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BALTIMORE:

THURSDAY, JANUARY 2, 1862.

WAR AND OTHER NEWS.

From Boston we learn that Messrs. Mason and Slidell, with their Secretaries, were released from Fort Warren yesterday. They were carried to Provincetown, Massachusetts Bay, in the steamtug Starlight, and transferred from the latter to the British war-steamer Rinaldo, which was waiting in the harbor of Provincetown to receive them.

We publish to-day a very interesting letter from our Correspondent at St. Louis, in which he describes the reception, in that city, of the Confederate prisoners, recently captured by the troops under the command of Gen. Pope; and also gives the clearest account we have yet met with, of the order of General Halleck, assessing prominent citizens of St. Louis, in various sums, for the support of refugee Unionists. It is evident that the order in itself is illegal, and that its execution will not be enforced.

We also reproduce, from the New York *World*, the address of Mr. Albert Gallatin before the Associated Banks of New York, reviewing the financial schemes of Mr. Secretary Chase, and giving an account of the various interviews between the latter and the banks on the subject of the proper policy to be pursued in regard to the best means of obtaining the large sums required for carrying on the war, without, at the same time, seriously affecting the commercial and banking interests of the United States. Mr. Gallatin criticises, with great severity, the measures of Mr. Chase, opposed, as he shows them to have been, to the advice of the leading bankers of New York, and exposes the utter hopelessness of the free banking system, upon the adoption of which the Secretary of the Treasury relies for the maintenance of the credit of the Government.

The European advices by the steamers Etna and Asia are still warlike. The English Press are discussing the probable course of the Federal Government in regard to the demand for the release of the Southern Commissioners. The impression that very generally prevailed was that the captives would not be given up, and that war would inevitably ensue. Mr. Lincoln's message is most disadvantageously contrasted with that of Mr. Davis, and its demerits commented upon in language exceedingly sharp and caustic. The report of Mr. Secretary Welles also forms the subject of an article in the London *Times*, which quotes his complimentary reference to Captain Wilkes, and intimates that he will want more than twenty-four thousand men to make good his foolish words.

From Washington we learn that grave apprehensions are still expressed by gentlemen high in official position, of an early recognition of the Southern Confederacy by France, Spain, and England, acting in concert. There are also rumors afloat at the Capital of an advance of General McCall's division in the direction of the recent battle ground at Dranesville. Heavy firing is reported to have been heard in that direction, which some explain as mere artillery practice, whilst others are under the impression that another battle has been fought. What the truth of the matter is we shall probably learn hereafter.

Vague reports still reach us over the wires of a battle which is said to have been fought at Paducah, but the truth of which we ventured yesterday to doubt. To-day, however, the rumor would appear to be confirmed by a brief editorial in the New York *Tribune*, which intimates that a fight has actually occurred at that point, but that "the Government censor had forbidden the transmission of the news." The natural inference to be drawn from this effort to suppress particulars is that the result was disastrous to the Federal arms. Inasmuch, however, as it is generally believed that [illegible] nearer than Columbus, and as the whole policy of the Confederates in that quarter is purely defensive, we are still inclined to discredit the report altogether.

According to the Cincinnati *Commercial*, a journal which has been urging the advance of the Federal troops upon Bowling Green, Kentucky, General Buell is said to have written to Washington declaring that the forces under his command are nothing but an armed mob, and that he must have time to increase their military efficiency before he makes an advance. The rumors of the crossing of Green River by the Federal troops in great force, as published in the Southern papers, are certainly not true. The bridge over Green River has not yet been repaired; and until those repairs are completed, no portion of General Buell's command would venture to cross that stream, even if the troops were in better fighting condition than he describes them to be. We have a telegram to the effect that Gen. Buckner is expected to attack General McCook's force at Green River bridge, with a view to prevent the repair of the bridge.

The recent skirmish near Woodsonville, which, in the Federal telegrams, was claimed as a victory, takes an entirely different complexion in the Southern accounts of the same affair, and in the official report of Major-General Hardee. According to the Nashville correspondent of the Richmond *Dispatch*, one hundred and eighty Texans attacked some five or six hundred Federal troops, forming the advance of the main army, and after a fierce but brilliant engagement, lasting not more than a quarter of an hour, defeated this superior force, and drove it back upon the main body, some two miles distant. The Federal loss is computed at about one hundred and fifty in killed and wounded, whilst the loss of the Texans is set down at only "five killed and a few wounded." Among the killed, however, was Col. Terry, a daring and accomplished officer, who fell at the head of his column at the moment of victory. The correspondent of the *Dispatch* expresses the opinion that the great battle which is to be fought in Kentucky, will not take place in the vicinity of Bowling Green, but at or near Lexington.

From the York, Pa., Gazette, Dec. 31.

MASON AND SLIDELL GIVEN UP.

From unmistakable signs, observable for weeks in the Administration papers, ever since the receipt of the despatches of the English Government, we were assured that the Administration would yield to the demands of that Government for the restoration of Messrs. Mason and Slidell. Hence we are not surprised at the announcement of this conclusion. While the news produces great excitement throughout the country, and causes much dissatisfaction, it would be folly for the people to remonstrate against this submission on the part of the Administration to the ultimatum of our ancient enemy. The deed is committed. The Administration has decreed it, and it would be "treason" for anybody except Senator Hale, and kindred abolitionists, to say one word against the policy or the wisdom of the surrender. * * *

True, we have justified the act of Commander Wilkes. We have received from him the prisoners and consigned them to Fort Warren, a suitable place for safe keeping. We have refained them as prisoners to the present time. We have proven the act entirely in accordance with the laws of nations, and complimented Commander Wilkes for his brilliant exploit. Secretary Welles has written him a letter of thanks, and a grateful public has everywhere received him with joy. Notwithstanding all this, the Administration has disavowed all responsibility for the arrest, and agreed to "cheerfully" restore the prisoners. The restoration after all this is assuredly a humiliation, but by it "we escape war with Great Britain." This, at the present time, is a matter of no mean consideration. But who is responsible for all these blunders which have made this humiliation a necessity? Why were not the unauthorized acts of Commander Wilkes disclaimed at once. If their arrest was against the law of nations, and could not be sustained, why was it not immediately discovered, and if the Confederate emissaries must be restored, why was it not done when it could be done with honor, and not postponed until it must be made under a threat, and "necessity becomes a virtue?"

These are questions which call for an answer, and placing the country in its present position can be justified only on the ground of ignorance of the Law of Nations on the part of the Administration at Washington. And if ignorance has led to these blunders and our consequent humiliation in the sight of the world, it is traceable in a great measure to the suppression of the freedom of the Press and liberty of Speech. A fair criticism is not allowed to the public press on matters of such importance, and a newspaper that at the time would have dared to suggest that the arrest of Mason and Slidell was not entirely legal, would at once have been stigmatised as "treasonable," and either silenced by the mob or excluded from the mails.—The expression of such an opinion by a person of any position, would have been a good passport for him to some fortress as a traitor of the deepest dye. We may have avoided a war with England for the time being, for which let us be thankful, even at this heavy sacrifice; but with such blundering in high places and such an exhibition of our weakness, such ignorance and recklessness, how long will it be before another cloud of war threatens our beloved but distracted country?

WAR ITEMS.

FROM ST. LOUIS, MISSOURI.

Correspondence of the Maryland News Sheet.

ST. LOUIS, Dec. 26th, 1861.

The most notable events of the past ten days, in this city, are the attempt to carry into effect "Order No. 24," issued by General Halleck, and the arrival here, on Monday night, of seven hundred *Missourians*, captured on their own soil by ten thousand Federal troops from other States, whilst engaged in preparations to join General Price in what they believed to be the defence of their homes and constitutional rights. The poor fellows reached the Seventh street terminus of the Pacific Railroad at 11 o'clock, and were forced to remain there packed away in the cars, as they had come, without food and without fire until 10 o'clock the next morning—the quarters being prepared for them, at McDowell's College, not then being in readiness for their reception. The result of this night's additional exposure and fatigue, and their prolonged fast of over twenty-four hours, was the *death* of two of their wounded comrades in the cars.

Many of these prisoners are quite young, and nearly all of them but very illy clad, which latter circumstance furnishes an inexhaustible theme for the witty remarks of the newspaper reporters and others who sympathize with the power by which these men have been made captives. At 10½ o'clock, Tuesday morning, all being in readiness, the "procession" took up its line of march for the College, under the escort of the 24 Iowa and 25th Indiana regiments, the regimental brass band of the latter taking the lead, and ringing the changes on "Hail Columbia," the "Star Spangled Banner" and "Yankee Doodle," alternately throughout the route. In spite of the formidable display of Federal bayonets, and the recollection of the black days of the 11th of May and 17th of June, in spite of the awe-inspiring presence, on the ground, of General Halleck himself, and two of his Staff—in spite of everything—the sympathy with the prisoners would not be suppressed, but found expression in hearty cheers of encouragement, with now and then a most emphatic pronunciation of the name of Jeff. Davis, from the thousands of "rebels" on the ground, and at every window commanding a view of the spectacle. From the back windows of houses, as far as Fifth and Eighth streets, might be seen across intervening vacant lots, white handkerchiefs waving sympathy and earnest *"God bless you!,"* as the column moved along, which were not entirely lost on the captives, as was evidenced by the manner in which they would sometimes respond.

Arriving finally at the College prison one of the poor fellows, in the confusion of the moment, finding himself outside the lines of Federal soldiers, attempted his escape, and might have effected it had he not commenced running and thereby betrayed himself. With some twelve hundred men to carry out orders, no order whatever was given for the *recapture* of this prisoner; but instead; the more effective obstacle to his locomotion, a Minie ball, was called into requisition, *and instantly another soul was released from its tenement of clay.* The newspapers of course—make no mention of this little incident, any more than they do of numerous others of a like character perpetrated in this State alone by the Federal soldiers in the past three months. It is sufficient to say that they are only "rebels" who suffer thus, and rebels at best are but "vile dogs," "tenants by courtesy" only of any consideration from Union men. This is the way they talk.

Among the prisoners now confined at the College are several of the leading men of the interior of the State, who, a short time since, were rich and prosperous, but whose property has been seized by the Federal authorities; whose negroes have been run off, and whose families are, in many instances, now dependent on charity.

Missouri is, at this moment, as loyal to the Constitution as any State was in the old Union, and it was the knowledge of her devotion to that sacred instrument that caused her to be devastated with war and all its horrors. Where and when these horrors are to cease, God only knows. The capture of the very men of whom I have been writing, which it was fondly thought had "broken the backbone of rebellion" in this State, as the papers of the day expressed it, so far from doing this, has given a fresh impulse to the cause they had espoused, and this day there is more agitation in the interior than there ever before has been since this unhappy war began.

There are private letters in the city stating that two regiments of Federals—a part of the force that captured the partially unarmed and still more indifferently clad prisoners lately brought here—were surrounded by a superior force of Confederates on Saturday or Sunday last, and every man of them, with their guns and ammunition, captured. This rumor first reached here through a Union man, who lives near Sedalia, and who arrived here on Monday night. Since then other parties from that same section have made the same statement, and private letters from other towns beyond Sedalia repeat it. Two Federal officers have even stated to personal friends that they believe the rumor; moreover, that it is known to be true at headquarters! If our minds are left in doubt on this point, however, there is one about the truth of which there is no room for question, for it has been duly announced through the press. I refer to the almost complete destruction of the North Missouri Railroad through many miles of its length, and the mighty uprising of the "rebel" element throughout Northeast Missouri, which was supposed a week ago to have become "pacified," but which now is become the field of civil war once more, with a force variously estimated at from 10,000 to 15,000 Confederates to preserve it, under [illegible] These apprehensions are entertained by the authorities here for the safety of the Hannibal & St. Joseph's and the Pacific railroads, and a regiment I saw pass down Fourth street just now, I suspect is ordered out to the latter for its protection, while a large body of cavalry that passed up the same street yesterday is said to have embarked on the North Missouri cars, for the protection, I presume, of that road. From what I have now said, I will leave you to infer what degree of truth is to be attached to the statement, so confidently put forth a few days ago in one of the papers, that "the backbone of the rebellion in Missouri was broken."

You have no doubt seen most doleful accounts, taken from the papers of this city, of the refugees driven to seek asylum here from the persecutions of the "rebels" in Southern Missouri; of their numbers, their great sufferings along the road, and their utter destitution on reaching this happy haven of their hopes. There has been no more glaring humbug than this same "refugee" scheme. I have seen many of those people myself, both women and men, and solemnly aver that, in my judgment, they are for the most part a pack of imposters. They arrive here in wagons filled with their household effects, and each family followed by its stock, comprising, in several instances, as many as from two to four mules, two or more horses, cows, and heifers, and never less than one yoke of good oxen drawing their wagons. Now, much of their stock is reported to have been taken by them from their fellow-citizens, whose "secession" sympathies, they are taught, entitle them to be preyed upon; and I believe the statement. Such people, as these, for the most part, would seem to be, are not usually given to habits of industry, by means of which alone could they manage to accumulate about them even the little store of worldly pelf with which they travel.

A gentleman who lived in Southeast Missouri for twenty-two years, and who professes to know the habits and modes of life of these "fugitives," informed me, a few days since, that they settle down on Government waste lands, convenient, if possible, to some cultivated district, whose residents they never let pass an opportunity of plundering of their corn, hay, hogs, and such like. Their own little patches they ordinarily plant in vegetables, particularly in potatoes and beans. The women do all the drudgery of tilling the land, as well as attending their shanties; while the men, for the most part, spend their time in hunting and preparing the skins of their game for the market—by which means they are enabled to get hold of small sums of money, from time to time, a portion of which invariably goes for whiskey. In a word, the large majority of these people are, according to my informant, petty thieves and drunkards, and have only left their homes now because, doubtless, the better portions of the communities surrounding them, of both political parties, have been levied upon to such extent by both of the contending armies that have ravaged that portion of the State for the past six months, that there is nothing left for them to steal.

These are the people in whose interest General Halleck's "Order No. 24" has been issued. According to that "order," every one here known to be Southern in his or her sympathies, is to be assessed an amount proportional to the taxes levied by the city and county upon them for the present year, which amounts are, in the aggregate, to constitute a fund for the relief of those "loyal citizens" driven from their homes for their adherence to the Union who are already here or who shall hereafter arrive. These lists have been made out, and, in some instances, the *notifications* have actually been served, but I have not yet heard of an instance in which they have been paid, nor do I believe one will be, for the whole proceeding is illegal and grossly wrong, as Judge Gamble and several other leading men of the Union party here are reported to have declared it to be to Gen. Halleck.

Col. O'Fallon, who is the bondsman of his nephew, Farrar, the Provost Marshal General, and a man of great wealth, is said to be exceedingly alarmed lest the "order" be carried out, and he one day or other become responsible in law to those whom it is now proposed to mulct, as he inevitably will be if peace ever again becomes established in the land—at least the lawyers say so. He is reported to have written Mr. Lincoln on the subject, who in reply informed him the "order" was unjust and illegal, and, therefore, should be rescinded.—Probably the President forgot, at the moment of writing, that Blair's authority only was recognized here. Certain it is there has been as yet no *official* announcement of the abrogation of "Order No. 24." The highest amount assessed to one individual, under this order, that I have yet heard named, is $400; and there are *sixty* names on the list specially selected to furnish an aggregate of $10,000—the amount required for instant use—ranging from this sum down to $2 each. Among the rich widows on this list who are said to have already been "notified" to step up to the captain's office and settle, are Mrs. S., of Olive street, $300; Mrs. S. and Mrs. W., two sisters, of Lucas Place, $250 each. There may be others of the same sex on whom the farce has been attempted to be played—indeed, I dare say there are, but I have not yet heard their names, while several of my male friends have been invited to call, whose invitations I have seen. Thus Dr. B., our late *coroner*, has been requested to pay $300 because, a fortnight ago, he resigned his office rather than subscribe to an oath his conscience disapproved. So also P. B. G., Esq., late *Public Administrator*, all of the Judges of the Supreme Court, and numerous other civil officers whom the people elected to office a year ago, and whom the same people would still be contented to have serve them could they do this without perjuring themselves by taking the oath prescribed by the Convention that met here a few months ago.

C.

From the Cincinnati Commercial, Dec. 30.

Gen. Buell's Army.

It is reported that General Buell writes to Washington *that his army in Kentucky is an armed mob, and that he must have time to work it up before he makes an advance.* Doubtless the army is not in a satisfactory condition as regards drill, but we hope General Buell does not propose to wait until his troops become regular soldiers before making a move. There is no reason to suppose the enemy will be idle while his camps of instruction are carried on. We do not wish to hurry General Buell into taking premature action, but we think it due the loyal people of Kentucky that the soil of that State should no longer be occupied by the armies of the enemies of the Union. And we may add, that we are not sure but the great mistake which the regular army officers are making is their attempt to convert the volunteers into regulars. They require too much precision in details that are not essential, and are too anxious to wait until they have "adequate transportation," regulation clothes, etc., etc. We do not think they have adopted precisely the proper process for conquering rebellion.

Special Cor. of the Philadelphia Inquirer.

The Late Daring Exploit of the Confederate Tugboat Rebel.

FORTRESS MONROE, Dec. 30, P. M.—The disgraceful affair of yesterday, although fruitful of unpleasant recollections, continues to be the general topic of conversation to-day. It is agreed upon all sides, we believe, that the capture is most dishonorable to our gunboats, and that the insignificance of the prize does not in the least detract anything from the importance of the capture.

SINGULAR FACTS.

The captain of the water-boat captured by the Confederates yesterday was the only white man on board, and he was taken prisoner by the Confederates. He had on Saturday afternoon agreed to take the place of the regular master, in the latter's absence in Baltimore, and this was his first trip in charge of the water-boat. The schooner Sherwood, which was used as a water-boat for Newport News, was one of those captured by a naval officer of this station, last summer, when an expedition was sent up the Back river and brought down a number of schooners. In this case, however, the Confederates are not welcome to their own.

UNPLEASANT FACTS.

The Confederates, in taking away our waterboat, yesterday, set us an example that should have been adopted long ago, had not the policy of our Government towards the Confederates been so very lenient. It is a mortifying fact that, from the burning of Norfolk to the present time, schooners have been passing and repassing our gunboats and Camp Butler, at Newport News, going up and down the James river, carrying, no doubt, the very guns, ammunition, and food for the Confederates who are ready to murder the brave defenders of the Union, and rob their dead bodies, and yet these vessels have been all along and are yet unmolested. With the lack of ambulances in Ord's brigade, we must lay this at the door of the "circumlocution office," at Washington.

THE EXCHANGE OF PRISONERS.

As already announced, the Confederates have made a selection of our prisoners of war to meet the exchange of two hundred and forty-nine sent over by our Government the other day. They will be brought down the James river on Thursday next, in a steamer, ostensibly for the purpose of saving railroad transportation, but really to spare the action of our Government in sending the Confederate prisoners here in a hack, instead of by rail and steamboat. The exchange, it is said, will be composed entirely of men taken at Bull Run.

ANOTHER SINGULAR FACT.

Captain John Kirbin, of the water-boat, was taken prisoner once before by the Confederates and made his escape. He will probably be secured this time. No damage was done to our gunboats by the Confederate batteries yesterday, except the disabling of a gun carriage somewhat, although our vessels stood in as safe as propriety would admit.

CONFEDERATE REPORTS.

The Norfolk *Day Book*, received here to day, contains as the only item of Confederate intelligence a brief and decidedly false account of the affair of yesterday. It says that the affair was a pleasant piece of Sunday amusement, that the Confederate tug Rebel disabled three of Lincoln's gunboats and set the steamer Express on fire, besides securing a handsome schooner for a prize. The *Day Book* says that the only damage done by the Yankee shells at Sewall's Point was the bursting of one of the hencoops of a poor widow, by which "accident a fine rooster was killed!"

HORN CONTRABANDS.

Six contrabands managed to elude the vigilance of the Confederates at Yorktown, last night, and, getting into a canoe, made their way down to Old Point this morning, where they were picked up and brought to General Wool's headquarters for examination. The most intelligent of the party states that General Magruder is much afraid that the Yankees are going to advance upon them in force. By some means they have learned that it is the intention of our Government to publish the fact that Burnside's Expedition is going to some point on the Southern coast, and then suddenly change its mind and come up the York or James River. The troops on the Peninsula are terribly frightened about it; and on Saturday last General Magruder telegraphed to Davis to know if he should burn Yorktown, as he apprehended an immediate attack from the Federal forces. He received in answer orders not to burn Yorktown until the Federal gunboats or troops were in gunshot, and then to give out the lie that it had been fired by Yankee hot shot and shell.

WHAT THEY ARE DOING.

The contrabands brought in to-day give General Magruder's whole force at 20,000 men, consisting of six regiments from Louisiana, two from Alabama, two from Georgia, three from North Carolina, one from Tennessee, and the balance from Virginia. The contrabands, it is said, always overestimate troops, but it is pretty certain that there is a strong force on the "Peninsula;" but we have no Bonaparte to meet there. The Confederates are hard at work on their batteries, and it their [illegible] be expected when we advance upon them.

From the N. Y. Herald, Jan. 1.

The Case of Colonel Miles.

The Court of Inquiry, in the case of Colonel Miles, charged with being intoxicated at the battle of Bull Run, has honorably acquitted him of the charge. The decision is furnished in a report of Reverdy Johnson and R. S. Gillett, in which they declare that the bulk of the evidence produced on the trial goes to show that the charges are entirely false. It appears that another officer, who was mistaken for Colonel Miles, was open to the charge of being intoxicated on that day; but as no accusation has been brought against him, his name is withheld. It is time that justice should be done to Col. Miles, after the protracted and often postponed investigation to which his case has been subjected.

FROM WASHINGTON.

Special Washington Despatches to the Philadelphia Inquirer.

WAR RUMORS.

Grave apprehensions are expressed by gentlemen high in official position, that the Southern Confederacy will soon be virtually recognized by England, France and Spain, acting in concert. Mr. Thaddeus Stevens alluded yesterday to the facts that "while the English people hate slavery, the Manchester school would prefer that four million slaves should continue in perpetual bondage rather than that her five million dependants should suffer some inconvenience." He further said, "the most unpleasant thing which I have observed is the impertinent interference of France." Depend upon it, we have a war with the Great Powers of Europe at hand, unless some decisive movement is at once made by our troops, and that movement, many think, is close at hand.

FUEL.

The blockade of the Potomac keeps up the prices of fuel. Anthracite coal is $9 per ton; Cumberland coal, $7.50; seasoned oak wood, $7 per cord; pine and maple, $5.50.

Special Washington Despatches to the Phila. Press.

THE BRITISH SOLDIERS IN PORTLAND.

Permission has been given in a very courteous manner, to pass the British troops through Maine into Canada. As the navigation of the St. Lawrence is closed, and the transport of troops inland from Halifax to Canada, in midwinter, would be expensive, tedious, and hazardous, England will appreciate this courtesy as one of no ordinary importance.

ALMADEN CASE.

The celebrated California Quicksilver case will be argued before the Supreme Court in January. The printed case covers 3,500 (thirty-five hundred) pages. The decision will be one of the most important, involving, as it does, such immense interests, ever made by our Supreme Court.

Special Washington Despatches to the New York Tribune.

THE DEPARTURE OF MASON AND SLIDELL.

We have reason to believe that Mason and Slidell will leave this country for England to-morrow. Although it is not expected that Great Britain will directly, or by the implication of silence, assent to all of the positions of Secretary Seward in his despatch to Earl Russell, there is little doubt that its conclusions will be accepted as satisfactory.

PROVISIONAL GOVERNMENTS IN THE STATES.

Senator Harlan's bill to establish Provisional Governments in the seceded States, will, if passed, make Territories of South Carolina, North Carolina, Georgia, Florida, Alabama, Mississippi, Louisiana, Texas, Arkansas and Tennessee, with every incident of the Territorial condition. It will cut up the International State slave trade root and branch, and will devote all the public lands in those States to paying military bounties to the soldiers and sailors who shall be employed in the suppression of the rebellion.

GEN. M'CLELLAN'S ILLNESS.

Gen. McClellan is worse to-day, quite worse. The danger of a typhoid fever is now unconceaded. His case excites a very general interest—exaggerated, perhaps, from its importance and untimeliness, but so thorough as to provide speculatively even for his successor. Hon. Wade, of Ohio, is the popular preference.

Gen. McClellan was better this morning, but too much attention to business caused a slight change for the worse towards evening. It is hoped, however, that notwithstanding the efforts of the brass band, which had the folly to give him to-night the only serenade he has had since he fell ill, he will soon be out. Gen. Marcy's health has greatly improved.

THE BRITISH AID AND COMFORT TO THE CONFEDERATES.

The British authorities at Nassau did more than refuse to let coal vessels land cargoes there for the use of American steamers. They even forbade the Flambeau to take coal within a league of shore from one of those vessels to lighten her, although it was certified that she was leaking badly, and that the Flambeau stood in no present need. The Sumter and her fellows have permission to coal on the pretence that they are merchant vessels.

EXPEDITION INTO LOWER MARYLAND.

An expedition into Lower Maryland, composed of about 400 soldiers, with a Government detective, has just returned to this city. The captures made were one Confederate schooner of about 150 tons, found at the mouth of the Patuxent river, four political prisoners who are to go to Fort Lafayette, and one brass cannon, taken near Leonardstown, which belonged to the City of Baltimore. The Lower Potomac is now guarded from Leonardstown to Point Lookout. The Government is determined to break up the contraband trade so long carried on there.

A SOLDIER SENTENCED TO SUFFER DEATH.

A general court-martial, of which Brigadier General J. D. Cox, of the Kanawha Brigade, was President, held at Tompkins's Farm, Virginia, October 26, by order of General Rosecrans, convicted Richard Gatewood, private, Company C, 1st Kentucky regiment, of desertion from Camp Gawley, and violation of 99th article of war in using abusive and threatening language to a superior officer, and assaulting a fellow private, and sentenced him to suffer death. General Rosecrans has approved the sentence.

From the Washington National Republican, Jan. 1.

The firing last night was generally supposed to indicate a battle in Virginia. It was currently reported that Gen. McCall had made an advance, and that the firing was near Centreville. There were several holiday celebrations last night on the other side of the Potomac, which may have occasioned the roar of cannon.

THE WAR IN KENTUCKY.

Vague Reports of a Battle.

LOUISVILLE, Dec. 31.—A doubtful rumor prevails that Cave City Hotel has been burned by the secessionists.

Exciting rumors of a general engagement in Southern Kentucky have been current all day, but they are generally discredited now, no notice of any battle having been received at headquarters.

CINCINNATI, Dec. 31.—A special despatch to the *Commercial*, from Indianapolis, says there are rumors of fighting in Kentucky.

General Buell ordered the regiment of Fusiliers and a regiment of Light Artillery to Green river before he went forward.

Gen. Buckner's cavalry were yesterday within a short distance of our pickets, and it is supposed he intended attacking Gen. McCook in force, destroy the Green river bridge, and then retire.

All the United States regulars were thrown across the bridge early yesterday morning.

ST. LOUIS, Dec. 31.—No news has been received here of any fight at Paducah.

CHICAGO, January 1.—The Cairo operator says there is no foundation for the report of a fight at Paducah.

THE FIGHT AT PADUCAH.

The Details Suppressed by the Government Censor

From the New York Tribune, January 1.

The fight at Paducah, Ky., a single word concerning which was sent us on Monday night, with the remark that the Government censor forbade the transmission of the news and therefore nothing more could come, is still as much a mystery as ever. We hear from Philadelphia that a member of a Kentucky regiment, a native of that city, was killed, but no other particulars are given. From various sources in the West we hear rumors that there has been fighting of some sort, but no one appears to know anything about the matter.

PHILADELPHIA, Dec. 31.—A private despatch received here mentions as among the killed at the battle of Paducah, Captain Albert Bacon, of this city. Captain Bacon belonged to a Kentucky regiment raised near Frankfort.

The despatch gives no particulars of the battle.

Schooner Sunk in the Potomac by the Confederates.

Last Monday the schooner Mary Willis, of Baltimore, loaded with wood for this city, was fired into and sunk by the Confederates off Maryland Point, on the Potomac. The guns were not in the batteries, but were run down to the shore after the schooner was spoked in sight, and appeared to be field pieces of twelve-pound calibre or howitzer mounts. Two shots struck the schooner's hull, another went through the mainsail, and others cut the rigging, bringing all the sails down. After that the schooner drifted over towards the Maryland shore, out of range of the guns and sunk, having filled through the openings made in her hull. Her captain, Mr. W. K. Acworth, and hands, were needed in gaining the shore, and returned to Baltimore yesterday.—The schooner is quite a large one, and can be raised and recovered, it is thought. About thirty cords of wood was washed from the deck and lost. Her deck load will be a total loss.—*Washington Star.*

THE FINANCIAL SCHEMES OF SECRETARY CHASE SEVERELY CRITICISED.

MR. GALLATIN'S ADDRESS ESPECIALLY ADAPTED FOR OUR REPRESENTATIVES AT WASHINGTON.

The following is a portion of Mr. James Gallatin's remarks at the recent meeting of the bank officers on Saturday evening, embracing the main points of his argument:

Mr. Chairman: A sense of duty has alone impelled me to take a part in these discussions. * * * It would seem desirable that we should endeavor to comprehend, in the clearest manner, the position which we occupy towards the Government, and thoroughly understand our relationship to the future as well as the present.

* * * * * * * *

Immediately upon the accession to power of the new government, efforts were made to place in possession of the Secretary of the Treasury every suggestion which financial skill and experience could furnish. Never having been engaged in mercantile occupations himself, a total stranger to the practical every-day life of a banker, he was known to desire all the information on financial affairs which he could obtain, and it was freely supplied. The nature and functions of banks, the characteristics of currency, the practical management of national loans, the most approved modes of raising national revenues, and the funding operations of governments, were fully explained; yet, from causes which remain unknown, he adopted a line of policy, on many subjects, directly the reverse of that which, in my opinion, all experience had suggested.

He rejected a fair market price for his funded stock. He issued treasury notes in a form which proved, as he was told it would, a source of embarrassment to his subsequent negotiations. You are all familiar with what occurred when he came here to enter upon the negotiation of the loans authorized by Congress at the extra session. He was urged to abandon the issue of demand notes, and to draw directly upon the banks; and some of us proposed then to take the whole $50,000,000, if he would do so, and I believe we were all ready to unite in that arrangement. * * *

He refused. He also refused to draw directly upon the banks for the proceeds of the loan taken by each. We are informed that the Act of Congress was passed expressly for the purpose of authorizing him to do so, but he gave it a different construction.

* * * * * * * *

although I do not think so. He was told then by many of us that if he persisted in issuing his demand notes, he would force us into suspension eventually; and the Boston banks, foreseeing the dangers we were incurring, wisely restricted themselves to a portion of the 7 3 10 Treasury notes, which would have given New York, had we adopted the same policy, twenty instead of thirty-five millions; that is to say, we would have taken sixty instead of one hundred and five millions of Government loans, as we have done. He persisted in these exceptional issues, and those of us who opposed his views were overruled, but it required only a few weeks' or days' experience to demonstrate that we were correct. Symptoms of approaching perturbations in the currency were soon apparent.

The influence of the demand notes was speedily felt, and early in September the Secretary was made fully acquainted with it by an able letter from the president of one of our largest banks. At length it became absolutely indispensable to speak in the plainest language, and when he met with us at the close of that month to negotiate the second fifty millions, an explicit statement of the dangers of his course was prepared and read to him. Again, some of us were desirous of making conditions in the negotiation to limit the demand notes, and have him draw direct upon the banks; but the minority was overruled in these as in the subsequent proposition to have the option of having the fifty millions of stock, principal and interest, payable in Europe, as it would have facilitated the sale or hypothecation of the stock abroad.

The results all along foreseen, and predicted by your minority, are now upon us; the published letters and addresses or memorials to the Secretary of 27th March, 1st May, 7th May, 19th June, 12th September, and 30th September, pointed out the practical results of his policy exactly as they have been developed; and, with your permission, I will now read the following extracts from the letter of 7th May last. * * *

Banks are only mediums of the exchanges, not reservoirs of the capital of a country. Load them down, as already observed, by permanent investments, so that they cannot aid the ordinary commerce and trade of the country, and they must suspend specie payments; and then, if the banks and government were to issue unlimited paper currency, as in the revolutionary war, the credit of the nation abroad would be gone, and the increased prices of commodities by the issue of the paper money would add immeasurably larger amounts to the expenses of the war and the national debt than any possible loss which may be entailed under a maintenance of specie payments by selling the stocks at market prices. Besides all this, by maintaining a specie basis we can distribute the economical burden of the war among all other nations, in proportion to the extent of their economical relations to us.

It now remains to ask your attention to a fact connected with the Secretary's interview at the negotiation of the last fifty millions, just before the meeting of Congress. We were all desirous of knowing his plans for the future, and particularly the measures he proposed to recommend to Congress. It is customary, in all countries, to communicate such information freely to persons making great loans, and the finance minister of even the most despotic governments considers himself bound to furnish it on such occasions. But Mr. Chase utterly refused to give any intimation of his plans to us. Having heard rumors from the street that plans for an indirect issue of Government paper money, upon national securities, in imitation of our system in this State, were being pressed upon his notice, I prepared and read to him on that occasion an exposition of the futility of resorting to such a scheme, and explained how it would fail to yield him the supply of capital which he required. He solicited a copy of the paper, which I gave him, and in the hurry of preparing his report he no doubt overlooked it, for a few days afterwards he sent in his report to Congress recommending the very scheme I had exposed. It would seem evident, therefore, that either he is not very well acquainted with the nature of financial affairs, or is controlled, no doubt, by well-meaning persons, who advocate the policy of a suspension of specie payments, and a resort to paper money. In either case the results of his policy will be the same, and the influence upon us is no longer a matter of conjecture. We are now loaded down with Government securities, which we cannot sell. Banks, as I have already stated, can act only as agents in great national loans.

When our capitals are absorbed, as they now are, we can no longer aid the government. The government must suspend specie payments or we must, and it is only a question of a few more days time as to who suspends first, and who shall hold the specie now in our vaults. If we hold it, the people and the government will be alike benefited. If government takes it, the whole will be expended, and hoarded by a few people. Indeed, the question for us to consider as trustees of the people, now is, how much, if anything, can we help to preserve of the values which the approaching tornado of paper money threatens to sweep away. Whether that paper be composed of direct issues by government, or indirect issues based upon government securities, it will doubtless be made a legal tender by Congress, although I believe it contrary to the letter and intention of the Constitution of the United States. We may have, however, to receive and pay it. * * * * * * *

The new national banking system proposed by the Secretary of the Treasury naturally attract attention and discussion. It is the same system pursued under the free banking law of the State of New York, with this improvement, that he proposes to require every bank to keep in hand twenty-five per cent. of its issue in coin, in addition to the pledge, at Washington, of Government securities for the whole amount of circulating notes delivered to it. This reserve of coin is an improvement upon the New York system, and, so far, it is a step in the direction toward a better system of free banking than we have ever had; for we all know that in the State, as well as under the free banking laws of the Northwest, the issue of paper based upon Government or State stock have always tended towards an irredeemable paper currency; and in 1857, when our own State stocks began to fall in price, if the banks of this city had not come forward and redeemed the notes of these country banks, which had been in the habit of banking without any reserve of coin, a very large number of these banks in this State would have been wound up exactly in the same way, although not at so great a loss to the public, that scores of banks in the Northwest are now liquidating their affairs at a frightful sacrifice to bill holders, from the depreciation of the stock securities. Indeed, there cannot be any currency of uniform value, nor any banking system of permanent usefulness to the people, without the use of real money; and although the law now proposed for a national banking system is to be commended in requiring a reserve of twenty-five per cent. in coin, the skill of those organizing, and managing banks under it, will be the only guarantee which the public will have against serious revulsions, growing out of the privileges proposed to be conferred upon them by the act, as regards deposits, the paying of interest on deposits, the receiving or dealing in property of various kinds, &c.

MARRIED.

On the 24th ultimo, by Rev. Mr. Hinks, JACOB BROTZEL to Miss FREDDIE MARTHLAS, all of this city.

DIED.

On Wednesday morning, the 1st instant, CATHARINE I. RICHARDSON, wife of B. H. Richardson.

The funeral services will take place at St. John's Church, North Liberty street, on Friday morning, the 3d instant, at 11 A. M. The relatives and friends of the family will attend without further notice.

On the 31st ultimo, at 7 o'clock, EMMA GRACE, only daughter of Francis A. and Pamelia H. Uhl, aged 13 years and 3 months.

Her funeral will take place from the family residence, No. 122 East Fayette street, this (Thursday) afternoon, at three o'clock. The friends and acquaintances of the family are invited to attend.

On Monday morning, 30th ultimo, CHARITY ELLENDER, in the 23d year of her age.

On the 31st December, 1861, SUSAN E., wife of Alexander McClymont, in the 27th year of her age.

GEO. S. CLOGG

Would respectfully inform his friends and the public generally, that he has REMOVED from his old Stand, No. 176, to No. 161 BALTIMORE STREET, opposite the Adams Express office, where may be found, at all times, a complete stock of gentlemen's and children's SHOES, all of which are manufactured by himself and out of the very best materials, and will be sold CHEAP FOR CASH.

GEORGE S. CLOGG,
No. 161 Baltimore street.

SMOKED SALMON.

HAMS lbs., very fine.
Choice Green and Black TEA,
Part of the Black at 50c.
Cranberries,
Ewg. Walnuts; Prunes,
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