EUROPE.

Formidable War Movement of Turkey.

Large Increase of the British Navy.

The Impeachment Plan of the American Radicals.

&c. &c. &c.

BY THE CABLE TO JANUARY 12.

THE EASTERN QUESTION.

Formidable War Movement of Turkey—Austrian Announcement.

VIENNA, Jan. 12, 1867.

The morning journals of this city to-day contain official announcements that the Sublime Porte has called one hundred and fifty thousand men into service, to quell the Greek insurrections in the Mediterranean.

ENGLAND.

A Large Increase of the Navy.

LONDON, Jan. 12—Noon.

The Lords of Admiralty are busily engaged in the preparation of estimates for the large increase of the naval arm of the service which has lately been ordered.

THE AMERICAN IMPEACHMENT.

England Watching the Result.

LONDON, Jan. 12—Evening.

The *Times* of this morning has a long argumentative article on the subject of the impeachment of the President of the United States, and says the scheme looks like a fatal blow at the constitution.

THE SPANISH-AMERICAN WAR.

Mediation of the United States.

MADRID, Jan. 12, 1867.

The proffered mediation of the United States in the differences between Spain and Chile is regarded almost certain as the forerunner of an honorable and permanent peace.

ITALY.

Legislative Reply to the Royal Address.

FLORENCE, Jan. 12, 1867.

The Chamber of Deputies has adopted the draft of an address in reply to the speech of King Victor Emanuel.

HUNGARY.

Appeal for the National Claims.

PESTH, Jan. 12, 1867.

M. Deak has issued an address in which he condemned the patent lately issued for the reorganization of the army. He says that the carrying out of the scheme will certainly prove fatal to the arrangement of the present difficulties, and adjures the Emperor to concede the claims of Hungary.

FINANCIAL AND COMMERCIAL.

The London Money Market.

LONDON, Jan. 12—Noon.

The following are the current quotations of AMERICAN SECURITIES.

United States five-twenties	72¾
Illinois shares	80¾
Erie shares	41¾

Consols are steady at 90¼ for money.

LONDON, Jan. 12—Evening.

Consols closed at 91, for money.
Erie Railway shares, 43¾.
United States five-twenty bonds, 72¾. The current rate for the bonds at Paris to-day was 72.

The Liverpool Cotton Market.

LIVERPOOL, Jan. 12—Noon.

The cotton market opens very flat, with unchanged prices. The sales to-day are estimated at 5,000 bales.

LIVERPOOL, Jan. 12—Evening.

The cotton market closed dull to-day, and prices fell off slightly. Middling uplands are quoted at 14¾d. The sales did not exceed the noon estimate—5,000 bales.

MARINE INTELLIGENCE.

LIVERPOOL, Jan. 12—Noon.

The steamship Java which left Boston on Wednesday, January 2, arrived at this port last evening

OUR SPECIAL CORRESPONDENCE.

ENGLAND.

OUR LIVERPOOL CORRESPONDENCE.

The Supposed Collapse of Fenianism—Attitude of the Stephens Agents and "Men in the Gap"—Dangers to the Crown from a Revolutionary Movement—Common Cause of the Peoples of England and Ireland, &c.

LIVERPOOL, Dec. 29, 1866.

Only two days now remain for the fulfilment of Fenian promises. Unless the long expected uprising of the Irish takes place before the first day of 1867, James Stephens will have deserved the abuse of his opponents and the bitter denunciations of the English press. Should he fail to carry out his programme it is not to be expected that he can ever again have the confidence of those who are now blindly but faithfully his followers. The English press for the last few days is rejoicing in quite a glory hallelujah strain. Most of its writers who have ventured to mingle prophecy with denunciation in Fenian speculations, believe that the terrible C. O. I. R. promised revolution before Christmas, and as nothing very startling occurred to hurry the process of digestion on Christmas morning, they affect to believe that they are safe for the present.

But Stephens did not promise that he would begin operations on the 25th of this month. He said at a meeting in New York, and several times afterwards repeated the statements, that the fight for Irish independence would take place this year. The government organs are therefore hallooing, it seems, before they are out of the wood. The C. O. has two days' grace, and it remains to be seen what use he will make of it. Acting on Dublin information, obtained from sources, in my opinion utterly unreliable as far as the Fenian conspiracy is concerned, the London journals are already singing the requiem of the Fenian movement, and sneering as vigorously as if the news of a first Bull Run battle had arrived. It is stated that the admirable disposition of government troops made by that old hand at pacification, Sir Hugh Rose, has had the happy effect of scaring away the dangerous emissaries from America who were sent to Ireland for the purpose of corrupting the loyal minds of her Majesty's innocent subjects.

With all due deference to the opinion of the "Thunderer" and its hundreds of noisy imitators, I must say that there are more Irish Americans just now within short distance of British arsenals than there has been for some time past. I feel satisfied that if the attempt to break up the English government in Ireland is not made in the time specified it will not be the fault of the men who are waiting orders, but of the C. O. I. R., to whom so many thousands both in Ireland and in this kingdom look for instructions.

The London *Times* is jubilant over the letter of General Millen, in which that gentleman impugns the character and motives of Stephens, and pays the General a very neat compliment in return for his services. It is broadly stated that Mr. Stephens is a cheat. Now, a fool may be a cheat, but it very rarely happens that a clever cheat is a downright fool. Interested people may profess to believe that the C. O. I. R. has no other object in view than to draw from his dupes a sufficient sum of money to enable him to enjoy, in "the south of France," the luxuries of flowers and sunshine; but from my observations of the man I scarcely believe that, if he had that purpose in view, he would sanction an expenditure of moneys that must necessarily have made a large hole in the sum he is charged with having appropriated in the interests of horticulture. Within the last few days I have met a large number of men whose transportation from New York, with certain weighty baggage I know to have accompanied them, could not have been effected without a large expenditure of money. Many of these men have seen honorable service in the armies of the United States, and others are members of the I. R. B., returning to Ireland, as they left it, "with a vengeance."

The English volunteer movement has aided the cause of Irish independence very materially, being a sort of training school for soldiers of the embryo Irish army. As for thousands of the Englishmen in the ranks of the volunteers, I am persuaded that should the occasion arise, they will in the interests of reform, which, to a certain extent, means English Fenianism, play the same part that the Irish Volunteers of Dungannon did in 1782—demand further rights and privileges from the crown. I am not without sufficient means of information, when I say that in the large cities and towns of England disaffection is widespread and organization is not wanting. The disaffected here have facilities denied the Irish. The habeas corpus dare not be suspended—the right to bear arms is unquestioned, and all sorts of meetings, where utter disloyalty is not preached, is, however, reluctantly tolerated. There is no estimating the amount of mischief that these men may do here in concert with their friends and allies across the channel. The "Fenian fire," which is the subject of an elaborate article in this week's number of the *Lancet*, if used against the shipping in this important town, would produce the most terrible effect. The poorer, or what is called by the tory papers the "dangerous classes," in most of the seaport towns of England, and nowhere more so than in Liverpool, are ripe for revolt. It has been stated to me by a person high in the confidence of the masses that, in the event of a mere organized insurrection, fifty thousand partially armed men could be assembled between Liverpool and Manchester to contend against the government forces for "reform for England and justice to Ireland." Your readers may be assured, however, that nothing whatever will be done in England towards revolution until the Irish make some movement of a serious nature.

It all depends on the honesty, pluck and nerve of James Stephens. If he fails, all fails, and the Fenian movement will add another to the long list of abortive Irish agitations. With the information I am possessed of—of which Mr. Stephens, it is presumed, is quite familiar—I cannot see why the Fenian movement should not go on, until at least Ireland had wrung from the English government concessions that would ultimately tend to alleviate the sufferings of that most unhappy and ill-governed country. The poorer classes in England and the same body in Ireland have interests perfectly identical. Reform is English Fenianism. Fenianism is Irish reform. The inner circle of reformers is tinged with conservatism; but the outer and wider circle is revolutionary and nothing else. The London *Pun*—a comic paper—as its name implies, had a capital leader in the shape of a cartoon a week or two since, which was worth a dozen leading articles. Mrs. Britannia is represented in her night gown, holding a candle, while Mr. Bull, with inflated nostrils, is smelling the premises. In evident trepidation, Mrs. B. inquires if Mr. Bull does not notice something, for she smells something dangerous in the atmosphere, and it is time to be careful. Despite the faint hurrahing of the press over the real or supposed collapse of Fenianism, I am inclined to think that *Pun* has hit the mark. There is something in the air, and the sooner the political atmosphere of England is cleared the better it will be for her and, inferentially, for the world at large.

I feel quite satisfied, from what I have seen and heard of late, that in the event of an insurrection in Ireland taking place, the most serious work of the relolution will occur in England.

Under these circumstances I shall remain in this country for the present, and await events. We have news this morning of further arrests in Dublin; but that has become so common now that it excites but little interest. I have deferred my letter until the last moment, hoping to hear some news from the other side of interest to your readers; but all is quiet "along the line" of the Liffey.

RUSSIA.

OUR ST. PETERSBURG CORRESPONDENCE.

Cabinet Questions Tending to a General War—The Position of Russia—Military Concentrations of Austria—Classification of the Great Powers for Combat—The "Sick Man" of Turkey—England as a Non-Intervention Trader—Moral and Material Power of the United States—"Putting Down" the American "Foot" in the Mediterranean, &c.

ST. PETERSBURG, Dec. 16, 1866.

We hear from various sources that great European complications are again looming up threateningly in the near future, and many profess to believe that we are on the eve of a general war. I think that there is a great inclination to exaggerate the dangers which impend and to give them vaster proportions than they can very soon expand to. Not that I am able to deny that certain questions have arisen which will, sooner or later, disturb the tranquillity of the Continent, but I think I am tolerably safe in predicting that diplomacy will exercise its peaceful arts for more than one year longer—after that will doubtless come the deluge. The conduct of Austria for the past few weeks has certainly been of a character, in spite of all its official and semi-official denials of unusual movements within its borders, to excite some attention, if not apprehension, among the Russian officials.

There has been a steady and silent concentration of Austrian troops at strategic points on the Northern Austrian frontier, which has not failed to be noticed, but which probably means nothing more than that the ghost of Russinian nationality is again rising to terrify and make suspicious the House of Hapsburg. That Russia thinks of crossing her frontier for the purpose of aiding revolt in Galicia no one believes, excepting those shaky Vienna rulers. Russia has not paid a great deal of attention to the internal affairs of the Austrian empire, save when they have affected the well being and happiness of a large number of their co-religionists, numbering three or four million, in Galicia, and to these they have extended a hearty sympathy, without expressing it in substantial acts—as might be expected between people that have a common language, a common descent and like aspirations for the future. The Austrians seem to wish to convey the idea to the world that Russia has endeavored to stir up discontent and insurrection among the Russinians in order to better accomplish its designs of bringing them under the government of the Czar, and thus weaken the Austrian empire and give a clearer path to the march of its columns towards placing the Greek cross over Mosolem capital again.

Russia does not need to employ such plans to work out the great problem which the coming generation will see settled. She will go about her work, when the proper time comes, with the greatest directness, force and zeal, and will clear her way to the great goal without descending to petty means or unfair measures. Let Austria be undisturbed, keep her troops where they may be cheaply subsisted, save her money, pacify her diverse nationalities, and not provoke Russia by childish and unfounded complaints, accusations and threats, and she will be much better off than she is likely to be if she continues her acrimonious and embittering attacks on Russian good faith, backed by the menacing attitude of her increasing *corps d'armée* close to the Russian frontier. All these foolish transactions are more likely to precipitate a contest, which may be staved off a long time under a different attitude, than to entirely prevent it.

But I do not believe that we shall escape a war on the continent during the next three years. The Paris Exposition will ensure quiet, so far as France is concerned, for the next year, if, indeed, the want of breech-loading arms did not prevent that empire from entering into a contest if the Emperor desired. And the same weakness prevents any European nation from venturing into a war, if we except Prussia, and she cannot yet undertake a fight alone. But this one obstacle will be removed by the spring of 1868, when the breech-loader or repeating rifle will be in the hands of every available soldier from the Pyrenees to the Arctic circle, and meanwhile diplomatists are busy in arranging the men and sides on the great chess board preparatory to the opening of a game, when thrones and crowns are to be lost to the vanquished and empire becomes the victor's prize. Hence it is natural, in view of the colossal contest which every one feels must surely come sooner or later, that speculation is rife as to what side will range the giant combatants.

It is pretty clear to every one that there are to be but two sides, and that the dividing line is to run east and west. A common interest places Prussia and Russia side by side, and the same influence will surely unite France and Austria, and, need I add, Turkey? The line of operations will, we may be assured, extend to and involve that latter empire, and it is likely to figure for the last time on the map of Europe in the contest. As to the position of England in the impending conflict well informed people widely differ, but I think that some articles in newspaper organs of the British government, *apropos* of the recent visit of the Prince of Wales to Russia, can throw a good deal of light on the subject. They speak of a new alliance as having been formed between Russia and England and a thorough understanding arrived at for the future. I should not like to undertake to deny that there is a good deal of truth in the statements, so cautiously and indistinctly made, that a perfect *entente* now exists between the two great Powers in relation to the grand events of the coming years; for there is every reason why they should be true. England has nothing to gain by entering into the lists, and expending lives and treasure for an idea, or to strengthen the hands of her enemy across the channel; but she has everything to gain by playing her favorite *rôle* of neutrality, and that she has, I am pretty sure, concluded to do. So we may safely place England on one side, as a looker on, ready to drive a little trade in privateers, munitions of war and subsistence for either combatant, and prepared to step in when the spoils are divided, and claim "all the privileges of the most favored nation."

In coming to this determination she has not been unmindful of the possible attitude, influence and bearing of the United States in case she should engage all her powers in a continental war, especially against Russia.

And here it may as well be added that the American republic enters somewhat into all calculations regarding the contest. The desire and prayer of all anti-Russians are that she shall remain perfectly neutral, and not throw the immense weight of her navy in the northern scales. All understand that under certain circumstances it would be very desirable to her to have a strongly fortified harbor and naval station in the Mediterranean, and none but the southern Powers—France, England, Austria, and, perhaps, Spain—object to the idea at all. Russia is anxious that the United States should gain a foothold there, and is willing, if she moves to the Bosphorus, to give all needful grants to effectuate the purpose. Italy has been willing, and is now, I have reason to know, in spite of the terrible pressure of France and England long exerted to the contrary, even to give up of her own to enable the United States to have some place it could hold in that noble sea. It is to the interest of Russia and Prussia that we should have a lodgement there, as a check against France and England, and surely it is to our own welfare, if we are to become of any weight in European questions relating to our own affairs, that we should have a coal station and a fortified harbor, where our cruisers could find shelter and safety, if need be, against all comers. Thus are the United States brought into the discussion of the bases of the contest, not actively, but rather as a quiet, silent but powerful balance against possible changes in English policy. In other words the United States are to see that England keeps her hands off of the Northern Powers, and to allow the Eastern question to reach a final solution, and the "sick man" to be quietly buried after his natural demise.

In the same category as England we shall find Belgium, Holland, Spain, Portugal, and perhaps Italy. The safety and autonomy of the first two Powers are likely to be imperilled in the contest; but England may be able to save them both. Prussian desire for sea ports, and the favorite idea of extended frontiers of the French Emperor, will certainly influence both sides to seize as much of those two countries as they safely may. In occupying a neutral but perfectly free position to act with all her power, England may prove the saviour of her weak neighbors and make a handsome reputation in the affair, at no cost save the tremendous preparations for an armed neutrality she must inevitably incur.

In the matter of expense you may well imagine that the recent war has entailed an immense outlay on the part of all European nations. I know of not a single one that is not driving its works at the utmost to supply completely new firearms, on the breech-loading principles, to all its soldiers, and at a great cost. American inventions are being largely adopted, I am gratified to say, and their value will aid not a little in deciding the coming contest. Speculation on events so far ahead seems almost useless; but I submit the above as those the Russian, are inclined to indulge in.

HUNGARY.

Previous to his departure from Pesth on the 21st of December Baron Beust, replying to a deputation from the municipality of Pesth, declared that the appointment of a Hungarian Ministry was merely a question of time.

The Tavernicus entertained Baron Beust at a dinner, at which a number of the most prominent members of both houses of the Diet were present.

It is asserted that in consequence of the visit of Baron Beust to Pesth, and the unanimity of opinion which prevails among the members of the Austrian Ministry on the subject of Hungary, the Deak party have consented to somewhat modify their demands.

The members of the Hungarian Diet deputed to present the address in reply to the royal rescript had been received by the Emperor, who informed them that he would make known his reply by a royal rescript. His Majesty also requested the deputation to convey to the members of the Diet the assurance of his royal favor and good will.

The city of Fiume intends sending a numerous deputation to Pesth to congratulate the municipality upon the prospect of a speedy formation of a Hungarian Ministry. This intention is strongly opposed by the Croatian party in Fiume.

BANKS AND BANKING.

French Report on the Financial Situation in Europe and the United States—Money Crises, National Banks and the Supply of Specie.

[Paris (Dec. 25) Correspondence of London Times.]

It may not be forgotten that towards the close of last year a commission or council was appointed to inquire into the "principles and general facts which govern the monetary and fiduciary circulation"—the circulation of the precious metals and of bank paper. The object of those who mainly originated the inquiry was to prove the necessity of a change in the administration of the Bank of France, with a view to force its adoption of a low and uniform rate of discount. Some of the most eminent economists, bankers and commercial men were called upon to give evidence and to enlighten the commission on the important subjects before it.

The questions to which it thus invited answers were forty-two, classed under these heads:—1, monetary crises; 2, paper money (*monnaie fiduciaire*); 3, conditions of a good paper money; 4, establishments which issue paper, and 5, the management of banks. The blue book has only now appeared, containing the valuable evidence of M. Wolowski, member of the Institute of France, as well known as a political economist as for his consistent advocacy of the sound principles on which banking should be conducted. The blue-book comes out of the Imperial printing office, excellent in type and paper. It is of respectable size, larger than a quarto, very little less than a folio, and contains 292 pages. In it every conceivable question relating to banks, immediately and remotely, is treated; and a mass of information, much of which is probably elementary in England, is given, as will be seen from the headings of the chapters. On the general questions, M. Wolowski gave at the first sitting his ideas on the nature of money, the use of the precious metals, the influence exercised by the issue of paper, disposable capital, banks of deposit, instruments of circulation, rate of discount, the Bank of England, the bullion report, Mr. Cobden's opinions, the act of 1844, the true nature of credit, joint stock banks, the currency principle, and the banking principle.

During the second sitting he treated the subject of crises; the monetary movement; freedom of trade; credit societies; imports and exports; paper circulation; transfers of credits (*virements*); the metallic system; Mr. McLeod's opinions; Scotch banks; Mr. Gladstone's opinions on the act of 1844; liberty of issue; mixed circulation; unity of the bank note; issue and discount; purchase of gold; bank capital; exchanges; interest on deposits; fixity of the rate of discount; banks in Belgium, Holland, Denmark, Italy, Germany, Russia and Hamburg.

The third day was devoted to the banks in the United States, the system of national banks, the clearing house, the banks of France and England, legal and forced circulation, the three signatures, limitation of issue, augmentation of the reserve, restriction of discount, maximum and minimum of the rate, paper money, opinions of Napoleon I. on the subject, and community of interest of banks. To the volume are appended statistical tables relating to the banks of England, France, the United States, Switzerland and Hamburg.

I extract the following passage at the close of M. Wolowki's evidence:—When the diggings in California and Australia yielded masses of gold to the world, many anticipated and feared a glut of the precious metals, and by a strange confusion of ideas many of those, too, who denounced the invasion of Californian and Australian gold as certain to produce a revolution in prices *now urge the multiplication of paper by means to which they give the name of "liberty of banks." Yet gold is still worth what its production costs, and paper has hardly any intrinsic value.* The uses to which the metals are applied, and rapid extension of production, as well as of foreign trade, have promptly utilized these new treasures; but the imprudent issue of paper would endanger all.

It is not that the liberty of issue always greatly augments in a normal manner the circulation of notes. The contrary has occurred. In Switzerland, where divers banks have the liberty of issuing paper as money, the reserves exceed the circulation of notes.

Those who look upon this instrument of exchange as useless, and even dangerous, demand the suppression of all guarantees, the largest competition, the most complete liberty; they know perfectly well that the security attached to the circulation of paper maintains it, especially where the principle of unity predominates. To disturb that security, to abolish all control, to diversify the signs of exchange and the responsibility which covers them, *would be to weaken their action by the deceptions and inevitable fluctuations of their value. By aiming at the multiplication of paper these imprudent persons would in reality depreciate it.*

In order that the bank note should be of value, its certain convertibility into gold must be guaranteed, and the absolute equality between the value of the note and the value of the metal must be solidly established. Money has nothing arbitrary, nothing capricious in its constitution. It forms the measure of value, and it must never be lost sight of that the bank note does the duty of money. In order that it should not make us pay too dearly for the advantages it procures for us, it must be free from all suspicion; it must, as Lord Overstone has observed, be preserved not only from calamity, but from the fear of calamity.

Neither should we forget that money performs every day more and more in the world *the part of universal interpreter.* It is the *quod semper, quod ubique, quod ab omnibus* in the sphere of material interests. Owing to the rapid transfusion of metal in the markets where it finds the best conditions, the equilibrium of value is everywhere kept up. *Metal is the perfect and permanent type of circulation,* which the commodious employment of paper should not alter.

This, indeed, is the great feature of the question; it is the one which predominates in England. In England it is well understood that issue touches the public interest, and that it should not be subordinated to discount, which only concerns private interests

The bank note acts as money, and everything that affects the issue of the bank note affects the standard of value. On this fixity of value depends not only commercial prosperity but the good faith of transactions. In order that contracts should not be violated, *that wages should not be depressed, there must be maintained, rigorously in fact as in law, the limitation of the amount of paper,* which, if delivered over to free competition, would change the meaning of contracts, disturb the course of exchanges, cause prices to vary and inflict injury on commercial probity.

The severities which commerce fears are more profitable than hurtful to it. We now have a rise in discounts, as we have dearness of bread; but we no longer witness those corn famines which in other times so profoundly troubled society, and which occasioned to our population so much privation and suffering. With a sound compression of the elements of civilization we shall avoid the commercial tempests which formerly swept over the world, and caused incalculable loss to commerce and industry.

The President of the commission said:—The council returns you thanks, sir, for the excellent and complete explanations which you have been so good as to give on all the points of the inquiry with which it is charged.

THE ROMAN QUESTION.

The Pontifical Debt and Plan of Adjustment with Italy.

The convention for the regulation of the Pontifical debt, signed in Florence on the 7th of December, between France and Italy, has been published.

Divested of the ordinary formal introduction, the text is as follows:—

1. The proportion appertaining to Italy in the perpetual debt and the redeemable debt of the former States of the Church, to wit, for the Romagna, dated June 30, 1859, and for the Marches, Umbria, and Benevento, dated September 30, 1860, the periods of taking possession, is admitted to amount, that of the perpetual debt to 7,892,984f. 73c., and that of the redeemable debt to 7,337,166f. 60c., together amounting to the sum total of 15,230,145f. 33c.

2. A sum of 1,468,617fr. 42c. being already paid annually by the Italian government to the holders of bonds of the perpetual debt in the above mentioned provinces, the new charge falling upon Italy, by virtue of this present convention, from the bulk of the two species of debt indicated in the preceding article, is and remains fixed at the sum of 13,761,527f. 96c.

3. Italy takes upon herself in addition the repayment of the arrears of the above debt, reckoned from the periods previously mentioned, to the 31st December, 1866. The disbursement of the total of these arrears will be effected as follows:—The three last half yearly instalments amounting to 20,642,291f. 94c. shall be paid in cash at latest by the 15th March next. To meet the remainder of the arrears the Italian government undertakes to pay interest upon stock equivalent to 3,397,627f. 94c., which will increase by that amount the portion of the redeemable debt incumbent upon Italy.

4. The stock mentioned in the two preceding articles, and amounting together to the sum of 18,627,777f. 33c., is and will remain at the charge of Italy dating from the first half year of 1867. Business in the above stocks may be transacted upon the same conditions as were fixed at the time the debt was originally contracted.

5. As regards the life annuities debt of the former States of the Church, the Italian government will continue to defray all the pensions regularly paid at the periods of the annexations to the annuitants belonging to the old Pontifical provinces, and residing in the kingdom of Italy.

6. Duplicates of obligations already undertaken by Italy towards the Holy See, and, reciprocally, claims the Pontifical government might have to make upon Italy, are reserved.

7. The government of his Majesty the Emperor of the French will furnish the government of his Majesty the King of Italy, within the shortest possible period, with all the documents that may be necessary for the transfer to the great book of the Italian public debt of the different kinds of stock from liability for which the Holy See is released by virtue of the present Convention.

8. This present Convention shall be ratified, and the ratifications exchanged within the term of eight days, or earlier if possible.

ITALY.

The Budget of the New Kingdom.

In the Chamber of Deputies of the Italian Parliament the Finance Minister presented the budget for 1868 and 1867. It is divided into two special balance sheets, one for Venetia and the other for the remaining provinces of the Italian kingdom.

For the Venetian provinces the total receipts are 76,502,836 lire and the total outlay 54,302,336 lire, showing a surplus of receipts to the amount of 22,200,000 lire.

The ordinary revenue of the other Italian provinces is estimated at 786,196,816, and the extraordinary revenue at 32,701,260 lire, while the ordinary expenditure was 93,149,515 lire. The total receipts are therefore 788,898,076 against an outlay of 997,566,612 lire, showing a deficit of 208,668,534 lire. There thus remains a general deficit, as anticipated, of 186,466,534 lire.

THE EASTERN QUESTION.

France Should Exercise the Protectorate Over Christian Turkey.

[From the Paris Journal Des Débats, Dec. 24.]

It will be seen by a despatch from Athens, published in yesterday's paper, that the policy pursued by England in all that concerns Cretan affairs is not altogether similar to that which the French government has seen proper to adopt. While the *Moniteur* records with rare complaisance the victories more or less real reported by the Turks, and endeavors to show that the people of Candia are rather hostile than favorable to a movement excited among them, and despite them, by emissaries of a pretended European revolutionary committee, the English, on the contrary, manifest their sympathy for the insurgents. We see, for instance, that an English gunboat has conveyed to the Pireus three hundred and forty refugee Cretans, and that the British Minister has promised to assist these unfortunate people in case the central committee cannot minister to their wants. We see again that the English Vice Consuls in the Pireus and at Athens have become corresponding members of the Philo-Cretan Society. It can hardly be suposed, however, that England desires more than we do the revival of the Eastern question. * * * Mention was made some time since of negotiations to bring the Patriarch of Constantinople and his coreligionists within the pale of the Romish Church. It is easy to see that if these negotiations succeed the protectorate of France, eldest daughter of the Latin Church, should very naturally be substituted for that of heretic England or schismatic Russia.

The "Sick Man" Europe's Common Enemy.

[From the Paris Opinion Nationale, Dec. 24.]

These considerations (guarantees for the peace of Europe) merit, we think, the most serious attention from the governments of Western, Central and Southern Europe; for it is the same enemy they all have had to combat in the East. This truth will be denied neither in Turin, nor in Paris, nor in Vienna, and it will not appear less evident in Berlin than in the other capitals; for Prussia, whatever her other projects and hopes, cannot consent to permit the Lower Danube to fall into the hands of Russia, for that region is the great outlet of Germany to the Black Sea and to the East.

CANADA.

SPECIAL TELEGRAMS TO THE HERALD.

The Trial of the Toronto Prisoners—Patrick O'Neil and Patrick McGrath Found Guilty—Their Sentences Deferred.

TORONTO, Jan. 12, 1867.

The court opened at ten A. M., Judge Morrison presiding. Patrick O'Neil was placed in the dock and pleaded "Not guilty." The Crown Counsel having refused to say on which count they intend to try, the prisoner offered objections to the trial, which were not allowed.

Mr. McKenzie then informed the Court that in the case of Thomas H. Maxwell and other American citizens he would demand that the jury be composed of half foreigners.

J. H. Cameron—Do you want Americans? If you do, ask Mr. Seward to import six originals, as it will be impossible to get them here.

Mr. McKenzie—I think my learned friend will, before five years, be a peaceful and loyal citizen of the State of Canada. After some further remarks the subject was dropped.

Hon. R. A. Harrison, in opening the case for the crown, said the indictment under which the prisoner is to be tried contained six counts, and that under a law of 1837 a citizen of Great Britain found in arms against her Majesty was to be tried by court martial, while foreigners were to be tried by civil courts. The prisoner is charged in the indictment both as a British and foreign subject.

Jno. Metcalf testified that the prisoner informed him that he came from Cincinnati, Ohio, to Buffalo, and that the Fenians numbered three thousand five hundred, and that when asked, if they got defeated, would they again invade Canada, he said yes. Mr. McKenzie subjected this witness to a rigid cross-examination, and succeeded in making him contradict his former statement.

Thos. Newberging testified to having seen the prisoner on the 2d of June, armed with an old United States musket, and partially dressed in United States uniform.

This closed the case for the Crown. Mr. McKenzie then requested that Metcalf's evidence be stricken out.

His Lordship refused to do so without giving an opinion.

The defence having no witnesses to be examined, Mr. McKenzie informed the jury that he would object to the trial of the prisoner before the present court. The prisoner, it is said, committed an act of hostility against her Majesty in the county of Welland, and in that county he should be tried, and in addition the prisoner could not get a fair trial here where the local press and the New York HERALD had such large circulations. The learned counsel then criticised the evidence of Metcalf, and denounced the government in permitting him to force statements from the prisoners.

Hon. J. H. Cameron rose to reply when Mr. McKenzie objected to his replying.

Mr. Cameron said he had written orders from the Solicitor General allowing him to reply in the trials of the Fenian prisoners.

His Lordship having sustained Mr. McKenzie, and requested Mr. Cameron to be seated, he proceeded to charge the jury. Mr. McKenzie filed seven objections to his lordship's charge. The jury retired, and at twenty minutes past one o'clock returned with a verdict of guilty. His Lordship having been instructed not to pass sentence on any prisoners for the present, said he would defer sentence till Monday.

Patrick McGrath was then placed in the dock. The counsel for the defence attempted to postpone the trial of this prisoner until next week, but all the objections raised were overruled and the trial proceeded. The prisoner pleaded not guilty on being arraigned. Mr. Cameron opened the case by quoting from the indictment the counts on which the Crown intended to try the prisoner. The evidence for the prosecution was the same as offered on the trial of O'Neil. For the defence Thomas School and Rev. J. McMahon testified that the prisoner was in no way connected with the armed body of men who invaded Fort Erie. At four o'clock in the afternoon Mr. McKenzie addressed the jury. He was followed by Hon. R. A. Harrison, for the Crown, and at five o'clock the Judge charged the jury in a short address. The jury retired at half-past five o'clock, and at six o'clock returned into court with a verdict of guilty. His Lordship deferred sentence until Monday. The court then adjourned.

Exports at Montreal—The Cabinet Meetings to be Held There in Future—The Anti-Confederationists to be Represented, &c., &c.

MONTREAL, C. E., Jan. 12, 1867.

The exports of canal productions from this port last year amounted to seven and a quarter millions of dollars, an increase of over two millions of dollars on the exports of the preceding year.

All the important meetings of the Cabinet will be held here for the present, in order to have the presence of the administration of the government.

The anti-confederationists of Lower Canada have arranged to have their views well represented in England, both by delegates and by publications.

The Sufferers by the Late Fires—The New Diocese Said to be Sanctioned by the Pope, &c., &c.

QUEBEC, Jan. 12, 1867.

A large meeting of burned out residents of St. Roches and St. Lawrence was held last evening at Jacques Cartier Hall for the purpose of securing a more liberal distribution of the relief fund.

It is stated the Pope sanctions the creation of a new diocese of Rienoshi, Canada East, and that a bull will be issued immediately. Principal Langeom, of the Normal School, will probably be first bishop.

Six men-of-war and three gunboats, with a total of 200 guns, visited Quebec this season.

CONVICTED OF MANSLAUGHTER.

BRIDGEWATER, Jan. 12, 1867.

William Kendall, of Jackson, a returned volunteer, was to-day convicted of manslaughter for killing his stepfather in June last.

THE OCEAN YACHT RACE.

Additional Particulars of the Catastrophe on the Fleetwing.

Mr. E. Staples, who was one of the guests on board the yacht Fleetwing during the late Atlantic match, has arrived in this city by the steamer Persia. This gentleman brings a detailed account of the melancholy accident which led to the loss of six of the crew of the vessel, which is to the following effect:—On Wednesday, December 19, at ten minutes past nine o'clock in the evening, as the Fleetwing was scudding along, with the watch, consisting of eight men, sitting on the weather side of the cockpit, the gallant craft was struck aft of starboard main rigging by a very heavy cross sea. Rushing astern, the water with all its fury caught the cockpit and carried the whole of the eight men seated around it into the angry waves. So great was the force of the sea that Messrs. Wood and Hazleton, who were at the time in charge of the wheel, clutched convulsively its spokes, only, however, to find them too weak to resists its power or to avert their fate, as they could not sustain the heavy strain thus put upon them, but parted from their sockets. Captain Hazleton actually went down to his watery grave firmly holding one in his clenched hand. Two only of those who were thus suddenly engulphed in the seething ocean, were recovered; these were fortunate enough to lay hold of the trysail, and were rescued from their perilous position by their comrades, while the remaining six were soon beyond the reach of all human help. The names of all but one of these unfortunate men are already known—Captains Wood and Hazleton and Messrs. Kelly, McCormick and Brown.

Mr. Staples was at the time of the sad occurrence down below, lighting his pipe, but feeling the concussion caused by the striking of the sea, he, with Capt. Thomas, rushed on deck. The sight which met their view was a most affecting one—the cockpit, which but a few minutes before they had seen filled with the watch, clean swept of every living soul, and the deck and pit, from the main ringing aft, completely covered with water. Several of the men whose watch was below at the time were soon on deck, and everything that could lead to the recovery of their messmates was at once done, though unfortunately to no purpose.

The Fleetwing experienced some pretty heavy weather during her trip, and sustained more losses of canvass, &c., than did her opponents. The first night at sea while jibbing she carried away her square sail boom and main topmast spreader, and on the second night she carried away three flying jib-booms.

Mr. Staples speaks in the highest terms of the capacities of the captain, his officers and crew.

The Courses of the Yachts.

The following is an extract from the Southampton correspondence of the London *Herald*:—

During the voyage the Henrietta sailed a remarkably straight course, as indicated by the chart, taking a sweep of sixty miles south of the great circle, and forming a line equal to it. The course of the Fleetwing, as indicated, was more zigzag, and the chart shows that the Vesta crossed the Henrietta's course twice.

The chart marked by Captain Samuels shows that for the first two days out there was a neck and neck race between the Henrietta and Vesta, the Fleetwing being lost sight of the first day out. In fifty-five degrees longitude the two vessels were nearly neck and neck—the Vesta being about twenty miles south of the Henrietta. At fifty degrees the Vesta had gained about thirty miles—the Fleetwing being on the same parallel, dead to south, in latitude forty-three. In longitude fifty-four degrees the Henrietta had gained twenty miles on the Vesta, the Fleetwing being directly south (three degrees) in forty degrees longitude. When the Henrietta was in thirty-eight degrees longitude the Vesta was in thirty-nine degrees, and the Fleetwing in forty-one degrees, the Henrietta having gained on the first named yacht forty-five miles, and on the latter eighty miles. During a gale between the parallels of thirty-five degrees and thirty-eight degrees, the Vesta ran across the Henrietta's track, taking her position sixty miles to the northward. The Fleetwing also ran zero and a half degrees to the northward during the gale. By the course shown your correspondent by the captain, it appeared that from thirty-one degrees to the Scilly Isles, the Henrietta and Vesta ran nearly neck and neck, the latter yacht having taken her position about thirty miles to the northward, the Fleetwing keeping her position to the southward, but dropping astern. From thence the Henrietta took the lead, and won easily.

This statement, be it remembered, is from the chart of Captain Samuels, but Captain Thompson of the Fleetwing, stated that on Wednesday, December 12, the day of starting, his yacht ran two hundred and thirty-nine miles, while the log of the Henrietta only claims for her two hundred and twenty-five, showing that the first day the Fleetwing gained fourteen miles. The next day the Henrietta ran two hundred and thirty-two, and the Fleetwing two hundred and forty-nine, showing a gain of seventeen miles. On the third day the Henrietta ran two hundred and three miles, and the Fleetwing two hundred and twenty, showing a gain of seventeen miles, and a total advantage during the first three days of forty-eight miles. But here the Fleetwing came to grief. She lost her jibboom one day, and the next she carried away her stay-plate. The result was that she was unable to carry after sail, and had to take two reefs in her mainsail, according to her captain's account. The Henrietta ran before a leading wind across the Atlantic and never tacked once. All three vessels came through the Needles passage, and it is said here that the Vesta claims to be entitled to second place, and attributes her backward position to the pilot taking her out of her course.

A National and a Nautical View.

[From the London Post, Dec. 28.]

Yachting is an amusement the whole purpose and object of which is usually considered to have been fulfilled by a cruise from Cowes to Southampton and back again. The more adventurous spirits, it is true, do sometimes stretch across the West Bay as far as Portland, and solace themselves with considerations of the advantages to be derived from the approaching completion of the breakwater, or with a contemplation of the counterfeit presentment of an English monarch on the shores of Weymouth. There have even been known some who, after a long preliminary course of study of the barometer, and the drums and cones (now, alas! obsolete), have fixed upon a likely looking day in July, and have succeeded in inducing the captain of their craft even to take them across to Cherbourg. As a rule, however, the gold-laced officials who rule supreme in yachts discourage all such foolhardy ventures; and as the owners are in nine cases out of ten governed by them with a rod of iron, the crews generally contrive to pass the yachting season either in sweet communion with their wives and families, or in improving intercourse with the public houses ashore. To proclaim an intention or even a desire to make anything like a voyage in such a craft is to invoke the undying hatred of every seaman on board; and if the project is not summarily disposed of by open mutiny among the crew, it will inevitably be frustrated by frequent and ominous references to the "dirty" look of the weather and by predictions, supported by any amount of experience, of forthcoming hurricanes. Thus those who go down to the sea in yachts are kept during the whole of their cruise in a sort of moral quarantine; and, unless they are impressed with the superior comfort and magnificence of living on the water as compared with living in a hotel or furnished l