CENTRAL AND SOUTH AMERICA

WAR PREPARATIONS ON THE PACIFIC

Mosquera's European Contracts Coming to Light.

Turbulent Attitude of the Bolivian President.

The steamship Henry Chauncey, Captain Gray, from Aspinwall on the 24th ult., arrived at this port yesterday. The following is her specie list:—

Edward Herr	$1,000	First Nat'l Bank	$4,616
F. Probst & Co.	69,714	Wells, Farco & Co.	107,371
P. Harmony's Nephews & Co.	8,000	Lees & Waller	568,600
Panama R. R. Co.	22,798	Order	570,000
J. & W. Seligman & Co.	63,000	Isaacs & Asch	950
Eugene Kelly & Co.	165,260	Ritch & Munoz	8,300
Dabney, Morgan & Co.	116,863	Total	$1,867,812

COLOMBIA.

SPECIAL CORRESPONDENCE OF THE HERALD.

No Finds from the Interior—The Defeat of General Rincon Confirmed—High Handed Measures Resorted to by all Parties—The Isthmus Supports Acosta's Government Heartily—Mosquera's Illegal Contracts in Europe Coming into Full Light—Discovery of Curious Documents—Return of the Bishop of Panama—Health of the Isthmus.

PANAMA, July 2, 1867.

Again we have been disappointed in our expectation of a mail from the interior. The little news I am able to tell about the rest of this federation was brought from Santa Martha by a Dutch schooner, which had touched there on her way from England to Aspinwall. The only thing in the way of mail that came by her were one old Santa Martha newspaper and two letters—one to President Olarte and the other to a foreign merchant here. From these letters it appears that the government and merchants of that port had dates from Bogota up to the 30th of June, and that everything was reported quiet in the interior.

The report of the defeat of General Rincon by Mendoza Llanos, between Barranquilla and Calamar, is fully confirmed. The former lost nearly all his boats, but only a few men, while the Mosquieristas suffered heavily and were unable to follow up their victory. It was believed that the subordinate officers of Lopez and their men would soon recognize Acosta as constitutional President *ad interim*, and throw off their allegiance to Lopez in case he should remain firm in the cause of Mosquera. Rumors current here to the effect that said event had already taken place, but that the Mosquera party was making a bold stand in Boyaca and Cundinamarca, are more inventions got up at Aspinwall for political or other purposes.

The steamer Colombia, captured and delivered up to the legitimate government of Magdalena, as I advised in my last, has been dispatched from Santa Martha to Riohacha with some troops who are to co-operate with the force of Colonel Farias, who will attack the place from the land side. The acquisition of that steamer was of great importance to the government cause, as her possession will make it comparatively easy to reduce the rebellious J. M. L. Herrora, who has established himself in Riohacha.

I am sorry to see in repeated instances that the legitimate governments in these parts are almost as unscrupulous in their measures as the usurping parties. We have another proof of it in the conduct of Mr. Garcia Dávila, the Provisional President of Magdalena, in regard to the Dutch schooner by which the above information was received. Her captain was requested at Santa Martha to sell to the government some of the coal which formed the principal part of the cargo, but he refused to do it, as his whole cargo was consigned to a house in Aspinwall. The authorities, however, wanted the coal badly for the expedition of the Colombia to Riohacha, and therefore compelled him to deliver it up and sign an agreement by which he "voluntarily" sells his coal to them at $12 a ton, which they bind themselves to pay at some future time.

Mr. Bormudez, the Secretary of State of the Isthmus, has only within the last few days answered the circular of Mr. Martin, the Home Secretry of the new federal government of Santos Acosta, referring to the change which had taken place at Bogotá. In his reply Mr. Bormudez says:—"The news of the fall of the Dictator Mosquera was received on the Isthmus with the same warm enthusiasm as in the rest of the States of the Union. Nothing was more natural than this enthusiasm, for the events of the 23d of May not only re-established the reign of those institutions which had been so imprudently trampled upon on the 29th of April, and not only saved the country from a new civil war, which would undoubtedly have left it in a moral and material prostration, but also proved in an undoubted manner that Colombia deserves the honorable reputation she enjoys of being one of the few Spanish American nations which will never be a patrimony of despots nor a plaything of the ambitious. That man, who possessed the greatest prestige and influence among us, has not been able to put himself above the constitution and the laws for a single month. The world will know that our former misguidances have been the consequences of exaggerated political parties and not of the shameful spirit of personal leadership. The President has ordered me to manifest through you to General Santos Acosta that he may count on the decided support of this State in his efforts to establish in the republic an honest government, true to the institutions, obedient to public opinion, simple and modest, conscientiously and truly carrying out the constitution and laws, but firm and energetic in fulfilling them. These last words are a literal repetition of what Acosta had promised his administration would be, as long as he or his successor carries out that programme there will be no immediate need of this State cutting loose from the federal government, whose true interest it will be to grant to the American company with promptitude and liberality the privilege they ask for, and thereby remove the immediate danger of losing the Isthmus. General Olarte has lately thrown out a feeler in regard to the willingness of the general government to retain this most important part of Colombia by dealing squarely with it or to drive it off by injustice. As only remuneration for the great benefits the federation has derived from the State of Panama a subvention has been granted to the latter of $50,000 a year in Treasury bonds (worth about forty per cent), and for the ridiculous purpose of keeping soldiers to "protect" (?) the transit over the Isthmus. This sum has not been paid for some time, and if Acosta or Gutierrez, or whoever may be the next, should not be regular in paying the instalments or withhold them altogether, there would be one more just grievance.

What most of all interests us is to know the result of the negotiations of the agents of the Panama Railroad Company with the Executive and Congress at Bogotá, for the railroad is the hinge on which the whole Isthmus turns—merchants, farmers, foreigners, natives, government and all. A strict investigation of Mosquera's infamous intrigues in this matter will very likely bring to light a great many curiosities. At a first search in the archives of the Foreign Office a despatch was found, dated only six days before his downfall, and in which the Colombian Minister in London is ordered to pay certain sums to certain individuals not named, out of a loan which Mosquera had contracted, against the will of Congress, with the house of Robinson & Fleming, and is furthermore notified that the agent of the house of Cotterill (an obscure concern, and a mask under which other people are hiding), had paid Mosquera $100,000 on account of the million which said Cotterill had to hand over to the minister in England, "on the strength of the railroad contract." This was done in open violation of the very explicit refusal of Congress to recognize both the loan and the contract. The new secretary of the Treasury wrote at once, when the fraud was discovered, to have all proceedings stayed. This may have been done in time, or may not have been done, and in the latter case there will be the Messrs. Cotterill, with their contract and their money advanced, and Robinson and Fleming, with their loan and their money advanced, and the swarm of contractors who had furnished Mosquera with ships of war and guns and rifles, &c., all half paid; and there will be a jolly opportunity for British diplomacy to settle British claims in the British fashion, and a nice muddle all round.

Another curious document of Mosquera's, which was known at Bogota and forwarded to the Isthmus, but lost on the way, is a private circular addressed to the Presidents of the different states, in which Mr. Burton, the former United States Minister at Bogota, and several persons on the Isthmus are abused for scheming to annex the latter to the United States. The next mail from the interior, I hope, will bring us this interesting emanation from the Dictator's pen.

Mosquera's friend and everybody's else foe, the Venezuelan Level de Goda, of sad memory, has retired from the scene of his former defeat as revolutionist and late discomfiture as diplomat and spy. As far as his future movements are concerned, all people here care for is that he may never return. While the villain was leaving by one door, according to theatrical usage, a good man came in at the other. The Bishop having concluded that with Mosquera's overthrow there was now a fair show for his doing some good in his proper place, returned to Panama on the 17th. Although the natives dread his bad temper, and the foreigners owe him a grudge for trying to interfere with masonry, yet he is pretty well liked as a sociable and generally very sensible man.

The ex-Columbian war steamer Bolivar continues to give trouble to the government of the State, who do not seem to know what to do with her. It is expensive to keep her, and as the President has no authority yet to sell her, she remains on his hands as a useless toy. Some of her officers and men have resigned and left for England, and there are now only Captain Little and a few men on board. The President would be glad to get rid of her, and a purchaser seems to be in the market. If General Olarte should not get the arrears of the national subvention from the [illegible] federal government, he might dispose of her on [illegible] that score.

The health of [illegible] Isthmus must be pronounced very good, as the [illegible] has not been any case of epidemic disease for some time. The Scout, an English man-of-war, anchored off Taboga, lost two men from fever, and the captain very prudently got up anchor and sailed north. If the captain of the Jamestown could or would have done the same, when sickness first broke out on board of her, he would have saved many lives, and Panama would not have gained such an unjust ugly reputation. People here cannot imagine what induced the health officers of the port of New York to adopt such stringent quarantine measures in the case of the Rising Star on her last trip from the Isthmus, as there was not a single case of sickness on board, and of the two deaths which occurred on the previous steamer, the Ocean Queen, one was that of a passenger from Australia who was sick before he landed here. On the south coast the prevailing malignant fever seems to be disappearing. A rumor that it had broken out in the northern part of Peru on closer investigation turns out to be merely founded on a few cases of sudden deaths which have taken place at Catacaos, near Paita, where medical assistance is entirely wanting. The Peruvian government has sent two experienced physicians to that place, and it is thought that this measure will soon remove all causes of an unnecessary alarm.

At ten o'clock on the morning of the 16th the Great Republic arrived here from New York, after a splendid run of fifty-three days, including the stoppages during the nights she passed in the Straits of Magellan. On the whole voyage she consumed, on an average, only thirty-three tons of coal a day and did not meet with the slightest accident. Crowds of people were enabled to visit her, through the courtesy of the Pacific Mail Steamship Company. She left this morning for San Francisco, having on board Captain Allan MacLane, the president of the company. On the 24th of next month she will make her first trip across the Pacific to Japan and China.

The English mail steamer Paita arrived here on the 20th from the South Coast. Among her passengers are Captain E. R. Calhoun, of the United States Navy, who goes to the States; Mr. Casos, former member of the Peruvian Congress, lately appointed as Consul General to England; also two captains of the Peruvian navy, bound for New York; and last, not least, Rear Admiral Lizardo Montero, accompanied by Captain Bayado, of the same navy. Montero, who has made himself prominent by the part he played in the overthrow of Pezet, and lately by his refusal to serve under the ex-rebel Tucker, thereby losing his command, leaves to-morrow for Carthagena, on a diplomatic mission to Bogota. If the war should be still continuing on the Magdalena River, the gallant Montero will have some difficulty in getting to his place of destination, but he is confident of succeeding in this, and talks of going to New York on government business as soon as his mission in Colombia is fulfilled. The results of his negotiations will soon be known to the public; in the meantime is it sufficient to say that he was not merely sent out of the way by Prado, who, it is generally believed in Peru, wants to place Tucker again in active command, and has for that purpose recalled him from the exploring expedition to the Mayro river. Admiral Montero's trip to Carthagena and Bogota has something to do with the R. R. Cuyler, alias Rayo, and with the attitude of Colombia in case of a continuance of the war against Spain. The papers published in Lima and Callao do not mention his departure, which may have been kept secret for some reason.

PANAMA, July 24, 1867.

The Sacramento arrived here yesterday at five P. M. During the first part of her trip she had very pleasant weather, but was somewhat retarded by strong winds near Manzanilla. At the latter port she took on board an unusually large number of passengers, principally foreigners leaving the country; also the considerable sum of a million and a half in treasure, making up her specie list to the very respectable sum of $3,000,000.

Private letters from Acapulco state that Diego Alvarez has been routed at Iguala by Vicente Jimenez, and that two other generals, Ezaimio Pinzon and Juan Berdejo, had been killed. According to this statement Alvarez could barely save his life and escape with one of his men. If this news should be confirmed the long reign of the Alvarez family would be over for the present.

CENTRAL AMERICA.

SPECIAL CORRESPONDENCE OF THE HERALD.

PANAMA, July 20, 1867.

The Panama Railroad Company's steamship Salvador, which arrived here last night, brought the latest mails from the Central American republics. There is no mail from Nicaragua, the steamer not having touched at Realejo on her way down, in order to avoid being quarantined at Punta Arenas. Cholera is reported to continue in Chinandega and other western districts of Nicaragua, although the port of Realejo is said to be free from that disease. The steamship Moses Taylor, of the Nicaragua opposition line, left San Juan del Sur for San Francisco on the 13th inst.

The papers and letters received by the Salvador report everything quiet in Central America, and contain no news of any special interest.

General A. Williams, United States Minister to Salvador, was on a visit to Guatemala.

BOLIVIA.

SPECIAL CORRESPONDENCE OF THE HERALD.

Consternation Throughout the Republic—The Baron de la Riviere's Doings Again—Melgarejo Running Bolivia Into Foreign Complications.

LA PAZ, June 28, 1867.

While other South American republics have successfully passed through the crisis of civil wars and military despotism into constitutional government, we are still in the midst of usurpation, arbitrary rule, financial ruin and diplomatic chaos. That Melgarejo is a tyrant at home, and exposes the honor and welfare of Bolivia abroad in an atrocious manner, I have shown by some few instances in my previous letter. Since then matters have not a whit improved, for although we have a new Cabinet, blunders and crimes continue to be the order of the day. The private citizens tremble in fear of losing their lives through a whim of the autocrat; the merchants have to hide their money lest it be taken from them by force. All Peru is indignant at the insults heaped upon one of her best sons, Ramon Castilla, in the ridiculous proclamation addressed by Melgarejo to his troops on the 16th; all Spanish America is suspicious about the secret treaty made with Brazil; and now another negotiation is going on between our ruling demons and the representative of another imperialist concern, involving Bolivia in ruin and disgrace. It is necessary that the world should know something about this out of the way corner of America, and that the other governments of the continent should look a little sharper into what is going on here.

Baron de la Riviere, an agent of the French house Armand & Co., some time ago made a contract with Bolivia and Chile, as the joint owners of the Mejillones islands, for the sole exportation of guano from that place. Benito Muñoz, the factotum of Melgarejo, has just started hence, post haste, to conclude with the aforesaid Baron a little negocio of a loan of $6,000,000, which has been on the tapis for some time past, and which the government must absolutely have to pay their faithful soldiers. Now this loan, in the first place, will precipitate the finances of the country into the abyss on the brink of which they have long been. The bonds could only be issued at sixty per cent, and, deducting another ten per cent of commission, there would only remain two and a half millions which really go into the treasury, a sum which, at the present rate of expenditure, will only last for a short time. Furthermore the government has to pay interest on the whole amount, or $500,000 a year at least. In order to raise this money they must make a million a year out of the sale of guano, for one-half of the receipts go to Chile. A million of dollars would be equal to 200,000 tons of guano every year, and the deposits of bird dung at the Mejillones are not rich enough to yield such a large amount for any considerable time. Besides that, the Baron has already loaned them $400,000, and only taken out 500 tons—about as much as he could get with his limited number of half-starved workmen—and has still 79,500 tons to his credit at the present time, to be repaid for his advance. And where else is the money to come from, if not from the guano? The Custom House dues at the only port of Bolivia—Cobija—are only about $100,000 a year. The greater part of the export and import business of Bolivia is done through the port of Arica and the town of Tacna in Peru, and according to a treaty made between the two republics, Peru gets all the duties on those goods for the payment of $450,000 a year to Bolivia. This money has already been received in advance for the current year, and spent to the last dollar; and so has the greater part of the taxes up to the end of 1868. A nice state of affairs, isn't it? But there is another more important feature of this loan, which involves several grave questions. Well informed people say that not only the guano deposits are mortgaged as security, but another condition stipulates that the treaty concluded between General Santa Cruz and the French government, in 1864, shall be carried out. This treaty has never been ratified, but repeatedly disapproved by the Bolivian Congress, on account of its absurdity. One article says that French goods imported into Bolivia shall enjoy a reduction of about fifty per cent in the custom duties, which would give French commerce a great advantage if it could enjoy this privilege alone; but everybody knows that all commercial treaties expressly stipulate that the citizens of the respective nations shall be treated like those of the most favored, which would extend the reduction to the whole foreign commerce. Besides, this article is in direct opposition to the above mentioned right which Peru has to the duties on merchandise passing through her territory from and to Bolivia, according to the treaty, which has yet three years to run. Indeed, Melgarejo and his doings require to be looked after. If he is permitted to go on much longer in his present wild career, he will either get himself into trouble or Bolivia, or both.

PERU.

SPECIAL CORRESPONDENCE OF THE HERALD.

Another Spanish Scare—Active Preparations to Receive Mendez Nunez—The Fourth in Callao—Internal Improvements Before Congress—A Speck of Trouble Between Bolivia and Peru—Rumors of Peace from Chile—Courtesy of Peru to the United States Navy.

LIMA, July 14, 1867.

The return of the Spanish squadron to the Pacific is the general topic of the day with us at present. In walking along the streets one hears the question argued by all kinds of individuals. Every one thinks that government has received much more positive news in regard to it than is known to the public, for after the arrival of the steamer of the 1st instant [illegible] there was double the number of men [illegible] from Panama of the batteries of Callao. They [illegible] set on the work their places the fifteen inch R[illegible] have already got in here by the American ship [illegible] guns brought out has promised governm[illegible] Camille, and the engineer and in working o[illegible] have the whole ten mounted will then be [illegible] by the end of August. Callao fleet Spa[illegible] strong enough to drive off any [illegible] can send here. There are a few wise individuals who say that all the extra preparations and labor being done [illegible] government is only a stroke of policy to keep do[illegible] the much feared revolution, and that the Spanish fleet has no intention of returning to the Pacific, as [illegible] the Spanish government is quite satisfied with the victory won by them at Callao on the 2d of May, 1866.

The Fourth of July passed off very quietly, the American residents not seeming to feel so patriotic this year as in others past. A great deal of hunting was, however, thrown to the breeze, and at twelve o'clock the batteries and the ships fired the usual salute of twenty-one guns. On board of the flagship Powhatan they gave a dinner and ball to a number of invited guests, which was got up in good shape and passed off very pleasantly, the dark eyed beauties of this city seeming to be very much pleased with their reception on board of an American man-of-war.

Congress has been busy the past fortnight in adopting the new constitution and in voting away money they have not got for building bridges and mending roads in the interior of the country. If they only carry out all of the laws passed it will be a great benefit to the country. They have authorized the President to send to the United States or England and have two iron bridges built, and if they work well, to send in to Congress a list of all rivers that want bridges, that they can send and have them built.

The Minister of Government wrote a long note to Congress a few days ago in favor of the ex-Ministers to the United States, France and Chile, who, as your readers will remember, were declared by Congress to be unworthy of confidence. He shows in how difficult a position they were placed, and how well they improved all opportunities for getting guns or vessels, the expense, of course, being somewhat greater than in ordinary times. The issue of the bonds of the last loan made with Thomas Benard & Co., London, have been stopped until the question shall be settled.

There is a proposition to give the Presidents of Chile, Bolivia and Ecuador a gold medal for services rendered to the American cause in the Spanish question. The President has been requested to give Congress any news he may have received in respect to the return of the Spanish fleet to the Pacific, so that if there is any truth in it we shall know it shortly. All leaves of absence of government employes have been cut down to two months with pay, and six months without. A law has been passed ordering the President to felicitate Juarez for the successful end of the Republican cause in Mexico, and ordering that a portrait of him shall be placed in the Hall of Sessions.

There is a prospect of some little trouble with Bolivia on account of a letter written by that government to its minister in this city, in which they speak in no very flattering terms of the Peruvian Congress. There is a proposition before the House to demand satisfaction from the Bolivian government, and to request their minister to demand his passports. The origin of the question was the asking of assistance from Bolivian troops by a Peruvian officer in the time of the Indian troubles in Puno.

The Ministry have been requested within ten days to give to Congress an exact statement as to the condition of the country, the number of employes, and the army and navy.

During the Spanish trouble rice, lard, wheat and flour are to be free of duty. The debt of the city of Lima, amounting to $1,200,000, is to be declared a national debt, and the interest will be paid by government as on the bonds issued during the last revolution. A major in the army has been sent to Europe to study engineering at the expense of the government for two years.

There is a motion before the Chile Congress to repeal the law authorizing the President to make war against Spain, which shows that there must be a strong desire for peace in that country. The law in question is as follows:—

The National Congress taking into consideration the position of the Spanish fleet and the ultimatum of Admiral Pareijo, and considering the beginning of hostilities as a true state of war, do hereby authorize the President of the republic:

First—To meet the hostilities of the Spanish fleet with all means allowed by the rights of nations, and to declare war against Spain.

Second—To increase the army and navy to any number considered necessary.

Third—To use the public funds in any way necessary, and give account thereof to Congress.

Fourth—To raise a loan of $20,000,000, mortgaging the government property to that effect.

Fifth—To put on a war tax not over five per cent on all income.

Sixth—To take ten per cent off of the wages of all government employees.

The Peruvian fleet was still in Coquimbo, but was expecting to return to Callao in a very short time.

Bolivia has a new ministry, composed of the following persons:—Of Government and Foreign Relations, Mariano D. Muñoz; of state, Aniceto R. Albano; War, General Pedro Oleveta; of Religion and Instruction, Angle R. Revolla.

The President of Paraguay has declared all goods free of duty exported into Bolivia. A loan has been made in France for twenty-eight millions of francs. The United States Minister, Allen A. Hall, was dead; the papers give no particulars, however.

The United States steamer Ossipee left here for San Francisco on the 4th inst.

The United States steamer Wateree was expected to leave for Valparaiso on the 14th, with General A. P. Hovey, United States Minister at Lima, on board. General Hovey goes to Chile for a short time, and for the benefit of his health.

The Peruvian government has given permission for the erection of a coal depot on shore, for the United States ships-of-war at Callao, without any duty on the article when imported.

Great preparations are being made to celebrate the 28th of this month, which will be the anniversary of the Peruvian independence.

Exchange on England—Bankers' bills, ninety days sight, 46½d. Exchange on the United States—Sights bills, thirty days sight, 8 per cent discount.

CHILE.

SPECIAL CORRESPONDENCE OF THE HERALD.

The Feeling in Chile on the Subject of a Renewal of Hostilities—Actual State of the Defences of Valparaiso—Finances Good Yet—The Baron de la Riviere Turns Up in Callao.

SANTIAGO, July 1, 1867.

It is now generally admitted in Chile that the Spaniards are about to return to the Pacific for a renewal of hostilities. For the past year the allied republics have been indulging in a comforting belief that Spain could never resume the war with affairs so unsettled and her finances so unsatisfactory; and this delusion not only led to the rejection of mediation, but induced a sort of torpor into the government of Chile, so far as preparations for war were concerned. The defences of Valparaiso, which should have been completed months ago, are still in an unfinished condition, very inviting to a hostile fleet, and the squadron, which, ever since the purchase of the vessels, has been a by word and a reproach, remains half equipped and almost totally unfit to meet the Spanish frigates. The last news from Europe and Mendez Nunez's squadron has given considerable vigor to warlike preparations, and for the first time since the Spanish fleet left the Pacific there seems to be an earnestness on the part of the government to put itself in readiness for meeting the enemy. There never has been any lack of enthusiasm on the part of the people of Chile, but, on the contrary, the demands of the country for a vigorous prosecution of the war have come up to the government like one voice, necessarily removing the apparent indifference of the authorities and calling for some evidence of national spirit other than manifestoes and denunciations of Spanish barbarity. If Mendez Nunez returns to this coast with the purpose of renewing the war, he will meet with spirited resistance. The defenders of Valparaiso will fight his fleet with all the means at their command, and will at least lose no worthy of victory; but if the enemy's complicated object and destroys the little squadron or the city, or perhaps both, a fearful responsibility will rest upon the government. A people not unfamiliar with bloody revolutions, and already incensed at the administration which they claim forced itself in the late election upon the country, will make Chile a lively scene of domestic strife if the Spaniards are not defeated and driven from these waters. Twenty millions of dollars have already been spent by Chile in the war, and the people are already persistently demanding an account of the government's stewardship. The majority in Congress and the press, with scarcely an exception, have called for the last month upon the Ministers of Finance and War respecting the outlays and acquisitions of their respective departments, but without avail. What must be the effect if after all this expenditure and a year's wasted opportunities, Valparaiso again falls a victim to her enemy?

At present there are about forty guns mounted in the unfinished fortifications at Valparaiso. These are principally Parrotts, of sixty and two hundred pound classes; but they are mounted on very high bluffs, and are incapable of striking a ship except at some distance from the shore. To bombard Valparaiso a fleet would be compelled to expose itself to considerable of this fire; but every one familiar with artillery knows how unerriceable it generally is when directed against an object one or two hundred feet lower than the gun. In the meantime the heavier ordnance, including ten fifteen inch Rodman's and a number of 350 and 450 pounder Armstrong's and Blakely's lie rusting on the beach where they were landed six months ago. The 70 guns in water batteries, for which the beach presents a very advantageous, would effectually protect the city against any squadron of wooden ships, and destroy any wooden frigate that comes near enough to reach the town with her shells. Some of these heavy guns may be mounted and put in readiness before the Spaniards arrive. All of them might be mounted and the city rendered perfectly safe, but the *mañana* policy of those having the defences in charge will probably delay the work until the Spaniards are upon them, and then it is too late.

The finances of Chile do not seem to be affected much as yet. Money is very abundant in the country, and there are now on deposit in the banks of Santiago over seventeen millions, the property of private individuals. Gold and silver is the circulating medium, but for large sums paper currency is invariably preferred. Commerce, of course, feels the war pressure heavily, and is very dull. Trade is almost entirely confined to coasting vessels and arrivals of coals from Europe in foreign ships seeking cargoes of copper, nitre or guano.

In my last letter I referred to the mysterious absence of Baron de la Rivière and the sentiment here respecting his great guano speculation at Mexillones. Every one had given up seeing him again, and considered the enterprise at an end. The chief contractor and Superintendent of the works was in Valparaiso, prepared to leave the next day by the mail steamer for Mexillones to dismiss everybody, close up the establishment, and get out of the difficulty as well as possible, when he received a telegram from Caldera stating that the Baron had arrived at Callao, and would soon be on hand with funds. This cheering news has somewhat revived the hopes of those who ventured into the speculation, and it is thought that the work will proceed to a satisfactory conclusion. Several months of idleness and uncertainty have scattered the men, and brought everything to a stand still, from which it will be difficult to start again; but if the Baron has the promised money, a few weeks may suffice to set the establishment in operation again.

The past month has been occupied to a great extent in religious festivals, processions, &c. The ceremonies attending the feast day of Corpus Christi, and of St. Peter and St. Paul, which takes place once every hundred years, were of a very imposing character. After protracted religious exercises in the cathedral, images of the saints were borne about the streets, surrounded by the priests with tapers and incense, and the whole escorted by soldiery with several bands of music. An immense throng attended the procession, and fashionable society turned out in gorgeous costumes, as on a gala day.

The ruins of the Church of the Compania, which was destroyed by fire three or four years ago, together with about three thousand ladies, are being removed, preparatory to laying out the grounds in a park. The clergy desired to erect another church on the same site, but public sentiment prevented it. In clearing away the rubbish a great number of skeletons are found, together with fragments of clothing and other sad relics of that awful catastrophe.

There is nothing of importance connected with the markets. Wheat remained at a high price, but this is attributable to domestic speculation, and cannot be long maintained. Quotations for other articles do not vary materially from that given in the HERALD not long since.

JAPAN.

The United States Squadron—No Love of Foreigners—American Civilization—Napoleon's Special Present to the Tycoon—The New Foreign Settlements.

By way of San Francisco and Panama we have our files from Japan, which were delivered at San Francisco by the ship Golden Fleece, dated at Yokohama on the 1st of June.

The United States war steamer Shenandoah, Commander Goldsborough, was at Yokohama June 1.

The British ship Basilisk returned to Yokohama from the Inland Sea on Tuesday, May 27, with Sir Harry Parkes and suite. All arrived well and express themselves as highly gratified with their visit.

The Yokohama *Herald* of June 1, observes:—Up to this season, it has been the want of foreigners to have their residences within the boundaries of the foreign settlement; those who desired a jaunt into the country making use of the teahouses (native hotels), while absent. But this season, encouraged by the healthier state of feeling apparent in the government, some foreigners have rented Japanese tenements at a distance from town, that they might enjoy the change and quiet. Among these were Mr. Gibson, who secured a Japanese house at Nigishi, quite close on the sea shore, and situate at the corner of the road laid out by government for the use of foreigners. On Saturday evening last, the 26th instant, Mr. Gibson was seated at dinner with Mrs. Gibson, their little boy, and a friend, when a report of a gun or pistol was heard, and a bullet came in at the paper window, striking a cruet stand directly in front of Mrs. Gibson. Mr. Gibson and his friend immediately rushed out, and believe that they saw the culprit, a Japanese, making off; but he eluded them and got away. Mr. Gibson immediately left his suburban retreat.

AMERICAN CIVILIZATION IN THE EMPIRE.

[From the Yokohama (Japan) Times, May 25.]

A work of infinite labor has just been completed by Dr. Hepburn, an American medical missionary, who has been engaged for years unceasingly upon it, with the assistance of a learned Japanese. His dictionary with the Japanese words in Roman, in Japanese and in Chinese characters will be most valuable to every student; and we have no hesitation in saying it is far in advance of anything of the kind that has yet been attempted.

America may well be proud of the position she takes through the energy of her sons. The best Japanese grammar, by Mr. Brown, the most—indeed the only—comprehensive dictionary by Dr. Hepburn, and all the other enterprises we have either to-day or on previous occasions alluded to, fairly entitle her to rank among the foremost of the substantial developers of civilization in Japan.

NAPOLEON'S PRESENT TO THE TYCOON.

[From the Yokohama Times, June 1.]

By his Imperial Majesty's transport ship Creuse, from Saigon, there arrived twenty Arab horses as a present from the Emperor of the French to the Tycoon. The whole have been landed in fair condition, and a valuable addition they will be to the Tycoon's stud. The Count d'Incourt is charged with the mission of presentation.

The corrections that are being used by the Japanese to perfect themselves in various branches of warfare are frequently alluded to as being one of the main causes of the depression of trade, and with justice. Had the money that has been spent in the purchase of arms, ammunition and accoutrements alone, during the past five years been devoted to developing the resources of the country, probably much good might have been done; but it must be remembered that much evil might also have arisen. It is only by being powerful that the Tycoon can hold his upper position, in the country, and a campaign or two similar to that of last year would soon alter the entire *personnel* of the government. Much, therefore, as we dislike to see such immense sums of money paid for such purposes, we do not see that it can be avoided; and while the dominant classes hold their old and deeply rooted prejudices against trade, we may look for very little change. We should be sorry to see all these horses devoted only to warlike ends, and would prefer to hear of some of them being devoted to stud purposes, to improve the Japanese breed. Considering that the race into which new blood is to be infused is one of overgrown ponies, the Arab cross is decidedly the best to begin with.

THE NEW FOREIGN SETTLEMENTS.

[From the Yokohama Herald, June 1.]

The rules and regulations by which the Japanese government proposes to be governed in the opening of Hiogo and Osaka, are worthy of all consideration. The ground at Hiogo having been prepared in such a manner as to procure a proper drainage, and with a sea frontage of 2,400 feet (not quite half a mile), the settlement may be extended to any necessary extent towards the hills at the back—a distance of three or four miles; and Japanese owning ground or buildings at Kobe will be at liberty to lease them to foreigners. In like manner at Osaka, within certain boundaries, Japanese may lease houses &c. to foreigners, and in addition there is to be a locality specially prepared by the government, which they will let to foreigners for building purposes, and this space can be extended as far as may be found necessary to the southward. In each place, therefore, there is the provision which some think to be the surest guarantee against land jobbing, viz:—unlimited space. Practically, we think this will be rendered nugatory by the fact that the space actually prepared in the first instance is comparatively small, the sea frontage at Hiogo particularly so—less than half a mile, and as by the sixth article the lots are to be sold at auction, and each bidder may obtain as much as he likes, we conceive that land speculation is thus invited, and that any one capitalist may go in for the whole of that frontage, with the certainty of selling it at a profit, let him give almost whatever price he likes for it.

As to the monetary arrangements, we deem them fair enough. But we call particular attention to the seventh rule:—

7. All the ground leased to foreigners at Osaka and Hiogo will be subject to the payment of an annual rent calculated at a rate that will be considered sufficient to meet the expenses of keeping in repair the roads and drains, the cleansing and lighting of and maintaining order in the settlements, and the ordinary land tax payable at the present date to the Japanese government.

Now, here is provision at once for municipal government. The land rent is an annual charge for municipal purposes, in addition to the amount of tax payable by the present holders of the ground to the government. It is not yet decided what the annual land rent shall be; but, whatever its amount, in it is to be included a sufficient sum for "keeping in repair the roads and drains, the cleansing and lighting of and maintaining order in the settlement." Here is at once the principle that we contend for, and here is the principle that we must bring to bear in Yokohama. We are not as yet clear as to how a foreign municipal government can be introduced at Osaka, as it appears that residence will not be confined to any one spot, and it might so happen that a sufficient number did not for a long time take up the ground allotted exclusively for foreign use.

The Markets.

YOKOHAMA, Japan, June 1, 1867.

Our imports market leaves us nothing new to report since our last. The demand in gray shirtings continues about the same, but apprehension of shipments from Shanghai prevents any higher rates being obtained. There is very little demand for white shirtings or muslins, and stocks are increasing. Chintzes can be quitted, but only at low prices. Cotton yarn is in fair demand, and almost every other description of dry goods depressed. We have no change to report in metals. Sugar and rice are still heavy of sale and rather lower. No quotations.

In the exports market since the 29th of May the silk arrivals have been nearly 50 picols, and settlements amount to about the same, leaving an unsold stock of 200 or 250 picols. We have no change to report in prices. A small parcel of fine Mybashi is still being held at $600, and from $560 to $570 has been paid for best on offer. A few piculs of tea have been settled during the week to fill orders, but buyers generally are waiting for the new tea. Settlements about 300 piculs. Good common, $15 a $15; medium, $20 a $24; good medium, $25 a $29; fine, $30 a $34; finest, $35 a $40. Freight to Shanghae, per steamer—For silk, $8 50 per bale, measurement, $5 per ton; per sailing vessel, $4 50 a $4, measurement 40 cubic feet, nominal. To Hong Kong, per sailing vessel, $4 50 a $5; per steamer, $6 per ton of 40 cubic feet. To San Francisco—Light freight, $6 a $8 per ton of 40 cubic feet; per steamer, $15. New York, per sailing vessel, £2 10s. a £3; steamer, $45 per 40 feet. Exchange on London, bank, 6 months, 4s. 6½d.; private, 4s. 7½d. a 4s. 7¾d.; doc., 4s. 7½d. a 4s. 7¾d.; 4 months, 4s. 5½d. a 4s. 6d.; private, 4s. 6½d. a 4s. 6¾d.; doc., 4s. 6½d. a 4s. 6¾d. On Shanghae, bank, 10 days, 80½; private, 78½ tls. per $100. Ichiboes—Buying, 39½; selling, 39¾ per $100.

THE NEW DOMINION.

[From the Evening Telegram of yesterday.]

OTTAWA, August 1, 1867.

The route of the Intercolonial Railroad is under discussion. Three lines are proposed, namely, the frontier, the central and the northern. The first would, it is considered, be open to the attacks of an enemy, and the raids of late Confederate leaders are cited as evidence of the possibility of such attacks. The second route is direct and less objectionable for military reasons. The third is indirect though safe. The central route, therefore, possesses the most advantages, and will probably receive the approval of Parliament.

The Dominion Ministers are assembling here for the council to be held to-morrow. It will determine at what time the writs for the coming election will be issued.

TRIAL OF JOHN H. SURRATT.

CLOSE OF MR. MERRICK'S ADDRESS.

MR. BRADLEY TO SPEAK TO-DAY.

WASHINGTON, August 1, 1867.

The trial of John H. Surratt was resumed this morning in the Criminal Court, Judge Fisher presiding.

Mr. Merrick resumed his address to the jury, and said that he observed a few errors in the report of the remarks made by him yesterday, but he knew it must be somewhat incomplete, as it did not profess to be a stenographic report. He simply made the statement in order that the counsel for the prosecution might be advised and not led into error in making a comparison with the official report. Mr. Merrick then resumed the consideration of Sergeant Dye's testimony, and contended that Mr. Kerchner contradicted him. Sergeant Dye also said that the lady he spoke to was of middle age and was wrapped in a shawl. This lady Mr. Merrick contended was not Mrs. Surratt, for Mrs. Lambert, a lady whose character is not questioned and who had no motive to speak aught but the truth, testifies to holding with a soldier the identical conversation which Sergeant Dye alleges he had with Mrs. Surratt. All the features, time and circumstances correspond. If Dye had such a conversation with Mrs. Surratt, and another soldier had a similar conversation with Mrs. Lambert, it was certainly a remarkable coincidence. He did not think the jury would convict the prisoner upon such testimony as that of Sergeant Dye. The other witness who says he saw Surratt at the theatre on the day of the assassination is Mr. Rhodes, who says he was attracted by curiosity and entered into the theatre, and he there saw a man whom he now identifies as the prisoner. Mr. Merrick reviewed Rhodes' testimony, and this witness, he contended, was contradicted, because it was in proof, as sworn by Raybold, that a man could not have retreated from one box to the other, as there was only a door between the two. There was no place where the man could have retreated to unless he came out by the door that Rhodes entered. Rhodes says all was quiet. Lambert and others contradict him and say a rehearsal was going on at the hour mentioned by Rhodes. Again Rhodes swears that the curtain was down, while Lambert, who was the painter all day, says the curtain was not down, and it has been shown that it was not the custom to keep the curtain up during the day. It is also shown that the doors of the theatre were locked and that there was no admission during the day. These two witnesses, Lambert and Rhodes, are only two that bring Surratt near the theatre and the jury must conclude that neither are reliable. The next witness to Surratt's presence is Mr. Vanderpool, who says he saw Surratt in a concert hall. He told his story straight enough, but there was no manner about him that did not see in the face that he was not telling the truth, and after the close of his testimony he makes a remark which indicated the character of a blackguard, after he had given the testimony—the perjurer. To meet Vanderpool's testimony it is shown that there was no music, no dancing, no revelry, no round table in that hall that afternoon. Where, then, was the character of Reed in this community, and it is unnecessary for me to speak of him further. Another witness is Susan Ann Jackson. Her testimony, when she said she saw John Surratt on that night, made an impression on the jury; but she went too far, and it was shown that she never