FINANCIAL AND COMMERCIAL.

WEDNESDAY, May 29—6 P. M.

The publication of Mr McCulloch's letter relating to the finances this morning imparted a rather buoyant tone to the railway share market, and the advance in prices was well sustained at the close of the day. The general impression which the epistle referred to conveys is that the Secretary of the Treasury finds that the time for repeating the purport of his Fort Wayne speech and portions of his annual reports, in which he phrophesies a speedy resumption of specie payments, has gone by, and that he owes it to himself and the country to make a clean breast of the situation and confess the error of his ways. We were favored with a letter from Mr. McCulloch, similar in kind, but slightly inferent in tone, once before. Some of the Boston gentlemen who invited him to dinner on the present occasion, invited him then, and he was kind enough to favor them with his views upon the financial condition of the nation almost as freely as he does now. He was then riding his hobby on the high road to specie payments, which he was confident could be reached within a definite period, and that a very short one. Firm in his resolve to contract the currency as fast as possible, check speculation and bring down prices, he went assiduously to work and persevered so far that he came near killing the goose that lays the golden egg. At length he has been unwillingly compelled to change his course. He is no longer able to contract the currency; the revenues are declining so rapidly that they are likely to fall considerably below the current expenditures, and he finds himself embarrassed by having to provide for the maturing securities of the government at a time when the measures passed by Congress are adding enormously to the drafts upon the Treasury. He is no longer hopeful in regard to our financial future. He looks forward to an increase instead of a reduction of the national debt, but, like Mark Tapley, tries to be jolly under difficulties, and we hope that he may be successful, at least in this, in view of his many shortcomings in other respects.

There has been a moderately active demand for money to-day at six per cent among the brokers, owing to the enlarged volume of business on the Stock Exchange, although in some instances dealers in government securities found no difficulty in supplying themselves at five. The supply of first class commercial paper is light, and whatever offers is freely discounted at seven per cent and in exceptional cases at 6½ and 7½.

At the first regular board railway shares were firm. New York Central closed ⅜ higher than at the same time yesterday. Erie ¼, Reading 1, Michigan Southern 1, Cleveland and Pittsburg ½, Rock Island ¾, Northwestern ¾—do. preferred ⅞, Fort Wayne 1⅛, Ohio and Mississippi certificates ⅛, Pacific Mail ⅛, Canton 1. Boston Water Power ⅛ lower. Government securities were steady. Coupon five-twenties of 1862 advanced ⅛. Five-twenties of 1865, of the new issue, declined ⅛. Among the State stocks North Carolina sixes advanced ¾, and Tennessee sixes (new) ¾, while Missouri sixes declined ¼.

At the one o'clock open board New York Central sold at 98¾; Erie, 50¾ a ⅞; Hudson, 101; Reading, 103¾; Michigan Southern, 67⅞; Cleveland and Pittsburg, 74½ a ⅝; Rock Island, 88; Northwestern, 33½; do. preferred, 59 a ½.

At the half-past two o'clock regular board the market was firm at a slight advance. Hudson River closed ¼ higher than at the first regular board, Michigan Southern ⅜, Cleveland and Pittsburg ¾, Rock Island ⅜, Northwestern ⅝, do. preferred ½, Toledo, Wabash and Western ⅝, Ohio and Mississippi certificates ⅛, Pacific Mail ⅜, Mariposa preferred ½. Fort Wayne was ⅛ lower. Government securities were steady but inactive. Seven-thirty notes of the second series declined ⅛. Tennessee State sixes of the new issue advanced ¾ and Missouri sixes declined ¾.

At the half-past three o'clock open board New York Central sold at 98⅞; Erie, 60¼; Reading, 104; Michigan Southern, 68⅜; Cleveland and Pittsburg, 75 a ⅞; Rock Island, 89½; Northwestern, 33¾ a ⅞; do. preferred, 58½ a ¾; Fort Wayne, 97½; Ohio and Mississippi certificates, 25⅛. During the rest of the afternoon the market remained firm, and at half-past five the following quotations were current:—New York Central, 98¾ a ⅞; Erie, 60⅛ a ¼; Reading, 103¾ a 104; Michigan Southern, 68 a ¼; Cleveland and Pittsburg, 75 a ¾; Rock Island, 88¾ a ⅞; Fort Wayne, 97 a ¼; Northwestern, 33⅜ a ¾; do. preferred, 58½ a ¾; Ohio and Mississippi certificates, 25⅛ a ½; Mariposa preferred, 16½ a 17½.

The following comparison of the lowest prices of the leading speculative shares in 1861 and those current this morning shows that they are on an average about fifty per cent higher than they were at that time:—

	Lowest in 1861.	*May 29, 1867.*	*Higher.*
New York Central	68	98⅞	30⅞
Erie	17	60	43
Hudson	31½	102	70½
Reading	29½	104	74½
Michigan Southern	10½	67⅞	57⅞
Rock Island	30¾	88½	57¾
Pacific Mail	50	120½	70½
Cleveland and Pittsburg	63½	74⅞	67⅞

If, on the other hand, we institute a similar comparison between to-day's prices and the highest in 1864, we find that they are about as much lower, namely:—

	Highest in 1864.	*May 29, 1867.*	*Lower.*
New York Central	143	98⅞	44⅛
Erie	126½	60	66½
Hudson	164	102	62
Reading	165	104	61
Michigan Southern	118⅞	67⅞	51
Cleveland and Pittsburg	132	74⅞	57⅞
Northwestern	77	32½	44½
Do. preferred	97	58¾	38¾
Rock Island	149¾	88½	61¼
Fort Wayne	152¾	97½	55½
Pacific Mail	325	129½	195⅞

Government securities were dull at the close of business at the following quotations:—1981 coupon, 111¼ a ⅜; do., registered, 11¼ a ⅜; 5-20 coupon, 1862, 109¾ a ⅜; 5-20 coupon, 1864, 105⅝ a ¾; 5-20 coupon, 1865, 106⅜ a ⅜; 5-20 coupon, new issue, 108 a ⅜; 10-40 coupon, 99⅜ a ⅝; 7 3-10 notes, first series, 105⅜ a ⅜; 7 3-10 notes, second series, 105⅜ a ⅜; 7 3-10 notes, third series, 105⅜ a ⅜.

The gold market has shown increased firmness—the McCulloch letter being the immediate cause. The opening price was 137, followed by an advance to 138; from which point it reacted slightly, and the closing transactions were at 137⅝. The gross clearings amounted to $33,705,000 and the gold balances to $2,016,483. Loans were made at 2 a 6 per cent for carrying. The export of specie by this day's steamers was smaller than had been expected, the Java and Tripoli having taken out only $130,500. Silver is 5 a 6 per cent below gold. The Treasury is understood to have been a free seller during the last few days, and those government sales, by causing those who are holding gold to pay interest for having it carried, are, at the present rate of exchange, calculated to stimulate exports for the sake of using it to more advantage abroad.

The foreign exchange market was inactive, as usual on Wednesday. Bankers' bills on England at sixty days were quoted at 109⅞ a 110; at three days, 110⅛ a ⅜; commercial bills, 109 a 109⅛; bills on Paris at sixty days, 5.13¾ a 5.11¼; at three days, 5.12½ a 5.10. Other continental bills were rated as follows:—

	Commercial.	*Bankers.*
On Berlin	72 a 72½	72⅝ a 72⅞
On Bremen	78⅝ a 79⅛	79⅛ a 79⅝
On Frankfort	41 a 41⅛	41⅛ a 41⅜
On Amsterdam	41 a 41¼	41⅜ a 41½
On Hamburg	36 a 36½	36¼ a 36⅝
On Antwerp	5.18¾ a 5.15	5.15¾ a 5.13¾

Mining shares were weak, and the market for them is demoralized. At the first board Consolidated Gregory Gold closed 15c. lower than at the same time yesterday, selling at $6 45; Corydon 46c., selling at $1 85; Quartz Hill 15c., selling at $1 55. Peoples' Gold and Silver sold at 45c.

Consols and American securities were quoted thus in London to-day and previously:—

	May 23.	*May 27.*	*May 29.*
Consols	93	93⅞	94
United States 5-20s	72	72⅝	72⅛
Erie	41	39½	40
Illinois Central	76	76¼	76½

The extreme monetary ease in England is indicated by a further advance in consols to 94.

Judge Sutherland gave his decision to-day in the case of Rufus Batch against Albert L. Pritchard, and granted a writ against the respondent requiring him to produce for the inspection of the relator such books of the Chicago and Northwestern Railway Company as he has in his possession relating to the stockholders of the company. What this writ will result in remains to be seen, and if, as the respondent states in his affidavit, the transfer books are not in his possession, he of course cannot produce them. However the case in question may end, it has been of signal service in exposing the means by which stock jobbers seek the control of a great railway without owning a share of its stock, and the company has done good service in contesting the right of the relator in this instance to search the transfer books for his own private purposes. It is understood that the company intend to appeal from the decision of Judge Sutherland, in order to test the question whether parties occupying the position of the relator in this case are legally entitled to all the rights of *bona fide* stockholders.

The following table shows the number and tonnage of the foreign and American vessels entering and clearing from the ports of the United States for the last seven years:—

	American.		*Foreign.*	
	No.	*Tons.*	*No.*	*Tons.*
1860	24,888	12,087,200	21,637	4,977,916
1861	22,330	9,018,230	21,295	4,419,506
1862	21,256	10,079,503	20,853	4,622,277
1863	19,573	9,061,959	24,445	5,704,491
1864	15,776	6,157,382	29,981	7,212,450
1865	16,758	5,863,795	29,416	6,812,690
1866	17,400	6,755,236	29,077	8,848,803

The following is a table of the values of the imports and exports in American and foreign vessels from 1860 to 1866 inclusive:—

	Imports.		*Exports.*	
	American.	*Foreign.*	*American.*	*Foreign.*
1860	228,164,558	154,001,899	279,082,802	121,039,394
1861	201,544,055	134,106,008	179,072,733	69,372,180
1862	92,274,100	115,497,629	126,223,258	104,515,737
1863	169,744,580	148,175,340	182,127,891	199,889,691
1864	81,212,077	248,350,818	102,849,499	237,442,739
1865	60,322,504	168,111,663	73,744,741	256,952,532
1866	110,462,997	327,170,357	213,671,466	351,704,028

The exports and imports of the Australian colonies during the year 1865 were as follows:—

	Imports.	*Exports.*
Victoria	£19,257,537	£13,150,748
New South Wales	9,928,595	8,191,170
New Zealand	5,591,977	3,713,318
South Australia	2,927,596	3,129,846
Queensland	2,505,559	1,151,454
Tasmania	762,375	860,985
Total	£34,976,639	£30,219,411

The receipts for customs and the receipts, payments and balances at the Sub-Treasury in this city for the expired portion of the week have been as follows:—

	Custom House.	*Sub-Treasury.*		
	Receipts.	*Receip's.*	*Payments.*	*Balances.*
May 27	$417,000	$1,133,609	$4,762,097	$128,651,731
May 28	385,000	3,033,687	3,350,194	129,238,225
May 29	351,000	2,259,031	782,133	130,715,123

The exports, exclusive of specie, from New York to foreign ports for the week ending May 28, and since the commencement of the year, compare as follows with those for the corresponding periods in 1865 and 1866:—

	1865.	1866.	1867.
For the week	$1,953,566	$2,260,855	$1,815,222
Previously reported	67,421,483	84,259,003	79,138,620
Since January 1	$69,375,039	$86,519,858	$80,953,842

The foreign imports at New York for the week, since January 1, 1867, and for the corresponding period of the past two years, compare as follows:—

	1865.	1866.	1867.
Dry goods	$650,203	$1,007,637	$925,729
General mdse	2,851,650	3,377,547	3,365,761
Total for the week	$3,504,823	$4,385,384	$4,291,490
Prev. reported	54,789,181	121,753,255	99,363,697
Since January 1	$58,294,034	$126,138,639	$103,655,187

The commerce of New York from July 1 to date of each of the years mentioned compares as follows:—

	1864-65.	1865-66.	1866-67.
Imports mdse	$139,164,569	$268,222,837	$234,538,219
Expts produce	193,831,829	203,397,994	162,569,237
Expts specie	33,410,832	38,473,706	33,249,415

SALES AT THE NEW YORK STOCK EXCHANGE.

Wednesday, May 29—10:30 A. M.

$25000 U S 6's, '81, cou. 111½
121000 US 6's, 5-20 c, '62 109¼
1500 US 6's, 5-20 co. '64 105¾
27000 US 6's, 5-20 co, '65 105¼
2500 US 5-20's c, '65, n is 105⅜
20000 do 108
10000 Tr n, 7 3-10's, 1st s 105⅜
500 do 2d s, end 105⅜
2500 do 105⅜
10000 N Y S b 1, reg 103½
1000 N Y 5's, '71 98⅜
33000 N Car 6's, ex c 48
5000 Missouri 6's 97¼
1000 do 97
20000 do s30 97
60000 do 97
27000 Tenn 6's, new 64¾
20000 Ohio & Miss certs 25
40000 do 25½
20000 do b30 25½
9000 Erie, 1st mtg 100¾
21000 do 1st mtg 89
3000 N Y Cen 6's, '83 93¼
2000 Pits, Ft W & Chic, 2d 95½
2000 Great W, 2d mtg 70
15000 Mich So & N I 6ds 97¾
1000 C & NW contin bds 93
50 shs Bank of Com 118½
49 do 118¾
50 Cen Nat Bank 110¾
41 Fourth Nat Bank 107¾
15 Continental Bank 104¾
600 Adams Express 66½
70 do 66¾
68 American Express Co 70
45 U S Express Co 73¾
300 Canton Company 45
100 do b30 45¼
100 do 45¼
30 Del & Hud Canal Co 153
83 do 152¾
100 Wilkesbarre Coal Co 33
11 Western Union Tel 42½
100 do 42¾
48 do 42¾
500 do 43
150 do 2d call 43
100 Mariposa preferred 17
200 shs Pacific M SS Co 129¾
40 N Y Central RR 99
700 do 98⅞
100 do b10 98⅞
50 Erie RR 60½
200 Hudson River RR 102¾
100 Mich Cen RR 109¾
200 do 110
100 M S & N Ind RR, s10 68
100 do 68¼
600 Ill Cen RR 116
50 Clev & Pitts RR 77½
80 do 74⅞
600 Chi & N W RR 33⅞
200 do 2d c 33¼
100 Chi & N W prfd 85⅞
100 Chi & R I RR 88
100 do 88⅞
500 Pitts, Ft W & C RR 97
100 Tol, W & W RR 43
100 Mil & St P RR 34¼
100 Mil & St P RR prfd 55
50 Mil & P du Chi 1st pfd 87

Half-past Two o'Clock P. M.

10000 U S 5's 1871, regd 112
10000 U S 6's, 5-20, regd '62 109¾
20000 U S 6's, 5-20, coup, '62 109¾
2000 U S 6's, 5-20 c, '64 105¾
10000 U S 6's, 5-20, coup, '65 105¾
5000 Tenn 6's, 3-10, 2d s 105⅜
40000 Tenn 6's, new 65
10000 Missouri 6's 96⅞
1000 N C 6's, ex cou 48
700 Ohio & Miss certs 24¾
10000 do 25⅛
20000 do 25¼
11000 W U Tel 7's, bds 80
50 shs Ocean Bank 101½
500 Adams Express 66½
200 do 66¾
100 do s30 66
300 W U Tel 43
40 do 42¾
100 Mariposa pfd 16½
400 Atlantic M SS Co 101
100 Cen Nat Bank 110½
100 Wilkesbarre C Co 34
20 Pacific M SS Co 129
503 shs Pacific M SS Co 129¾
40 N Y Central RR 99
200 do 98⅞
100 do b10 98⅞
300 Boston Water Power 27⅝
70 Pacific Mail SS 129
200 do 129¼
100 do b10 129¼
200 do s10 98⅞
100 do 98⅞
100 do 99
300 do s60 2d call 99⅞
400 do 99⅞
100 do 59¾
200 do 2d call 59
100 Erie RR 59¾
200 Hudson River RR 102¾
100 do s10 102¾
100 Mich Cen RR 109¾
200 do 110
100 M S & N Ind RR, s10 68
100 do 68¼
100 do b10 68¼
600 Ill Cen RR 116
50 Clev & Pitts RR 74¾
100 do 74⅞
200 Chi & N W RR 33⅞
100 do s10 33⅞
100 Chi & N W prfd 85⅞
100 Chi & R I RR 88
100 do 88⅞
500 Pitts, Ft W & C RR 97
100 Tol, W & W RR 43
100 Mil & St P RR 34¼
25 Mil & St P RR prfd 65
50 Mil & P du Chi 1st pfd 87

COMMERCIAL REPORT.

WEDNESDAY, May 29—6 P. M.

BEARS and PEAS were steady. Peas were in active export demand, the sales yesterday and to-day being fully 50,000 bushels Canada, part at $1 25.

COTTON—The market for this staple continued quite active, and rather higher prices were realized in most instances. The sales comprised 3,100 bales. Subjoined are the closing quotations:—

	Upland.	*Florida.*	*Mobile.*	*N.O. & T.*
Ordinary	21	22	22	23
Low middling	23	25	26	26
Middling	27	27½	28	28
Good middling	29	31	32	33

COFFEE.—The market for Rio was not essentially changed; prime grades ruled steady, while the lower grades were dull and heavy. Of Port au Prince 1,100 bags sold at 11c.

PRODUCE were exceedingly dull, and rates were quite nominal. The engagements were:—To Liverpool, per steamer, 300 bales cotton at 5-16d., and 7,000 bushels peas at 2½d. To Antwerp, per steamer, 100 hhds. and 30 cases tobacco on private terms. The charters were:—An Italian brig to Gibraltar for orders, tobacco, and an Italian bark same voyage and cargo, both on private terms.

FLOUR AND GRAIN.—Receipts, 5,210 bbls. flour, 232 bags corn meal, 63,500 bushels corn, and 900 do. oats. The flour market did again decidedly ruled heavy and lower, and to effect sales to any extent holders were compelled to grant a further concession, amounting to 15c. a 25c. per bbl., the market closing dull and nominal at the reduction. California was very heavy, and prices were 25c. a 50c. lower, holders preferring to sell low rather than put it in store and incur the risk of a further fall. The sales were about 6,000 bbls., about half California, including 2,000 sacks from vessel at $14 75. The demand for Southern flour continued light, and prices were a shade lower; the sales were 250 bbls. at the annexed quotations. Rye flour was in moderate demand at about former prices; sales 170 bbls. at $8 to $8 40. Corn meal was unchanged in value; the demand was moderate; sales 350 bbls. at $4 25 for city, $6 10 for Baltimore and $6 25 for Brandywine. We quote:

Superfine State and Western	$9 65 a $10 80
Extra State	11 50 a 12 50
Choice State	12 50 a 13 50
Common to medium extra and choice Western	9 80 a 14 50
Round hoop Ohio shipping brands	12 50 a 14 50
Western trade brands	13 75 a 14 90
Common Southern	12 50 a 14 25
Fancy and extra do	14 35 a 17 25
California flour (sacks and bbls.)	14 75 a 16 00
Rye flour (superfine)	8 40 a 9 40
Corn meal, city	5 90 a 5 95
Corn meal, Brandywine	6 20 a 6 25

—The wheat market continued dull and nominal, the lower grades being 2c. a 3c. lower. White choice was held firm. Prime No. 2 Milwaukee was still held at $2 65 a $2 68, while choice was held still higher. The sales were only 3,000 bushels at $2 45 for No. 3 Milwaukee and $2 85 for white California; the latter sold late last evening. Corn opened firm at $1 30 and $1 35 for new and old Western mixed, delivered, but closed dull and nominal at $1 25 a $1 26 for new and $1 31 for old. The sales were 48,000 bushels at $1 18 a $1 22 for ship dried, $1 25 a $1 27 for prime new mixed, $1 26 for yellow and $1 27 for white Southern (new). Oats were quiet, and prices declined 1c. per bushel. The sales were limited to 26,000 bushels at 91c. for State, 85c. a 87½c. for Western, and 95½c. for Pennsylvania. Rye was moderately active at steady prices, the sales comprising 10,000 bushels at $1 58 for State, $1 78 a $1 80 for Canada, and $1 73 a $1 74 for Western. Of barley we heard of sales of 9,000 bushels Western at $1 12, and 1,000 do. Canada West at $1 25. Barley malt was in good demand and higher. The sales were 25,000 bushels at $1 40 a $1 55.

FRUITS.—By auction, 2,280 boxes lemons at $1 40 a $3 25, and 1,242 do. oranges at $1 95 a $5 80.

GUNNIES ruled dull, and prices were nominal, in the absence of business.

HOPS were unchanged. We noticed sales of 50 bales at 50c. a 70c., according to quality.

HEMP.—Manila ruled dull, but firm, at 12c., gold. No sales of moment were reported.

HAY.—The demand was moderate at former prices.

MOLASSES.—The lower grades were in active demand for refining. Prices were not essentially changed, though choice grades Porto Rico, which are scarce, advanced a trifle. The sales were 1,060 hhds. Cuba, clayed, at 47c. a 48c.; 200 do. Barbados at 57c. a 60c., and 250 do. Porto Rico, on private terms. By auction, 382 hhds. Demerara at 43c. a 57½c.

NAVAL STORES.—Spirits turpentine was moderately active, and prices continued irregular. Sales were made of 375 bbls. at 60c. a 61c., chiefly at 60c. a 60½c. Rosins—The market for all grades ruled dull and depressed. The sales were limited to about 450 bbls. No. 2 at $4 50, 200 do. strained, to arrive, at $4 12½, and 100 do. pale at $8 25. Tar was dull and nominal.

OILS.—Linseed ruled less active, and we heard of no sales. The market, however, was very firm at $1 87 in casks. Other descriptions ruled dull, but steady in value.

PROVISIONS.—Receipts, 140 pkgs. cut meats, 62 do. lard. Only a moderate business was consummated in the market for pork, and prices were a shade easier, new mess closing at $28 50 cash. The sales, cash and regular, were 4,000 bbls. at $28 15 a $28 25 for new mess, $28 for old do., $29 a $29 25 for prime mess, and $19 a $19 25 for prime; also for future delivery, 750 bbls. new mess at $28 25—sellers' option, 60 days. Beef continued in fair demand and firm, with sales of 400 bbls. at $19 50 a $22 75 for new extra mess, and $14 50 a $21 for new plain do. Of prime beef no noticed sales of 150 tierces at $35 50 for prime mess, and $40 for India mess. Beef hams were dull and nominal. The demand for cut meats was moderately active at about former prices, though the market was scarcely so firm. The sales were 300 pkgs. at 12c. a 14c. for hams, and 8¾c. a 10c. for shoulders. Bacon was in rather better demand; prices were unchanged; sales 650 boxes at 11½c. for long ribbed, 11½c. for short ribbed, 10½c. a 10¾c. for Cumberland cut and 12¾c. a 12¾c. for short clear. The lard market remained dull and heavy; the sales were confined to 650 bbls. at 12½c. a 12¾c. Butter was dull at 15c. a 29c. for State, and 15c. a 18c. for Western. Cheese ruled heavy at 8c. a 11c. for common dairy to choice factory made.

PETROLEUM.—Receipts, 5,661 bbls. Crude ruled dull, though prices were not essentially changed; regular gravity was quoted 10c. a 10½c. in bulk, and 16c. in bbls., without sales of moment reported. Bonded was moderately active at unchanged prices; the sales were 250 bbls. light straw at 21c., 300 do. prime light straw to white at 23½c., and 2,500 do. standard white at 26c.; in Philadelphia sales were made of 3,000 bbls. standard white at 25½c.

RICE.—Carolina was dull but steady. By auction 30 tierces at 10½c. a 10¾c.

SUGAR.—A fair demand prevailed for raw at about former prices. The sales were 1,700 hhds. at 10½c. a 11½c. for Cuba muscovado and 12½c. for St. Croix. Refined was dull and heavy at 15½c. for powdered, crushed and granulated.

SEEDS.—Clover and timothy remained dull and nominal in value. Calcutta linseed was unchanged, being quiet but very firm. Last sale was made in Boston at $2 65, gold.

STEARINE was moderately active at former prices. We noticed sales of 25,000 lbs. at 11½c. a 12½c.; also 20,000 do. grease at 8½c. a 9½c.

TALLOW was without decided change; sales 115,000 lbs. at 11c. a 11¼c.

WHISKEY.—Receipts 840 bbls. There was no animation in the market. The only sales reported were 100 bbls. Western, in bond, at 35c.

FINANCIAL.

The Evils of a Metallic Currency Shown in the Past History of the United States—Advantages of Paper Money.

TO THE EDITOR OF THE HERALD.

The circulating medium of a nation is, to the political body, what the blood is to the human body. As in the latter case, health and vigor are the results when the circulation is free, healthy and regular, and progressively increasing with the growth of the human frame; so is it in the political body when the national circulation is proportionate to the public requirements, and is in free, healthy and regular movement. Subject the circulation in either case to an inadequate supply or to irregular action, and sickness or distress is the consequence. Subject it to total obstruction, and death must ensue in the one case, and national bankruptcy in the other. The national resources of the United States are practically illimitable, and the energy of her people is untiring; but those resources, and that energy, however great, may be for a time impeded and paralyzed by any wooden-headedness in the management of the circulating medium.

We, therefore, think that it will be both interesting and instructive to offer some remarks relative to our monetary policy in the years 1812-17, 1837 and 1839, and endeavor to deduce therefrom some lessons to guide us at the present most critical period.

WAR WITH ENGLAND IN 1812.

When the war broke out between this country and England in 1812 a great portion of the banks in this country suspended specie payments. During that war the paper currency was increased about fifty per cent, and its value, as compared with bullion, was depreciated about twenty per cent. But from ignorance at that time of the real cause of this difference, it was determined by the bankers, at their meeting at Philadelphia, in January, 1817, to resume simultaneously specie payments at mint prices all over the Union—a measure which it was supposed would be greatly assisted by the importation of a large amount of bullion by the newly established United States Bank. This course was followed by such a contraction of their issues on the part of private bankers as occasioned great and widespread commercial distress. Debts contracted in the depreciated currency became suddenly payable at their par value, while the facilities usually obtained from the bankers for their liquidation were as suddenly stopped by a refusal of discounts. This distress was in some degree mitigated by a partial evasion of specie payments, which some of the banks availed themselves of to avoid the expense of being obliged to answer every commercial demand for specie. Very shortly after the opening of the United States Bank, in 1816, the directors found themselves under a continued necessity of this kind.

CAUSE OF THE SUSPENSION OF CASH PAYMENTS AT THIS PERIOD.

We will endeavor to show that a suspension of cash payments was the inevitable consequence of taxation levied on commodities, and that properly understood and provided for, the difference between paper and gold which it occasions is a desirable condition for the productive classes, as affording them the best means of being relieved from those burdens which are in the first instance thrown upon them; for it could not be the intention of Congress that taxes levied on certain commodities should be paid out of the profits, capital or labor of the persons who trade in or produce those particular goods; but that, by being added to former prices, the taxes so levied should ultimately fall on the consumers of all commodities. President Jackson recognized this truth in his farewell address to Congress, March 4, 1837, when he said, "The tax imposed on goods enhances by so much the price of the commodities to the consumer; and, as many of these duties are imposed on articles of necessity, which are daily used by the great body of the people, the money raised by these imposts is drawn from their pockets," or, rather, it should be said, is drawn from the pocket of the final consumers of those commodities which are produced by the great body of the people. But here a great question arises, How are prices to be maintained in a metallic currency at a higher rate than is compatible with the value of gold or silver as commodities in transactions of barter? If a certain article be worth say a dollar in an untaxed country, and such burdens are imposed on the producer of it in that country when taxed, as render it necessary that he should obtain a dollar and a half in order to be equally well remunerated as before, how is he to be secured in the receipt of this sum? There are but three ways whereby it can be done. First, to hedge in at home money of gold and silver, so as to enable it to pass current for less than its real value as a commodity, whereby it may be rendered the numerical representative of taxation price in addition to its equivalency in barter at the metallic value. Or, secondly, to let money of gold and silver find its level with all other commodities, on the principle of natural value, while prices, plus taxation, are represented in a paper currency, which exchanges against gold and silver at a different per cent sufficient on the whole to return producers the taxes they have paid in advance for consumers. Or, thirdly, to recoin gold and silver money into larger or smaller pieces as often as a reduction or increase in the amount of taxation calls for a readjustment of the number of coins which make up in weight the metallic value. The first plan, that of hedging in the specie, would require the enactment of severe laws against taking coin or bullion out of the country, such as were the disgrace of the English statute book in earlier times; and even these would be found insufficient, as they were then. The second course above mentioned, viz: allowing gold and silver to find their level with respect to commodities, while prices, plus taxation, are represented by a paper currency, leaves the natural relation of all commodities to each other undisturbed. Wheat, for example, may sell for, say, one dollar per bushel, while the rate of taxation requires a dollar and a half; the difference is made up by allowing gold and silver, as well as wheat and all other goods, to exchange against paper money at the rate which is found to be their market price; and, with a properly controlled paper currency this price will always be found to include exactly that additional sum which is necessary to return the productive classes, one with another, their previous taxation payments. Gold may rise to any premium, but whatever be the degree of taxation, that price only will at all times be demanded for it which is absolutely needful to prevent its being sent out of the country as the cheapest commodity. By the third plan (a change in the size of the coins) taxation may be represented in prices; but who would think of undertaking the arduous duty of calling in and reissuing the specie of the country as often as a change in the amount of taxation should render the operation necessary? In addition to the trouble to the government, and the consequent expense, what inconvenience would it cause the people while the process was going on? Suppose it, however, accomplished, what is gained after all, which might not have been obtained without trouble, expense or inconvenience, by means of a tax representing paper money?

SUSPENSION OF CASH PAYMENTS IN 1837.

We have referred above to the suspension of cash payments which took place in 1812, with the resumption and consequent distress in 1817. We will now pass on to the year 1836. In that year large purchases were made by the States from England, without being accompanied or soon followed by a corresponding increase of sales to England, and the difference accordingly became payable in specie. This caused a demand for the precious metals from the banks of the United States, which ended in the general suspension of specie payments in the States in May, 1837. But though the banks were compelled to decline paying in specie at Mint prices, they were capable of taking their notes in specie at the market price, which was from ten to twelve per cent higher than Mint prices. The extraordinary scarcity of money had almost put a stop to business, and discounts were nearly at an end. Things could not continue in that position, and recourse was had to an extension of the circulation by its depreciation, which relieved the pressure considerably by enabling the banks to discount freely, and thus give to merchants the means to provide for their engagements.

CAUSE OF THE SUSPENSION.

The immediate cause of the suspension was the inability of the banks to sustain a loss of ten to twelve per cent on the supply of specie in exchange for their notes. It becomes, therefore, an important part of our subject to inquire what was the reason why there should be this difference in the comparative value of bank notes and specie. The reason of this difference may be stated in a sentence:—Taxation was the primary cause. The taxes levied on the production of commodities in the United States would require, at that time, a difference between paper and specie of about ten or eleven per cent. At an earlier period than this the heavier taxation of this country required a greater difference to be allowed for between the value of paper and specie. As we have seen, during the war of 1812 the paper currency was depreciated in its value on the average about twenty per cent, as compared with bullion. The difference between the twenty per cent of the former and the ten or eleven per cent of the latter period was caused by reductions of taxation effected in the interim.

EVILS OF A DRAIN OF BULLION.

The demand for bullion is sufficiently distressing when it operates steadily and steadily, sending away the profits of the people by slow degrees, and keeping them always working, yet always poor. It is more conspicuously terrible in its consequences, but produces, perhaps, no greater sum of real misery in the end, when a sudden claim for a return of bullion, instead of goods, to pay the balance of account, gives foreign creditors the power to apply the scourge which the misjudging government of the suffering State has put into their hands. This was the case with the United States in the years 1836 and 1839, as we will endeavor to show.

Generally speaking, the United States received in return for her exports a value in imports estimated at twenty-two per cent beyond exports; but in 1836 this difference was greatly increased. In that year the imports were $189,980,035, and the exports were $128,663,040—being a difference of sixty-one millions, or forty-one per cent. This sum was chiefly owing to Great Britain, and ought to have been liquidated by their taking goods to the same amount in return as soon as the state of the account became known, or by their receiving bills from our merchants till we could have time to effect corresponding sales with England. It was, of course, the legitimate business of the Bank of England to discount such bills with its own paper, that the English merchants might in the interim have the ready money wherewith to carry on their business. And the English merchants did receive such bills in 1836 and 1837, and sent them to the banks to be discounted; but the directors of the Bank of England, early in 1837, passed a resolution "not to allow discount on any bills drawn for the supposed purpose of being discounted." Our bills were consequently of no use. It became necessary, therefore, to send specie to meet them as they became due, since England did not enlarge her dealings with us so as to give us the opportunity of drawing on them; and after the most extraordinary efforts on the part of the United States Bank to cope with and overcome this great difficulty, that institution was compelled to stop payment in specie. Time was then obtained for liquidating the English claims by a reduction of further orders, till in 1837 twenty per cent, and in 1838 only five per cent of imports beyond exports, restored the accustomed relation of each to the other. For a short period after this the banks of the United States resumed specie payments.

CASH PAYMENTS SUSPENDED AGAIN IN 1839.

But again in 1839 the demands of England were renewed for a further balance due to it in gold. In that year our imports were $157,609,560, and our exports were $118,359,004, being a surplus of imports over exports of $39,000,060, or 33 per cent. The necessities of the Bank of England prevented their waiting for the due return of these thirty-nine millions of dollars by sales of our produce or by the discount of our bills, and thus we were reduced to a second stoppage. Had England been able to let us pay them in goods great prosperity would have resulted to both nations; but unfortunately the interests of this country were sacrificed to the power which an idolatry for gold places in the hands of the bullionists. We hope, therefore, that our people will not relinquish the symbolic currency which they now possess, and we may by our example help to rescue the people of Europe from the power still wielded by the moneyed capitalists.

To resume, President Van Buren attributed the calamity to false causes when he said, in his Message to Congress, September 4, 1837, "The consequences of this redundancy of credit and of the spirit of reckless speculation engendered by it, were a foreign debt contracted by our citizens, estimated in March last at more than thirty millions of dollars," and he greatly mistook the way in which it should have been met when he adds, "Of my own duties, under the existing laws, I could not doubt. Directions were immediately given to prevent the reception into the Treasury of anything but gold or silver or its equivalent. The receipts into the Treasury of bank notes not redeemable in specie on demand will not, I presume, be sanctioned."

By these proceedings at home we were no less injured than by those which had their origin in England. The President also hazarded the following reason as the cause of the abstraction of specie. He said, "Amidst all conflicting theories one position is undeniable. The precious metals will invariably disappear when there ceases to be a necessity for their use as a circulating medium. It was in strict accordance with this truth that while, in the month of May last, they were everywhere seen, and were current for all ordinary purposes, they disappeared from circulation the moment the payment of specie was refused by the banks, and the community tacitly agreed to dispense with its employment." Now the short-sightedness of this view is at once apparent, that when banks cannot any longer pay in specie that specie disappears from circulation because it is no longer needed. Had there been no previous demand, and it had disappeared, there might, perhaps, have been some show of reason for Mr. Van Buren's observation, but in the way in which he states it as an "undeniable position," the absurdity of the statement is at once apparent. In his third Message (December 2, 1839) the President refers again to the subject of the disappearance of specie, and we think he is, this time, more happy in his elucidation of the mystery. Speaking of the way in which the monetary measures adopted in one country have their influence in another, he says:—"This chain of dependence does not stop here. It does not terminate at Philadelphia or New York. It reaches across the ocean and ends in London, the centre of the credit system. The same laws of trade which give to the banks in our principal cities power over the whole banking system of the United States, subject the former in their turn to the money power of Great Britain. It is not denied that the suspension of the New York banks in 1837, which was followed in quick succession throughout the Union, was produced by an application of that power; and it is now alleged, in extenuation of the present condition of so large a portion of our banks, that their embarrassments have arisen from the same cause. From this influence they cannot now entirely escape; for it has its origin in the credit currency of the two countries. It is strengthened by the current of trade and exchange which centres in London, and is rendered almost irresistible by the large debts contracted there by our merchants, our banks and our States." This description of the manner in which the commercial transactions of different countries are adjusted in some common centre, by a sort of national clearing house arrangement, is correct; but the inference is omitted to be drawn that if one of those countries has less to receive from others than others have to receive from it, a debt is in the end recorded against it, which must be provided for by a bill due at some future time, if it cannot be paid at the moment. In this predicament we found ourselves in 1837 and 1839; and in order to meet the