carriage were the Prince of Wales, Prince Arthur, and the Duke of Saxe-Coburg. The Crown Prince of Prussia, the Duke of Brabant, and the Count of Flanders followed in the next; and in the others were the Duc de Nemours, Prince Louis of Hesse, Prince Edward of Saxe-Weimar, and the Maharajah Dhuleep Singh, with the gentlemen of their respective suites. Scarcely had they alighted at the door of Wolsey's chapel, from which they were conducted through the chapter room to the door of the Chapel Royal, to be in readiness to meet the coffin, when the first minute gun fired in the distance, and the rattle of the troops reversing arms announced that the procession had started, and exactly at twelve o'clock the first mourning coach moved from under the Norman gateway. First came nine mourning coaches, each drawn by four horses, conveying the physicians, equerries, and other members of the household of the late Prince. In the last were the Lord Steward (Earl St. Germans), the Lord Chamberlain (Viscount Sidney), and the Master of the Horse (the Marquis of Ailesbury). The carriages and trappings were of the plainest description; the horses had black velvet housings and feathers, but on the carriages there were no feathers or ornaments of any kind.

The mourning coaches were followed by one of the Queen's carriages, drawn by six horses, and attended by servants in state liveries, in which was the Groom of the Stole, Earl Spencer, carrying the crown, and a Lord of the Bedchamber, Lord George Lennox, carrying the baton, sword and hat of his late Royal Highness. Next, escorted by a troop of the Second Life Guards, came the hearse, drawn by six black horses, which, like the carriages, was quite plain and unornamented. On the housings of the horses and on the sides of the hearse were emblazoned the scutcheons of her Majesty and of the Prince, each surmounted by a crown, the Prince's arms being in black and her Majesty's in white. The procession was closed by four state carriages.

France.

It is asserted that a Spanish expedition, under the command of General Serrano, has disembarked at Vera Cruz, in order to protect the Spanish inhabitants, who had discovered the existence of a conspiracy against their lives.

The debate on the Senatus Consultum was resumed on Saturday last. M. Bonjean withdrew his amendment, and the clauses of the whole Senatus Consultum were read and put to the vote. Of 133 Senators, 132 voted for, and one against. The bill was declared adopted, and the House rose.

M. Lamartine intends visiting England next spring. The illustrious French poet is now 72 years of age.

The Princess Clotilde is said to be so seriously ill as to cause considerable anxiety at the Palais Royal.

The corn markets of Paris and Havre were dull.

Italy.

In the Chamber of Deputies on December 21, Signor Rattazzi's letter was read, in which he withdraws his resignation as President. Count Bastogi made his financial statement. He stated that the ordinary deficit in 1861 amounted to 400,000,000 lire, nearly $77,000,000, and that the deficit in 1862 was 317,000,000. Deducting, however, the sum of 63,000,000 obtained by the alienation of 35,000,000 of Neapolitan and 28,000,000 of Sicilian rentes, and also part of the proceeds of the last national loan, the deficit in 1862 would be reduced to 159,000,000 lire (about $30,500,000). The minister proposed to cover this deficit by means of new taxes, which would yield 139,000,000 lire. The balance of 20,000,000 might be covered by a fresh issue of Treasury bonds, the amount of those already in circulation being only 36,000,000 lire. An extraordinary sitting of the Chamber was held in the evening, in which the budget was provisionally approved by 202 votes against 39. The financial statement of Count Bastogi has produced a very good impression.

It is asserted that the Spanish Ambassador at Rome urges Francis II. not to yield to the solicitations of France, but to remain at Rome.

Prussia.

The rumors which were generally current of an approaching change in the Ministry have been denied.

It is stated that in the Council of Ministers, held on the 21st, it was resolved to convoke the Chambers for January 14.

The United States, says the Paris *Pays*, have given considerable orders for arms in Prussia. Up to the present time the number of stand delivered by that country and the other great German States, amounts to 100,000. A similar quantity is to be delivered in the period of a few months.

Poland.

The official journal of Warsaw contains three Imperial ukases, announcing the acceptance of the Marquis Hielopolski's resignation, and appointing Senator Hube Minister for Public Worship, and the Municipal Councillor Minister of Justice.

A despatch from Thorn, of December 23, says:—News has been received here from Warsaw that arrests continue to be made on a most extensive scale throughout the kingdom of Poland. Twelve beneficed priests have been sent to Siberia.

Financial and Commercial News.

LONDON MONEY MARKET.

Consols closed on Friday evening, December 27, at 90¼ a 90¾ for money.

[From the Times city report, Dec. 25.]

The publication of the explicit despatch of M. Thouvenel to the French Minister at Washington, regarding the Trent outrage, caused consols to open this morning at an advance of one-half per cent upon the quotation of Saturday. The first bargains were at at 91 to ¼, and, after some fluctuations between 91 and 91¼, the latest quotations were 91¼ for money, and 91⅜ for the account, the market presenting at the close some slight tendency to a return of dulness. It appears that the French despatch was dated the 3d of December, the day after the sailing of the Cunard steamer from Queenstown with the instructions to Lord Lyons, and as there was no American steamer from Havre during that week it must, therefore, have been delayed for the Cunard mail of the week following, unless it was sent by the Hamburg steamer Teutonia, which sailed from Southampton on the 4th inst., or the City of Washington, which left Liverpool on that day. Thus, it may be apprehended that in either case, it may have failed to reach its destination *within the seven days allotted for the stay of Lord Lyons;* but it is possible that a preliminary intimation of its purport may have been transmitted by the same vessel as the English despatches.

At Lloyd's to-day little business was