EUROPE.

The communications which we present to-day from the HERALD's special correspondents in Cadiz and Constantinople are unusually interesting. The vivid and graphic description of the revolt of the insurrectionists at Cadiz, and the causes which gave rise to their revolt, is a full and impartial review of the whole situation, and contains food for reflection to all interested in the great internal struggle now going on in the Spanish nation. It moreover throws new light upon the Cadiz revolt, and will tend to change the impression as to the complexion of the recent outbreak. From our Constantinople correspondent we are enabled to point out some of the reforms which have lately been introduced into the management of affairs on the island of Candia by the government of the Sultan. Taking into consideration the present unsettled condition in Europe, the two letters which we publish will be found of more than ordinary interest.

SPAIN

The Spanish People and the Provisional Government—Full Particulars of the Late Revolt in Cadiz—The True Cause of the Rising—The Barricades—Courage of the Insurgents—The City Shelled—Dreadful Consternation of the People—Interference of the French and Italian War Vessels.

CADIZ, Dec. 9, 1868.

The Provisional government has finally achieved a success. All its previous efforts to satisfy the World that it possessed any capacity have been signal failures, and it is due to a self-elected body to frankly acknowledge that one of its carefully proposed schemes turned out pretty nearly as it anticipated. The petty *coup d'état* which Cadiz has just witnessed should be chronicled as a tolerable success. A heroic and noble population, possessing a higher idea of liberty than any other in Spain, has been provoked by the most studied outrages and insults to take up arms against a self-appointed and lawless government at Madrid and to attempt to vindicate some of the rights guaranteed by a movement initiated and successfully carried on by its powerful assistance. The people of Cadiz have been intentionally driven by the government at Madrid into a revolution, and they have been overpowered after one of the most gallant and creditable fights that a people who would be free could offer. The conflict was brought on by the government with as much premeditation as it gives to any act, merely for the purpose of crushing and then disarming the people. The scheme was successful, and we must give the government credit for what it has done. The great commercial metropolis of Spain now lies a captive to the ambitious and selfish clique that for the moment rules Spain. The first step of the government in the line of policy it has adopted has been so well carried out that we may expect to witness others of a more startling nature. There is nothing so encouraging as success, and no government ever felt more gratified than the present of Spain at the result in Cadiz. One of the strongest republican populations of the country has been effectually put under foot, and the government may now anticipate less obstacles in the way of its policy than it has yet met. It has gained a temporary advantage, but with what loss of blood and honor! The fight in the streets of Cadiz in the early days of December will weigh heavily against the administration at Madrid, when the people make their final and not distant reckoning. The splendid defence of the Andalusian patriots against the tyrannical oppression of the military freemen of the country will surely bear its legitimate fruits hereafter and advance the cause of liberty. Patriots' blood is rarely spent in vain, and we may reasonably hope that that spilled behind the barricades here will not have been wasted.

The government journals of Spain and the telegraph agencies, which derive their inspiration from the government, have so systematically falsified the history of the occurrences in Cadiz during the past ten days that it is necessary to give a correct account of what was properly called the revolution, in order that the exact position of the people and the Madrid government may be seen in its true light. The Madrid press has completely outdone itself in stupendous mendacity in giving intelligence of the Cadiz rising. Nine-tenths of the journals are edited by persons holding office, and they merely echo the sentiments and views of the provisional government. A few democratic papers are tolerably honest, but the others are unworthy of belief. If any one doubts this statement let him go to Madrid and read accounts of passing events when they refer in any way to the government and then ascertain what really did take place and he will soon see that the element of truth is the least attended to by Spanish journalists. In the present case all the governmental journals announced that the Cadiz outbreak was occasioned by soldiers bound for Cuba, prisoners released from jail and disbanded rural guards, excited to action by the republicans. No excuse was suggested for the rising except that it was for lawless purposes—for gain or some other unworthy motive. The news agencies speedily spread the intelligence, and the people of Spain were made to believe—what the government knew to be utterly and basely false—that the disturbances in Cadiz were the work of released convicts and dissatisfied soldiers, thus reducing the rising to a petty struggle for individual liberty. The freedom loving people did not learn and do not now generally know that the three days' fight in Cadiz had a deeper and nobler significance. They will learn it too late, I fear, and will find that the citizens of Cadiz stood up with arms in their hands to repulse the first encroachment on their liberties guaranteed by the famous proclamation that was signed in the Bay of Cadiz. Naturally enough the clique in Madrid is desirous of circulating unfavorable reports in order to better carry out their purposes. It is not necessary that I should echo them, and so I will in this letter give you a correct account of the causes that produced the revolution here, and the incidents connected with it.

Cadiz has advanced in its political sentiments. It has more than once battled for and preserved its freedom against foreign and domestic foes. It was always noted for its pluck and tenacity, and was always at the head of liberal movements. It was here that the last revolution was inaugurated. Its citizens are eager to bear arms, and to form the guard of the city. Most of them are republican in sentiment. They are beyond any thoughts of monarchy or dictators, and prefer the United States as a model to any other presented by the nations of the world. Careful and vigilant they preferred to constitute themselves the public defence rather than to entrust it to hireling soldiery, which could be made to do anything for a few duros. It is for this reason that they have perfected their military organizations and made themselves acquainted with the drill. In the simple uniform of the National Volunteers they have guarded the city and protected the officials without on a single occasion laying themselves open to the unfriendly criticism of the reactionists. They had never done anything to induce any reasonable man to believe that they were dangerous to the peace and safety of the community. Their only offence in the eyes of the provisional government was that they proposed to keep their arms and not to expose themselves to the loss of liberty or of any rights at the beck and nod of the Madrid officials. That was their sole offence, and for that they must suffer.

The first attempt at removing the sole obstacle to the plans of the government was made at Puerto Santa Maria, on the other side of the bay, where the Military Governor issued an order compelling the militia to surrender their arms within a few hours, under severe penalties in the event of non-compliance. This was the first step of a general disarmament of the National Volunteers ordered by the clique in Madrid. The militia declined to surrender their arms. The Alcalde refused to enforce the order and resigned. The military satrap of Prim attempted to enforce the order, but failed before the quiet but firm resistance of the militia. He at once sent to this city for reinforcements, and a couple of companies were sent over to execute his orders. The militia made a slight resistance, and after one man was killed and others wounded they turned over their arms to the soldiers. Then the intelligence spread abroad and the people took up the question and acted with considerable vigor, but unfortunately without arms. At all events they impressed the military chieftain with an idea that they were about to make trouble, and he at once, with a precipitancy that characterizes small men, declared the town in a state of siege and begged for more reinforcements from Cadiz. All this occurred on Friday, the 4th of December, and meanwhile Cadiz was perfectly quiet. On the following day, Saturday, the 5th, two companies were ordered to prepare here for embarkation for Puerto Santa Maria. The militia here were on that day not performing public duty at all. They were engaged in their usual avocations, leaving their arms at home.

There was not the slightest disturbance whatever. All was quiet and peaceful, when General Peralta, Military Governor, threw out a firebrand, by orders from Madrid, in the shape of a bando or proclamation calling upon the militia and all citizens to surrender their firearms within three hours after the summons, which was made by trumpeters and drummers, as in the olden style. The summons was made public at half-past two o'clock, when most of the people possessing arms were engaged at work. The report that the government intended to disarm the National Guards and people spread like wildfire, and it was known to every one in the city long before the Military Governor dreamed it would get around. The effect was instantaneous. The people rose as one man and swore that they would not give up their arms; that there was some violent move on foot against their liberties; and that they would not give way to the insolent demands of the general without a struggle.

The streets were instantly filled as if by music with excited men running to their houses for their arms and equipments, or returning therefrom, and hastening to the rendezvous for further action. The commotion became so general in half an hour that the shopkeepers began to close their shops, and timid people hurried to their homes because the cry was for a revolution and a republic. The people were never more excited. The demand for the surrender of arms was the last straw of a bundle of wrongs they had endured and patience could go no further. There was a universal desire to do something to show the imbeciles at Madrid that the Andalusians could not be made mere puppets of, and the result showed that their demonstration was not lost on the powers that be. Many of the militia, and perhaps most of them, rushed, arms in hand, to the City Hall, opposite the Puerto del Mar, on the large plaza, San Juan de Dios. The City Hall was, of course, at once taken possession of, and then parties were sent out to hold other places. About this time firing occurred between the militia and soldiers, but what the result was, and which side began it, is quite impossible to state. No one seems to know anything about it. At all events, there was quite a rattle of musketry, when, at about three o'clock, an officer with two orderlies rode into the Plaza San Juan de Dios from the barracks of Saint Helena, where an infantry battalion was quartered. The moment they came into the plaza there was a discharge of musketry and the officer and his two men fell from their horses pierced with balls. The horses galloped off without their riders and brought up somewhere or other where they will probably do service. A short time after this occurrence a group of militia met a company of artillerists and fire was opened on both sides. The soldiers stood their ground and made a good fight, but the militia increased very soon to such numbers that they were compelled to fall back under a disabling fire that did some damage. By this time the intelligence of the fight had found its way into the most secluded house in the city.

Those who belonged to the National Guards were in the streets, armed and fully prepared for any emergency, and many citizens who did not belong to any organization sallied forth, with all sorts of weapons, to take their place wherever they could make a shot tell. The troops were being concentrated at the same time at the Donana, or Custom House, which serves at the same time as the headquarters of the Military Governor. The Carbineros, Guardia Civiles and regular troops soon began to gather on the Muralla, about the Custom House, and in it, occupying the second and third stories and firing on the crowd of armed citizens below. The latter replied with their muskets, and the contest became quite active, each side peppering away like good fellows, and the citizens losing most heavily. The militia, which occupied the City Hall, kept up a lively fire on the soldiers at the seagate and on the ramparts, or muralla, which was resolutely returned. Here the soldiers suffered the most, as the militia were tolerably well protected. As the evening drew on the fight became general at all these central points, a great deal of noise being made and very little damage being done, except to the innocent lookers on, who caught it sharply if they ventured to put their heads out over cover to view the situation.

By nightfall the people began to erect barricades in all the streets leading to the positions occupied by the troops. The nature of the pavement gave the volunteers great facility for carrying on their labors. Most of the streets of Cadiz are very narrow, and are paved with the Belgian pavement. The solid blocks of stone were pulled up very readily, and piled across the streets in a very short time. The barricades, for the first night, were temporary affairs, quickly raised, and quite satisfactory shelter against musketry. The fight continued until eleven o'clock at night, when it ceased, both sides desiring rest. Sentinels were posted on either side, and the most intense vigilance observed. Among the volunteers the cry of "*alerta*" was heard every few moments, passing from mouth to mouth down the streets. The soldiers were less noisy but quite as vigilant. An occasional shot, which echoed through the streets, served to show the contestants that both sides were awake, while it sent a fearful shiver through the trembling frames of all non-combatants who were vainly seeking to gain a little sleep amid the excitement and novelty of the night. The following morning the fight began brisker and hotter than ever in front of the City Hall and on the street leading to the Custom House, a third of a mile distant from the volunteers' headquarters. During the day small detachments of civil guards or carabineros sallied forth and attempted to penetrate into the city. They were always driven back with loss, and they finally gave up the vain attempt to effect a diversion.

In the afternoon at five o'clock a battalion of cazadores of Madrid arrived from Ceuta, in Africa, and relieved the artillerists at the Custom House. The latter marched off and took posts to guard the magazines, storehouses, forts, &c. The cazadores being fresh men attempted to distinguish themselves by an attack on the City Hall to route the volunteers, and in the attempt they got cut up very badly and left the streets and square strewn with their dead and wounded. They beat a retreat as soon as possible, and when they returned to the Custom House they began to pile up barricades with bales of cotton, packages of goods, &c., from the Custom House storerooms. They then laid behind their works and waited for a charge, which they dreaded.

Before dark the troops had brought out two or three six-pounders, and opened fire with grape, canister and shrapnel on the City Hall. This did but little damage to the volunteers. The artillerists lost eighteen men before they fired the first shot, and subsequently suffered terribly from the sharpshooters' fire. The volunteers, by some means or other, got down from their fortifications a twenty-four pounder, with which they returned the fire and did considerable damage. Their missiles consisted of nails, bolts, nuts, broken crockery and tiles, pewter spoons, broken up for the purpose, and, in short, anything hard that could be put in the gun. Thus the fight went on all night long, but with no great losses on either side.

The firing was desultory during the night, just enough to keep every one awake and nervous. On Monday morning the contest was again renewed; the militia, having gained confidence in themselves, showed great pluck and dash. Young fellows would jump on the top of their barricades, deliberately fire their pieces, and then survey the other side to see what damage had been done, and after satisfying themselves on that point would fall back again and load up for another discharge. The pluck, coolness and perfect steadiness of the volunteers was a subject of much remark among the soldiers, who seemed to know better how to fight. During Monday new barricades were erected of a heavier and more substantial character as against artillery. Some were built ten feet high and five or six feet thick, with loopholes for musketry, banquet and all the improvements and comforts of a modern fieldwork. The artillery was very lively on this day and a good deal of damage was done. The fighting was heavier than ever and so were the losses. Shots were flying in every street, from every place and in all sorts of curious ways. No matter where you showed yourself you were saluted by a musket or revolver ball, from both sides, and sometimes by bricks or tiles from the housetops. The day was an exceedingly interesting one to all concerned.

To add to the general terror and confusion a Spanish corvette dropped down off the City Hall, anchored with springs on her cables and began the pleasing exercise of throwing shells into the town, without having given the previous notice which is demanded on such sportive occasions. She had fired four or five shells, and had killed two or three innocent people, among whom was an American seaman, a non-combatant, who thought he had found shelter for the time the revolution lasted, but who was torn to pieces by a shell, when the commanders of the French and Italian frigates in port sent boats to the commander of the corvette and notified him that such a proceeding was entirely irregular, and contrary to the laws of nations. On this the naval officer suspended his fire, and was not heard from again thereafter.

During the contest the streets were entirely deserted except by the combatants and the servants, who dashed about attending to their marketing, which was rather slight, perfectly assured of their safety, when they heard the whiz of a musket ball, by drawing their shawl over their head and hurrying on. As long as they did not hear the shot they considered themselves perfectly safe, and many of them were killed or wounded by relying too much on the protection of a shawl over their ears. They were a good deal like the ostrich in this matter.

On the second day of the fight 30,000 people left town in the greatest hurry and rushed for the neighboring towns. They carried precious little baggage and must have suffered greatly. The gentle cazadores of Madrid took possession of such property as they could find in their territory and sequestrated it. They are tremendous thieves and scoundrels, from all accounts. They committed the only excesses that have come to light during the revolution. Their African and early education was evidently not neglected.

THE EASTERN QUESTION.

The Turkish Ultimatum and Its Intentions—Demands of the Sultan and the Denials of the King—Ottoman Reforms in Crete—The Use of Petroleum in the Mosques.

CONSTANTINOPLE, Dec. 11, 1868.

Since the last excitement caused by the sudden and alarming announcement of an immediate rupture of relations between the Athens Cabinet and the Porte, coupled with the decision of the Sultan to carry into effect measures of so vigorous a nature as would almost inevitably lead to war between the two governments, has somewhat abated, and the population of the capital, finding the departure of M. Dellyanni deferred for a few days, are more quietly awaiting the result in the expectation that the "protesting Powers" will, in the interests of both their wards as well as of all Europe, interfere to prevent the actual breaking out of hostilities. In the meantime the Porte is fully determined not to abate a jot or tittle of its demands, which have been already known for some days at Athens, while the Greek Ministry unhesitatingly decided to reject the demands of the Porte and persist in the course it has hitherto pursued without regard to consequences.

The Sultan demands that the blockade runner Erosis shall no longer be permitted to transport men and munitions from Syra to Crete. King George replies, catch her if you can anywhere out of Greek waters and she is a lawful prize. The Sultan complains that large numbers of Greek soldiers are preparing to embark for Crete, and calls upon the government to prevent it. King George replies that discharged soldiers become private citizens, and a constitutional government has no power to prevent its subjects from leaving the country and going where they like. The Sultan demands that the refugees from Crete now in Greece, who may be desirous of returning home, may be permitted freely to depart. The King denies that any obstacle is placed in the way of their departure by the authorities; but that if some are deterred from embarking it is through the influence, gentle or forcible, of some of their own neighbors and compatriots, who are not agreed with that portion of their former adherents as to the policy of returning to Crete.

In order that your readers may better understand the measures adopted by the Ottoman government during the past year for the purpose of pacifying its rebellious subjects in Crete, and the incidents which have led to the present dispute, which has so suddenly arisen, between the two governments, I will briefly recount some of the facts connected with the Cretan rebellion during the past year.

Since the arrival of the Grand Vizier in the island in September, 1867, the Porte has followed the same plan for the suppression of the disturbances in Crete as was so successfully carried out a few years since in Montenegro, which was for long time in a state of chronic insurrection against the authority of the Sultan. Ali Pacha commenced the work of pacification by declaring an amnesty to all the insurgents who would submit within a limited period, which step he followed up by a thorough reorganization of the laws for the government of the island, reducing the taxes appointed Christian sub-governors in those districts chiefly inhabited by Christians. This done, his intention was to complete the work by the adoption of the more stringent policy, which consisted in cutting roads through the disturbed districts, flanked by blockhouses placed at regular intervals, in each of which a small party of troops were stationed to act as a police for the protection of the adjacent country. These blockhouses were surrounded by trenches, so that a small force was enabled to defend and keep order over a wide extent of territory without being in danger of being driven from their position, even if attacked by a much superior force. By steadily pursuing this plan the disturbed districts were being gradually and effectually occupied by the imperial troops, and the spade and pickaxe were fast driving the insurgents to their last strongholds and hiding places. In the meantime large numbers of the latter had given their submission and united with the peaceable portion of the inhabitants of the island in efforts to renew the cultivation of their lands, and, during the autumn, in harvesting the abundant crop of olives, their greatest source of prosperity, and which this year required a much larger number of hands than could be found to engage in the work. Those who had thus laid down their arms and returned to their peaceful pursuits now became naturally anxious for their families to join them, the latter in most cases having been exiled by the provisional government to Greece in order to secure them from the dangers to which they would have been exposed during the contest. Having no means to accomplish this by themselves, in the face of the intrigues, cajolery and forcible opposition resorted to by the Cretan committee to prevent a retrograde movement, so prejudicial to their cause, these repentant subjects of the Sultan addressed a petition to his Majesty some months since, which has been seconded by numerous others presented to the authorities, asking the government aid to reconvey their families to their homes. The Sultan accordingly ordered that every facility should be extended to the islanders who were desirous of returning, and Photiades Bey, Ottoman Minister at Athens, was commissioned to take the necessary measures for carrying this order into effect, the requisite funds being provided from the Sultan's privy purse. Several thousands of the emigrants have succeeded during the summer and autumn in resisting the importunities and escaping the obstacles thrown in their way by the committee, and, availing themselves of the facilities offered, have returned home by the Austrian steamer plying to Crete.

The demands for passage to Crete having largely increased of late, orders were given for the charter of two French steamers, to be exclusively employed in this charitable work until all who desire should again be returned to their native soil. When the Cretan committee saw the movement becoming so popular that large numbers of the refugees were hastening to avail themselves of the imperial bounty they felt that the last plank that had sustained the insurrection was sinking under them and determined to make a last desperate effort to save their cause, and the recent reports from the Turkish Minister at Athens show with what result.

The veteran chief Zimlerakiki has ready to embark from Syra a force of 800 men. A son of Dr. Millingen, the physician who attended Byron on his death-bed, whose father is still practising his profession in Pera, has enlisted in the cause and placed himself at the head of a band of volunteers, and some 2,000 discharged soldiers are assembled on the little island of Cerigotto, which lies near the southeast coast of Greece and only about fourteen miles from Crete, near enough for the volunteers to be able to discover the signal fires of the insurgents, and whenever the coast is clear they can effect a landing in a few hours. The Porte, thus finding that the moderate and humane policy to which it has recently adhered with so much patience was thus threatened to result in signal failure, on Wednesday of last week the Sultan convened a council of Ministers, by which it was unanimously decided to hold the Greek government responsible for the aid and countenance it has so long extended to the insurrection, and which has so frequently been the subject of remonstrance and protests on the part of the Sultan's government, by immediately recalling Photiades Bey from Athens and giving M. Dellyanni his passports. It was further decided to close the ports of the empire against all Greek ships and expel all Greek subjects from the empire within the space of a week—a decision which was immediately sanctioned by the Sultan, who is said to be excessively annoyed that the Cretan refugees were prevented from embarking for their native island by the steamers placed by him at their disposition. Subsequently, however, through the intervention of the treaty Powers the Porte was induced to delay carrying these measures into effect until an ultimatum should have been sent to the Athens Cabinet, with five days' further delay, to give time for reflection before replying.

Should the demand made by this ultimatum be rejected, the measures previously resolved upon are to be carried into execution, except that a longer term may be accorded the Greek subjects to prepare for their departure; or this demand may be waived altogether as not being consistent with the spirit and customs of the age, and as an act the effect of which must effectually close the door to reconciliation, while in case of war the exiles would eagerly join the Greek army, thus largely recruiting the force of the enemy. From what I hear of the defiant position of the Greek government there seems not the smallest chance of a peaceable solution of the existing difficulties, as the latter seems determined to rejects one and all of the demands contained in the ultimatum; and while an Ottoman steamer has been placed at the disposition of Photiades Bey, a Greek steamer is daily expected to arrive here to take the Athens Minister home.

However much the Russian Cabinet and its Ministers may protest their desire to preserve peace, there is no doubt that they will leave no stone unturned to bring about hostilities between Turkey and Greece, and that they will redouble their efforts to foment insurrection among the Christian population of the empire and the Principalities, and thus reopen the Eastern question, which, in any future settlement, will involve a revision of the treaty of Paris, which will give Russia a better position in the Black Sea than she held even before the Crimean war. France also wants war, but the Emperor dared not apply the torch; but should the first gun be fired in the East it will ere long be echoed throughout Europe. The Porte is making energetic preparations for active operations against Greece, both by land and sea.

Hobart Pacha, who left here to take command of the blockading fleet, will doubtless give his first attention to the capture of the Erosis, and, from what I know of his adventurous character, I think he will not hesitate to follow her into Greek waters. The fleet of five iron-clads is also being got ready for sea as rapidly as possible, which, in case war ensues, may be sent to bombard Syra, which is quite unprotected, unless the European squadrons should interfere. Omer Pacha is ordered, with fourteen battalions of infantry, to proceed into Thessaly, and if affairs continue to move much longer (without outside interference) in their present channel we may soon hear of his legions meeting the Greek army in the pass of Thermopylæ.

Colonel O'Reilly is still confined in the Turkish prison, no one being permitted to see him. His European and American confederates have not yet arrived, but are daily expected.

Fuad Pacha was last at Florence, much improved in health, and it is probable that if the present critical state of affairs is followed by a war he will return to his post, even at the risk of provoking a relapse.

One of the mosques having been lighted with petroleum on the occasion of the fête of Berap, which occurs fifteen days before Ramazan, the result was so satisfactory that olive oil is to be discarded in favor of its youthful competitor during the month of Ramazan, which commences a few days hence. It is estimated that 60,000 cases will be required for the consumption of the mosques alone during the fête.

GERMANY.

Bismarck and Beust—Austrian Influence in the Eastern Difficulty—Disillusionism of the People of Wurtemburg to Join the Northern Confederation—The Bourse.

FRANKFORT, Dec. 16, 1868.

There cannot be longer any doubt that in political intrigues or diplomatic skill Beust has recently got the better of Bismarck. It becomes manifest by the spiteful language of the Prussian semi-official press. Just as before the war of 1866, they impeach Austria before public opinion for harboring warlike intentions; still the same game cannot succeed twice. It appears that Beust has crossed the plans of Bismarck in Roumania by stating in the Reichsrath that the whole country was one great arsenal; that thereby he called the attention of the Western Powers to this disturbing element; that by their interference the Bratiano ministry was dismissed and this thorn in the side of Austria removed. It is quite possible that Bratiano's recent statement, that Napoleon has been aware of the large transports of muskets from Prussia to Roumania, is true; but then the French Emperor has only played a trick to Prussia to leave her in the muddle whenever the secret should transpire.

Another plea against Austria is that she had incited the Sultan to proffer his recent demands on Greece. This shows a deplorable want of morality on the part of a government so jealous of its authority as that of Prussia. The government of Turkey—recognized by recent treaties as a legitimate government—has been exposed for years to the insults and the inroads of Greek freebooters, with the connivance and assistance of the Greek government, and when it summons Greece to abstain from such clandestine warfare Austria will be at the bottom of such unexplained demand. The Prussian government press, having alleged that England and France have remonstrated with Austria to restrict her zeal for the Turk, the *Wiener Abendpost*, the official organ of the Austrian government, gives them the direct lie and states that no communication to that effect has been received from the Western Powers; in fact, they act in common against the lawless conduct of Greece, which, if not protected by the three Powers who inadvertently took that burden on their shoulders, would not dare to provoke continually her stronger neighbor. The truth is that Austria wants peace, to complete the new organization of the State, and that Prussia wants to fish in troubled waters. It is not in the least probable that the disappointment shown by the Prussian papers will lead to serious consequences; but still they are a symptom of the times.

To-day a communication has been made to the Badish Chambers, that natives of Baden, residing in Prussia, may liberate themselves of their military duties by serving in the Prussian army, and, *vice versa*, Prussians in the Badish army. This first step to annexation to the Northern Bund may lead to reclamation on the part of France. Speaking of Baden, a loophole has been discovered in the recent treaty about exploding projectiles concluded at St. Petersburg. It is stated therein that, should any State which has not joined the contracting parties "take part in a war," the treaty shall be null and void. Now, it happens that Baden and Roumania, both stout allies of Prussia, are not parties to the treaty; it remains therefore with Prussia to evade her obligations under this plea and to prepare everything for such an emergency, while other governments are bound by their signatures. Of course she will be prevented in good time from playing this trick.

The people of Wurtemburg are not at all inclined to join the Northern Confederation and to get into the meshes of Prussia. The Chambers had scarcely met when an address was proposed to the King petitioning him to maintain the independence of the country and not to enter into new conventions with Prussia, which would make Wurtemburg an unwilling instrument in her hands. They advise the King to extend their liberties and thereby to win their affections, when they will stick to him in all emergencies. The Chambers will no doubt adopt this address and thereby show that sympathies with Prussia are on the decline in this country. In Bavaria the Court is anti-Prussian; but the people are wavering and there is a strong Prussian party in that country.

Our Bourse continues in a state of excitement in consequence of the Turko-Greek affair. The bear party is very active in depressing prices, in which it has partly succeeded, as buyers keep aloof as long as no settlement has been arrived at. Contradictory telegrams influence the markets. Austrian funds and shares have been mostly affected, while Americans maintain their price; still, business in them is restricted, as speculators do not deal in such stocks, which give them no chance. The premium on gold showing no movement on either side prices vary here scarcely ¼ per cent, and if it were not for those transactions for exchanging 1882 railroad bonds, against those of 1885 and 1887, there would be almost nothing doing. The former numerous transactions for the call on a fixed day have ceased altogether. There is a talk on 'Change about a conversion being intended of five per cent, payable in London and here, against six per cent; this would prove a total failure, as our people here prefer bonds payable at New York, as the coupons, when due, can be readily sold at the rate of the day, which scarcely shows an alteration of ½ per cent. It is the highest interest of the United States finance that this continuous talk about conversion should cease, as only the projectors and their agents could make a profit thereby.

P. S.—The Bourse is inanimate to-day. Americans, 78¾ for cash.

AUSTRIA.

The Emperor and the Militia—Appointment of a New Commander—Closing of the Diet—Speech of the King—The Hungarian Budget for 1869.

PESTH, Dec. 12, 1868.

We have had an exciting time of it here of late. Political events of more than ordinary significance have followed each other in rapid succession and kept the public mind on the *qui vive*. Immediately after the sanctioning by the monarch of the Army and Militia bill for the whole empire Francis Joseph issued an order of the day in reference to this event. In this manifesto he takes occasion to declare that dualism "has brought the empire back to that historical basis on which it rested in times when it successfully withstood the severest trials and gained brilliant victories. My army has thereby won a confederate which will powerfully support it in good and evil fortune."

The manifesto also especially mentioned the militia as a complementary part of the system of defense and as serving purposes similar to those of the regular army. The manifesto of the sovereign was dated on the 5th. On the same day Francis Joseph appointed the Archduke Joseph to be commander in chief of the militia (*Landwehr*) of Hungary and its annexes. The Archduke Joseph is the son of the last Palatine of Hungary, the Archduke Stephen, and inasmuch as the last Palatine left pleasant reminiscences of his rule behind him, Hungarian public opinion was pleased with the selection of his son to fill the post named above. On the day after the publication of these orders Colonel Ivanka (ex-colonel of the Honveds of 1849) rose from his seat in the Diet and expressed his satisfaction at the sanctioning of the Militia law, declared that the last germ of mistrust had vanished from his mind and also averred, in the name of the Central Committee of the Honveds, that the Honveds of 1848 and 1849 would henceforth be ready to devote their lives and strength to the defence "of the country, the laws and the throne." His speech was greeted with great enthusiasm. General Klapka, in his journal, gave vent to similar sentiments. On the same day a deputation of Honveds went to pay a visit to Francis Joseph in the Ofen Castle. Colonel Horvath repeated, in the presence of the monarch, almost what Colonel Ivanka was saying in the Diet. The speech of Colonel Horvath was appropriately responded to by Francis Joseph.

On the 9th the Diet was dissolved, in consequence of the expiration of the three years' term for which alone the Hungarian Diets are elected. The speech from the throne with which this eventful Diet was brought to a close rose fully to the level of the occasion. It is instinct with warmth of feeling and depth of expression which do honor to the Minister and the monarch, who composed it, for the peroration, in which Francis Joseph declares that he has discovered that a monarch can only be happy when the people over whose destinies he presides are happy, must have emanated from the mind and feelings of the sovereign himself. I subjoin a translation of the principal passages of this remarkable royal speech:—

MY LORDS AND HONORABLE GENTLEMEN—The activity of this Legislature terminates to-day, and we were desirous in our own person to close the present Diet, whose fruitful deeds are without precedent in the many centuries of Hungary's history.

In the midst of earnest and gloomy circumstances we summoned you three years ago to the solution of a great task.

It was our common aim and effort to settle all those questions which have been not merely of late years, but for centuries, the source of mistrust, stagnation and differences.

And although the prejudices inherited from the past, the power of custom, the jealousy nourished by events and the seeming antagonism of interest increased the difficulties of the situation, yet in spite of all this we have succeeded in happily solving the difficult problem.

This triumph has been brought about by the sincere co-operation between the king and the nation.

To this Diet the honor belongs of having put an end to that uncertainty of the political situation which condemned to inactivity the noblest powers of the nation.

In place of the political differences between the two halves of our empire, the relations of mutual friendship and respect have sprung up. * * * The monarchy seeking and finding its centre in itself strides forward with renewed power in the new path, the goal of which is peace and prosperity, but at the same time the conservation of that position which it is its mission to take among the States of Europe.

In this way the source from which the evils of the past issued is closed up, and over it there rears itself the enduring monument of Hungarian loyalty, patriotism and moderation, on which history has already inscribed a long series of great and beneficial results.

In consequence of my coronation with the crown of St. Stephen, inherited from my ancestors, the Hungarian constitution became of full force. We have, however, restored the historical importance of the title of the King of Hungary and we cherish the conviction that hereby our empire has not been weakened, but merely won back its ancient structure and power.

Penetrated by this conviction we have in our relations with foreign powers fixed the title of our monarchy so as to correspond with its internal constitution and its determining elements

The monarch then passes in review the most important acts passed by the late Diet. He alludes, first in order, to the settlement with Croatia and Slavonia; next to the union with Transylvania, a law relating to which was one of the last acts passed. He then touches on the Army and Militia act and the law for the improvement of popular education. On the law for granting equal justice to the subordinate nationalities of Hungary he said:—

The principle of equality of rights, the benefits of which the citizens of the different nationalities already enjoyed in the political and civil spheres, you have also extended to the use of their languages. We hope that our liege of non-Hungarian tongue will find full satisfaction in the consciousness that the constitution secures to every citizen in an equal degree the right to develop his mother tongue. You followed the same principle when you extended the exercise of constitutional rights to the Israelitish citizens, who, until then, had known only the burdens, but not the benefits of the constitution.

The interconfessional laws, the law reforms, the fiscal reforms, the railroad extension policy of the Diet are then successively touched upon. The King wound up this portion of his speech with the following declaration:—

A great and difficult work has been executed by the Diet and the result has deepened in us the conviction that the basis on which it was possible in so short a space of time to pass such beneficial measures, possesses all the requisites of viability; that this basis is a good one and corresponds to the true interests of the nation.

The King's peroration was as follows:—

MY LORDS AND HONORABLE MEMBERS:—After the exhausting labors of the past few days you are about to return to your homes. The already visible signs of the intellectual and material progress of the nation may fill your hearts with joy, and when once that degree of success is attained which Providence is wont to grant to energy and perseverance, posterity will gratefully remember those to whom the flourishing condition of the country is due.

And now receive our sincere kingly thanks, and convey the same to the whole nation, which, while with its traditional political tact it gave you support, rendered possible the enactment of those highly important measures which we have sanctioned by virtue of our kingly power.

May the Almighty continue to uphold that sincere harmony which not only leads to immense results in political affairs, but which has bound together ruler and people in the bonds of affection and confidence and has again made it plain to us that the ruler of a people can only feel happy when they also are happy.

The Right side of the Diet—those who have supported and carried through the settlement with Austria—did not separate without a demonstration. When they had assembled in the club which bears the name of their great leader, Franz Deak, the late Speaker of the House of Deputies, M. Somsich paid a splendid tribute of gratitude to Franz Deak's wisdom and unselfish public spirit. He said, also, that only envy and the blindest party spirit could deny the advantages Hungary had gained by and since the settlement. "God grant that neither unreflecting impetuosity nor base ambition, nor baser envy, nor the impersonal spirit of party hatred will ever succeed in endangering these gains!"

At the end of Somsich's enthusiastic panegyric the members of the club crowded round Deak and embraced him or shook him by the hand with real Hungarian warmth. Deak then made a parting speech. He said that his conscience justified him in the advice he had given to his nation, and whatever the verdict of the nation might be at the forthcoming general election the approval of his own conscience would not desert him. He continued:—"If these elections were always the result of calm reflection, then I should have no fear but that they, as well as my conscience, would justify our conduct; but public opinion can often be misled through want of political training. Be it our duty, therefore, to enlighten this public opinion, to counteract all misleading excitations, let them come from what quarter they may, for these obscure truth's purity."

He then exhorted them to work hard for victory at the ensuing elections, and to strive as if the success of the party and their principles depended on their individual exertions. The elections will take place in April next.

The Hungarian Budget for 1869 was voted without debate by the Diet before it closed. The ordinary expenses were set down at 151,817,100 florins; the extraordinary at 33,641,206 florins; total, 185,458,306 florins; the revenue is set down at 172,780,806 florins. There is, therefore, a deficit in the eastern half of the empire of 12,677,500 florins. The ways and means of covering this deficit will be settled by the next Diet.

The Court will leave Ofen for Vienna shortly before Christmas.

ENGLAND

Shall the British Cede Gibraltar.

[From the London Times, Dec. 22.]

The following communication appeared in the *Times* on the above date, and as the subject, no doubt, will be revived at a coming period, the views of one who occupied the position of Captain of the Port of Gibraltar for ten years may be read with some degree of interest at the present time:—

In a letter published by one of your contemporaries on Wednesday last, on the subject of the cession of Gibraltar, there is the following paragraph:—

It is proposed in some of the Spanish papers that we should restore Gibraltar to Spain and receive Ceuta by way of equivalent. The absurdity of the proposition is too palpable to call for comment.

So far from considering this proposal an absurdity it is now many years since I first advocated this solution of a difficult question, and I have written to members of both the last and present governments to urge its adoption. I was for ten years Captain of the Port of Gibraltar, and do not, therefore, address you without at least having had a good opportunity of forming an opinion; and while on the spot I brought my view of the case under the consideration of the late Admirals Sir Charles Napier and Sir R. Dundas, both of whom entirely coincurred with me. I have never heard any reason given against the exchange, except the old stock arguments of its being a loss to our prestige and that the country would not consent to it. Has the country ever regretted giving up Corfu?

But to take up as little of your space as possible I will in a few lines give my principal reasons.

Admitting, as I do, that some port at the entrance of the Mediterranean is a necessity, I maintain that Ceuta might be really made a harbor of refit, coaling and refuge, not one of which conditions does Gibraltar fulfil in a time of war with Spain, the only safe anchorage for merchant vessels being completely commanded from innumerable points of the Spanish coast. It never was considered so, even in the wars at the commencement of the century; and, with modern artillery, not a house on the rock would be out of easy range. The "Gibraltar Shield," of which we have heard so much lately, is very suggestive of insecurity and expense.

Such is the case in the event of war with Spain. But even in peace times the bay is so exposed to gales from the southwest, and, in spite of the shelter of the Rock, so subject to furries and white squalls in an easterly gale, as to be at all times a most insecure anchorage. For coaling purposes for merchant steamers there is no wharfage—only coal hulks, often totally unavailable. For men-of-war there is limited accommodation at a mole recently constructed. One small and inconvenient point of access only is open for commerce at the Waterport. The larger steamers now seldom touch at Gibraltar if they can avoid it. The cession to Spain will not prevent windbound vessels anchoring in the bay during peace; in time of war, as I said before, not one could do so. Ceuta is better suited for our purposes, the African shore being the most frequented in passing the Straits. With the area surrounding it now possessed by Spain, it might be made almost impregnable, but with the Moors as neighbors and a command of the sea its attack would be very improbable.

My proposal, therefore, is to express our willingness to make this exchange, under some such conditions as the following:—That a certain number of years should be allowed us to form a harbor to the southward of Ceuta by a breakwater similar to that at Portland, for which there is every facility, and then to cede Gibraltar intact with all its fortifications, in return for a proportion of the expense at Ceuta being paid by Spain. Other details appertaining to private property and *materiel* of war I need not enter into.

In conclusion, I would express my firm conviction that while the exchange would be most advantageous to Spain, it would also be the best bargain for England; and if so, why, in the name of common sense, keep up a rankling sore for the sake of a vain prestige, which after all is more nominal than real, especially when any one at all conversant with the immense progress made by Spain in the last thirty years, in spite of bad governments, must feel certain that, sooner or later, she will resume her proper position in Europe?

To put the case fairly before the country—what