

FOREIGN CLUB.

The General Annual Meeting of Subscribers is convened for TO-MORROW (Monday), 27th July, at 8 1/2 o'clock, p.m.

July 25, 1868.

THE "STANDARD."

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TO CORRESPONDENTS. No notice can be taken of anonymous communications. Whatever is intended for insertion must be authenticated by the name and address of the writer; not necessarily for publication, but as a guarantee of good faith.

The Standard.

"Nil nisi verum, nil veri non audiam dicere." Cetero. SUNDAY, JULY 26, 1868.

SPECIAL TELEGRAMS FOR "STANDARD."

IMPORTANT FROM MONTEVIDEO. Montevideo, July 25, 10 A.M. The Mauá Bank has opened, and is transacting business. Montevideano and Italiano not yet ready.

6.15 p.m. More animation on the Bolsa today. Mauá paper in great demand, and over a hundred thousand dollars sold at 13 to 14 ds. Few transactions in other bank paper, and prices quoted from 16 to 23 per cent. Mauá Bank opened at 10 a.m., and Italiano at 10.30; but the latter closed before three by order of the Bank Commission, on account, it is said, of some misinterpretation of the decree.

Nothing done in exchange either in London, France, or Rio. The Panama anchored in port this morning from Valparaiso en route for Liverpool. It is thought a mail-bag has been mislaid, as no newspapers have been ashore, but private letters mention nothing new. The sails punctually at 9 a.m. on Sunday. The Donari, from Liverpool, also arrived; but no later dates are received by her. Latest from Rio, via Santos, mention a complete change in the Ministry. Weather fine.

REVIEW FOR EUROPE.

During the past fortnight we have had stirring events in the River Plate. In Paraguay there have been two engagements, both of which, owing to the glaring errors of the commander-in-chief, have resulted in favour of the Paraguayans. We publish in another column full details derived from the most authentic source. By next steamer from Paraguay we expect the official reports of these battles, also the news of the taking of the Guairu battery in the Chaco, as, according to latest advices, a general attack had been ordered. Possibly, therefore, before the sailing of the supplemental mail, we may be able to give our readers some more satisfactory advices respecting this prolonged campaign. Immense attention is attached to the last fight which took place in the Gran Chaco, owing to the van-guard, which was Argentine, having been cut up; but the engagement was of a most partial character, and unworthy of the importance given to it. Not so the fight before Itamita, which was, indeed, a bloody affair, and fell solely on the Brazilians. Had General Osorio received the reinforcements he demanded, and had the Argentine General Gelly y Obes pushed on and advanced as far on the enemy's lines as Osorio, there can be little doubt the valiant Brazilian would have planted his flag on the ramparts of Itamita and taken the place by storm; but Osorio, when he had driven the enemy up to their last abatis, was ordered to retire. The result, of course, was a disastrous retreat, owing to the terrible execution of the Paraguayan artillery. Public opinion has declared in favour of the immediate removal of the Marquis Caxias, and the nomination of General Osorio as Commander-in-chief, and it is thought here that this sudden turn of change of ministry in Rio, and place of Sr. Cetaviano at the head of the Cabinet. There is no disputing it, the last news from headquarters has increased the popular dislike to the war. Chile and Bolivia have now made offers of mediation, and a preliminary project has been laid before Congress, and received its sanction, to pave the way for making peace. Since the sailing of the last packet Congress has annulled the articles contained in the protocol of the Triple Alliance, which goes to show the general feeling of the House regarding the Paraguayan question.

The Montevideo banking crisis has at last been definitely arranged. All the banks are obliged to guarantee their emission, by depositing securities with a Board of Comptrollers, named by the Government; and also to authorize their paper in circulation, to the extent of 3 per cent. per month. All the banks which were about to go into liquidation, have accepted the new arrangement, and are now about to open again, and are on about 16 per cent., as regards the notes of these banks; but the bills of the London and River Plate Bank, and the Commercial Bank, are at par. This terrible monetary crisis in Montevideo may now be regarded as passed. Notwithstanding the immense mischief it has caused, we are happy to say, up to the present, no fatalities have occurred.

In the Province of Entre Rios a small provincial bank, with the most limited capital, has been obliged to suspend specie payments, but the other banks are all paying in gold, and the serious apprehensions at first caused by the stoppage of the Entre Rios Bank, have now been completely removed. The market of Buenos Ayres has suffered severely by the Montevideo crisis, and the great demand for gold to ship to Montevideo, for speculative

purposes, has been greatly felt; but the very favorable news brought by the Newton, respecting the negotiation of the Brestre Loan, has counteracted, in a measure, the depression caused by the crisis in Montevideo, and the unfavorable news from Paraguay. National Bonds suddenly ran up from £2 to £4 1/2. Money has become somewhat easier; and, upon the whole, things are beginning to look somewhat better.

Trade cannot be said to be brisk at present; but this is the dull season of the year. In produce there is very little doing. Nearly all the wool has been shipped; and in dry cowhides there has been but one important sale during the fortnight at 43 ds. for American account. The importers complain of the dull state of trade, and the dealers and shopkeepers find it difficult to meet their bills as they mature. Saladeristas are now doing very little; cattle are poor and thin, and the majority of these establishments are occupied in killing mares and capones.

The rural interests were never in a more flourishing state. The sheep-farmers have had a general winter, the flocks in the prime condition, and have with wool. There have been no sales of sheep of any importance since our last. Wheat and corn-growing is now carried on such an extensive scale, that if the crops give a good yield, it is probable that wheat and maize will next year be added to our list of staple exports.

The total exports from this port for the month are as follows: Salted ox and cowhides 73,000 Do. 17,593 Dry ox and cow 41,800 Horse 1,990 Tallow, pipes 6,146 Do. boxes 7,601 Horsehair, bales 178 Wool, bales 10,067 Sheepskins 1,647 Jerked beef, quintals 41,104 Representing an invoice value of £306,000 sterling.

There are sixty-six foreign vessels, representing 22,500 tons, under anchor at present, beating the harbour, exclusive of the vessels up the rivers at present loading at the saladeros. Shipments of salted hides and wool are now falling off, but it is expected that from three to four millions of sheep would be boiled during this year, and sheepskins and mutton tallow are beginning to offer freely. We close the month with only 16 vessels, or 4,762 registered tons disengaged. Slaughter of horned cattle from October 1867, to 10th July 1868: Buenos Ayres 441,000 Montevideo 306,000 Rio Grande 468,500 Rivers Parana and Uruguay 548,000 Total 1,766,500

The total amount of Exchange passed for the packet, is put down at £350,000 sterling, and the following are the closing rates: On England 504 and 51. On France, 5.25. On Rio, 468000, nominal. Gas shares 60 per cent. premium. Bolsa shares 25 per cent. premium. In Railway shares no sales. Discounts 1 1/2 per cent. per month, money at present very tight.

EDITOR'S TABLE.

The Rio de la Plata arrived yesterday from the Uruguay, and brought us our usual exchanges, from which we learn that on the evening of the 20th inst., at the time of calling over the muster roll, a picket of the Compañia Urbana of Paysandú mutinied. They proceeded first to the Gefatura, and after breaking in the door attempted ineffectually to open the safe. Having then liberated all the prisoners and armed them they went to the port, killing one sereno and two other individuals that tried to stop them: they at once seized possession of several boats that were moored to the shore, and almost the whole got off in the direction of the Entre Rios shore before the authorities had time to collect sufficient forces to stop them. Patrols of National Guards went through the streets all night and killed one of the mutinied men who refused to surrender. The cause or motive of the mutiny is not yet explained.

The afflicting rumour that has been steadily circulated in town since Thursday last about Mr. Crabtree and Mr. Cooper having fallen into the hands of the Indians in the neighbourhood of Frayle Muerto, is we are happy to say devoid of any foundation—and Mr. Crabtree is expected to be back to-day by the steamer from Rosario. It checks not Indians they encountered in their way.

We are happy to hear that an enterprising native, Sr. D. Domingo Mendoza, a wealthy estanciero on the confines of the Cordova and Santa Fé provinces, has sent for two steam ploughs, and is selling off all his cattle to enter upon agriculture on a large scale intending to plough up about 12 square leagues of camp. Mr. Melrose who introduced the first steam plough in this country, is now using it in the neighbourhood of Frayle Muerto with very satisfactory results.

The steamer which leaves to-day for Paraguay takes almost a special mail-bag for Lopez's camp, being loaded by the numerous friends of the distinguished but unfortunate Colonel Martinez de Ioz, who is supposed to be a prisoner of war at Timbo. Shortly after 10 a.m. yesterday the news flashed along the wires of the opening of the Mauá Bank, which produced a better feeling in our money market. At 11 a.m. the news of the opening of the Italian Bank also reached us. It is to be hoped, therefore, that we have seen the last of the banking crisis in Montevideo. We can say nothing, however, about the Montevideo Bank.

The Chilean steamer Parana sails to-day from Montevideo at nine o'clock for England. It is thought she will beat the mail, and the Everett last night took down a heavy mail for her. The telegraph office yesterday done an immense business at both ends. This telegraph company has now proved one of the most successful enterprises in the Plate. Congress, on Friday, passed *mem. con. Sr. Marmol's* measure, calling upon the National Executive to give the fullest information respecting what is going on about mediation, and what terms Lopez has proposed. This shows pretty clearly how the wind blows in the neighborhood of the Government-house.

Yesterday, it was currently rumored that a gentleman connected with the Bolivian Legation will leave to-day for Paraguay, with the object of crossing the lines and having an interview with Lopez, in order to bring about peace. To-morrow night, Monday, will be the General Rehearsal by the members of the Philharmonic Society, at 7.30 p.m., at the Coliseum. We have

been assured from an intelligent source that the next concert will be one of the best ever given for a long time, and will attract the attention of the public to these well-directed Concerts, given by the Philharmonic Society, where the program is selected with a view to suit all tastes.

Yesterday, the first news in the city was from Entre Rios. So much anxiety existed to hear from the passengers a true version of what is going on in that Province, that the mole was crowded at an early hour. It appears that Gen. Jordan has really marched at the head of the Entre Rios army, and about to take up a position close to the Corrientes frontier; his instructions are said to be not to enter Corrientes, but to repel any force crossing the border. Respecting the banks, everything goes on well now in Gualeguaychú—money abundant; and in the country districts the only grievance complained of is the taking of all the peons off the estancias for the army. Shepherds and estancia peons are much required at present.

The celebrated estancia known as the Kincon de Campana, on the coast of Parana, about twenty leagues from Parana, has been purchased from the family of Pinedo by D. Carlos Seeber, one of the oldest German residents; we have not heard at what figure. Mr. Seeber intends carrying on large boiling down operations, and to this effect has purchased the whole of the available stock of capones and fat sheep of the Estancia de la Campana, belonging to the White family, near Campanas, at \$30 a head.

We publish to-day Sr. Lamas' celebrated second letter, respecting the Paraguayan war, it is a master piece of diplomacy and has provoked a great impression in every circle. A remarkable sign of the times is the fall in the price of camps, as acknowledged by several of our largest landed proprietors. We have heard of a small lot of land in the vicinity of the San Martin station belonging to the Villamayor family, for which a year ago \$700,000 dollars was offered, and in any part of this vast Province land may be obtained to-day for a third of what was a short time ago.

We know that the price of wheat keeps firm, and holders expect it to rise still further. In maize there has been a slight advance during the past week. It is reported from the seat of war that General Castro, the commanding officer of the Oriental contingent, has been removed for having ordered 600 lashes to be inflicted upon one of his soldiers.

In the National Senate yesterday a very animated discussion was carried on between Senator Oroño and the Minister Costa, with reference to the latter's proceeding during the Santa Fé intervention. We understand that some stormy expressions were made use of on both sides. The "Pueblo" announced on Friday that it would stop its issue until Tuesday next, when it will undergo a radical change. It is then to appear as a morning paper of the same size as the "Tribuna," and take the name of the "Pueblo Argentino." Its editorial staff has been reinforced by the addition of Mr. Aladro, who has already acquired a standing as a well known contributor to our periodical press.

The constant fogs in the river, owing to the carelessness of the steamers give rise to frequent collisions. Mr. Windham, who came up from Montevideo yesterday, states that one of the steamers almost ran down a brig the other day in the roads, and that few of these steamers use bells or horns in fog. This, certainly, ought to be looked to by the Captain of the Port. The Yelcho was almost run down the other morning by a Montevideo steamer; and, although it is a well established maritime law that steamers are obliged to get out of the way, yet in this river they never do so, on the contrary, sailing vessels are obliged invariably to keep clear of the steamers, otherwise the bows of the steamer very soon settle the question. Scarcely a day passes now that we have not one or more collisions on the river.

The American Circus in the Plaza Parana is becoming the great attraction for pleasure-seekers, and people even forsake the theatre to go to the sweet warbling of Mme. Landolche to go and see Mrs. Aymer perform her admirable equestrian feats—and the useful training which Mr. Aymer has imparted to his favorite horses. At their last performance on Thursday the house was crowded to excess, and we noticed a number of coaches at the door, which is a proof that the company must have been more than usually select. To-day they give a performance at 2 p.m., and another in the evening, and we confidently recommend our friends, and we promise to them that they will be both pleased and amused.

THE ROSARIO (B. O.) COLONY.

The Swiss Colony Nueva Helvetia was established in Sept. 1861. Up to 1866 it had four different managers. The system they adopted cannot be described, for each one issued regulations which were never carried out, and in consequence of the opposition of the colonists, and of their impracticability. The principal basis was to dispose of the farms at reasonable prices, then to assist the colonists by loans of money to build and buy animals and provisions, &c. with a charge of 15 per cent. per annum, compounded every three months. The managers endeavoured to exercise a strong pressure over the Colonists in order to secure their own interests whilst on the other hand they enjoyed perfect liberty to act as best they thought. Before the lapse of a few years the Colonists were demoralized and in constant judicial squabbles with the manager. At times they complained of charges which they refused to recognize, at others the manager sought guarantees for what they owed him. Owing to this state of things nothing could be carried out really useful to the laborers, nor profitable for the enterprise in general.

Some of the subsequent managers attempted to reform the original plan and establish a new system according to his own notions, but the Colonists having lost all confidence in the management nothing could be arrived at. Besides great divisions existed among the Colonists themselves. One of more than two hundred families that originally formed the Colony there are now only 117. Messrs. Schmidt, Kissling and Co. have conveyed by indenture the following:— 20 farms to individuals residing in Europe; 47 farms to individuals here, which were paid for; 12 farms to individuals here, half the value of which was paid and the other half is due; 71 farms to an equal number of colonists, with mortgage; 4 farms the

property of the colony in general. Total number of farms 163. 152 farms were sold by public auction in Montevideo.

Besides the above there are annexed to the Manager's establishment two large plots of ground, one known as the linekin and the other as the potrero. Twenty-one colonists, perhaps the least well off, have a contract for seven years with a person who serves as Tutor to their children, paying him a faenza of clean wheat every year or in default four dollars. The same colonists have contracted a loan by mortgage for the amount of \$9,072,336 which they owed to the Administration. In consequence of a circular from the liquidators of the firm Schmidt, Kissling and Co. proposing very favorable conditions to those who should pay in advance of the term fixed, thirty three of these debtors paid that they owed, amounting to 13,780,869 cts. There are still 38 colonists who owe 23,291,864 cts., to whom an extension of time has been granted.

Some of those who bought farms from the liquidators of Schmidt, Kissling & Co. are beginning to stock them with cattle, horses and sheep. This is not only prejudicial to the labouring colonists already settled, but will keep away those who might have thought of settling. The grazing of animals that are loose day and night is incompatible with agricultural pursuits. This is a great drawback to the project of the Swiss colony. Messrs. Schmidt, Kissling & Co. succeeded in perpetuity, in favour of the colony, four farms, in order that the amount they fetched might be employed for general improvements. They are still held to be disposed of hereafter according to the will of the majority of the colonists.

There existed, formerly, a Municipal Board which established regulations about cutting wood, planting trees, &c., but all has been paralysed in consequence of the vicissitudes through which the colony has passed, and the absence of a great number of families. The Protestant colonists have built a shed, with brick walls and shingle roof, which is used as a school-room on week days, and as a chapel on Sundays. For want of funds they have no clergyman. Several families attend divine service at the Waldensian colony. The Catholic colonists, who form about one-half of the labourers settled there, have neither chapel nor clasp. Many families among them frequently lament having no masses, them nor can obtain them when wanted, ought everything to be hazarded on the fate of the engagements we are about to fight in Paraguay and which according to Y. E. may be decisive? If the enemy flushed by victory overruns our territories, how and with what shall we oppose him, on what bases shall we treat with him and with what guarantees?

Whenever I have submitted these considerations to your Excellency in our conversations I have not unfortunately been able to obtain the opinion of the Imperial Government, which, unless it is, of making of this war a duel to the death between Brazil as a power and Lopez as an individual.

Y. E. does not believe [how less than ever] and what is worse Y. E. does not wish, and is firmly decided, not to believe in the possibility of a serious misfortune happening to the allied army. We are doomed to go on in this war as we began, without provision from defeat to defeat "au jour le jour." Y. E. told me one day "God preserve me from even thinking of a defeat of our army." Certainly it is not pleasant to think of such a thing, but a public man cannot shut his eyes and his ears to what is disagreeable.

Foresight is indispensable for governing a Government that is not prescient, abdicates. In order to foresee, one must assume every hypothesis, and the best way is to suppose the worst hypothesis. But since the Imperial Government will not use any foresight, and since it has Allies whose interest and rights in this war are equal to those of Brazil, they must foresee and provide for themselves, and when they choose to communicate their resolutions to the Imperial Government, the latter must resign itself to hear and attend to them.

It is within the range of possibility that the Allied army may suffer a mishap—and to admit such a possibility is not to deny the probability of a victory. Waterloo was won by an accident, an order wrongly understood, wrongly executed, or that in its execution met with unforeseen obstacles. This accident, which the genius of Napoleon could not foresee, nor repair by the aid of his best troops and distinguished officers, wrested from him the victory in the moment of victory. If the Imperial Government is unwilling to use any foresight, it must not wonder that its Allies, who must not daily from complaisance to the Empire with the blood and the destinies of their peoples, should use their right of foreseeing. We were, therefore, exercising an undoubted right when we asked—"Supposing an unfortunate accident, what preparations have been made to meet it? or, how can it be repaired?" and what will be the consequences?"

Let us not, M. le Ministre, build conventional truths upon self love or mere courtesy. The real truth is that the Allied army has no resources, and to guard its basis of operations, and what is worse, it is not precluded from leaving them. Owing to the internal situation of the River Plate, a situation produced by the war, its Republics, instead of sending fresh troops, are obliged to withdraw a portion of those that had been sent to Paraguay. Brazil has neither any reserves nor the means of forming them, for the enthusiasm which created legions of volunteers has waned, and the proper means for obtaining them have not been taken in due time.

Y. E. must not be offended with the truth. Let me say what I see. Brazil forms to-day the contingents that are being sent to Paraguay only by the following means:— 1. Forced enlistment through extreme violence. I have often seen with my own eyes the recruits of Minas; they were under escort, with an iron collar round their neck, fastened to an iron chain. I have never witnessed a more painful sight. 2. The slaves liberated in exchange for titles and decorations. 3. Convicts. These means (and I see no others at present) cannot produce much. It will be a miracle if in future they are sufficient even to fill up vacancies. And these very means may even fall more together in giving one single man more at least for some months to come, if, what God forbid, the epidemic which threatens us develops itself so that

Extraordinary should not agree with the River Plate Government, the Ministers of the latter at this Court may receive orders to come to an understanding with Y. E. relative to an exchange of ideas, and to a discussion that may lead to the wished-for agreement. By closing the doors to them anticipately and inopportunistically, you place them in the impossibility of fulfilling that mission.

I expect by next steamer communications with regard to this important question. How shall I fulfil the orders I may receive? Do refuse me a hearing is equivalent to refusing it to my Government. I repeat it, Y. E. has unnecessarily assumed a serious responsibility. The expression of my opinion did not require more than a simple acknowledgment. Instead of which Y. E. has resolved to devalue all discussion in this Court.

The right of Y. E.'s Government is the same as that of the River Plate Governments. If they wish to be heard and enter into a discussion here, how can Y. E. ignore their right to do so? Are the Republics not sovereign Powers as well as the Empire? Are they not equal in rights with the latter? Why does Y. E. provoke these questions? But without dwelling any further on this point, I beg that Y. E. will allow me to take leave of this question, and of yourself stating more clearly the serious and very high motives that gave rise to the written manifestation contained in my former confidential note. On the same day that the first news of the defeat at Curupaty reached this Court, the Argentine Minister and myself expressed to your honorable predecessor the necessity for a new army. Brazil has, since the date of that conference, sent several, though small, contingents; but these reinforcements are scarcely sufficient to replace the losses that the Allied army has suffered, and is still suffering—and the manner of sending them has deprived them of all moral force.

By asking for a new army I wished (and I have no reason to disguise it) that the great question of peace or war might be studied on a more practical or material ground. It was proved, at least to my satisfaction, that the existing army was insufficient in number, organization and management to give us a prompt termination of the war. Could the allies discover the cause or causes of that insufficiency? Has the allied army in Paraguay any reserves? If not can it obtain them when wanted? If it does not when wanted, ought everything to be hazarded on the fate of the engagements we are about to fight in Paraguay and which according to Y. E. may be decisive? If the enemy flushed by victory overruns our territories, how and with what shall we oppose him, on what bases shall we treat with him and with what guarantees?

Whenever I have submitted these considerations to your Excellency in our conversations I have not unfortunately been able to obtain the opinion of the Imperial Government, which, unless it is, of making of this war a duel to the death between Brazil as a power and Lopez as an individual.

THE LAMAS CORRESPONDENCE.

Legation of the Oriental Republic, Petropolis, March 7, 1867. To H. E. Sr. Antonio Coelho de Sá e Albuquerque, Minister Secretary of State for Foreign Affairs, &c., &c. M. le Ministre,

I beg the honor to receive Y. E.'s confidential note of the 3rd inst., in which Y. E. is pleased to show cause why you deem it convenient to abstain from all discussion upon the proposed mediation of the United States.

In my confidential note of the 28th February, to which Y. E. replies, and which merely contained the expression of the opinion that I have formed upon this important subject, I expressly stated—"This is my opinion loyally and frankly manifested, as I was authorized to do. Y. E. will bestow upon it the consideration it may deserve, and draw the deductions you may deem proper."

Annoyed by opinions that are not in accordance with the inflexible—and because inflexible and inexorable, dangerous and even fatal—policy of your Government, Y. E. has taken a resolution uncalculated, and which, by betraying but little benevolence towards a friendly Minister, might, perhaps, originate serious inconvenience. What I did, M. le Ministre, in consequence of having been authorized by my Government to seek an exchange of ideas with you, might have been done without anybody's authorization by any public man, or by any citizen of the countries whose blood, whose wealth, and whose future are being disposed of, in some cases, automatically.

I expressed my own opinion, nothing more, and, therefore, I confined myself to a simple manifestation, to which I allowed your judgment to attach the weight it might deserve, and draw the deductions that you might deem proper. My confidential note, therefore, if it neither deserved consideration or respect for my country's rights, or equity for its interests, or good will for its natural sympathies, that both gave unity to our efforts during a glorious period, facilitated our relations, and founded a true and useful fraternity between the Oriental Minister, whom Y. E. now refuses to listen to, and the distinguished statesmen who, together with that Minister, prepared and carried into execution the immortal Alliance of 1851.

The inexpediency of the very unnecessary resolution communicated to me by Y. E. may be felt very soon. It is possible that the Brazilian Envoy

notwithstanding my having vainly mentioned this subject to Y. E. no localities have been or are being prepared from whence the contingents may proceed to their destiny without risk to the inhabitants of towns or to the army. Heaven preserve us from seeing the devastations of the cholera come to crown those of the war. In this as in all the rest, *au jour le jour*. All will be done at the eleventh hour, dearly, and what is worse ineffectually.

The allied army, therefore, has no reserves, and cannot have them in due time. Our destiny—that of all these countries—depends consequently from an accident. We are fortified by no international sympathy—why should we build to ourselves illusions? We see signs of the latent hostility of neighboring Republics, and even the inhabitants of Brazil are wearied of the misused sacrifices imposed by the present war.

It is while we find ourselves in this situation that the North American mediation is tendered to us. This mediation, most powerful in itself, is backed by the moral weight of public opinion in England and France. The great Republic having taken the initiative in a work of pacification, which is wished for by the whole world, by America as well as by Europe, and General Lopez placing himself in its hands, and showing a disposition to secure and guarantee peace, it is for me almost inconceivable how Brazil is blind to the danger of a refusal as unjustified as unjustifiable.

In the most egotistical interest of Brazil itself, to which I am friendly, and whose peace and prosperity I am anxious for, I implore its Government to pause and scan the depth of the abyss that it is opening at the feet of Lopez, to enable us to disarm immediately and live on a real peace footing. Such a reply would have conciliated self-love with reason and justice, and would remove all future misunderstanding with the United States on this subject.

If the United States (as I have reason to believe would not be the case) refused to give this guarantee, they could not reconcile such a refusal with the imposition of terms that would have condemned us to an armed peace; and it would be proved that the article which precludes us from treating with Lopez was dictated by the want of that guarantee, and was not an attack upon the sovereign will of the Paraguayan people.

If, on the other hand, the United States gave their guarantee (as I believe they would), we might negotiate. It would be upon this broad and sound basis that the negotiations might be established in good faith and with an ardent desire for peace—for peace, which is claimed by humanity and by civilization, and which is the supreme necessity of peoples whose blood no human pride has a right to sacrifice in vain.

The mediation once accepted without armistice, before the plenipotentiaries reach Washington, some time would elapse, more time than Y. E. thinks necessary to obtain a victory. If, instead of a victory, a misfortune should befall our arms, or the war should be prolonged (the greatest of all misfortunes) the proposals of Paraguay would be under discussion. In this case, instead of being painfully submitted to the law of the victor, the misfortune would find us advantageously placed on the road of negotiations.

On the contrary we should obtain the decisive victory which Y. E. hopes in which I was without hope; if in the course of May or during a temporary proaching session of the Brazilian Legislature, the illustrious Marquis of Caxias take on the conclusion of the war takes his seat in the Senate, we shall have lost nothing in having given a pledge of love for peace, and of regard for the United States.

The result of the acceptance of the mediation such as I have proposed it to Y. E. would be the legitimization of the war, or a peace honorable and secure. After these explanations let our respective countries pronounce judgment between us. Y. E. closes your door and your ears. I have done and take leave of Y. E. renewing the assurance of my highest consideration. [Signed] ANDRES LAMAS.

GENERAL OSORIO.

We have been agreeably surprised at your few editorial remarks upon Gen. Osorio, calling upon his Government to appoint him General-in-Chief of its forces, and consequently to supersede the Marquis of Caxias, Commander-in-Chief "ad interim" of the allied army in Paraguay. You have at last "hit the nail upon the head," and spoken the hidden thoughts of all persons, native and foreign in these countries; who desire to see the war brought to a victorious conclusion, as the only solution which can give us security for life, liberty and property in Paraguay, and open to the commerce of the world the hidden wealth of Bolivia, far greater than that of Orients Isles, and as yet cut off from all commercial contact because the Dog-in-the-manger in Paraguay commands the natural egress. This war has had two Commanders-in-chief, Mitre and Caxias, who between them have boxed the compass, for more than three years of private and public monetary speculations, immobility and inconceivable inaptitude in military operations, and constant defeat in each movement made by the allies; three years in which the allied army have advanced from the Paso de la Patria to San Solano, exactly fifteen miles, or [two years and a half since] it crossed the Parana at the rate of ninety one foot per day. (914 days—83,200 feet.) We are happy to see that the "Nacional," and the "Pueblo" second your appeal, and as far as our acquaintance goes, unanimity is the only word in use in respect to the proposition you have made. We foreigners of Anglo Saxon blood have long remarked that the peoples of South America, place entirely too much confidence in their rulers, and allow themselves to be hobbled by Governmental matters in the most incredible manner. Thus their man-

hood is almost lost—or rather was never yet fully obtained, however much they may say they imitate the United States; that they are Republicans &c., their rulers take in vain the name of Washington.

Yet when the native press, generally so devoid of all kind of ideas, follows upon in demanding that General Osorio should be appointed the General-in-Chief of the Allied Army, we hail it as a proof that all vitality has not gone forth from this people, and that only give it time enough for incubation it will at length bring forth—something. But badinage aside, let us appeal to history; let us appeal to common sense; let us appeal to the demands and necessities of our position, and deny the right of Brazil, of our own Government—of anybody—to continue any longer in the command of the army a General, let him be who he may, who has proved, if he ever had any, is gone for ever. Let us demand one of the natural privileges of all free peoples, that he who has shown the greatest courage, knowledge, and prudence—be, in fine, who is the most popular, no matter to which of the allied parties he belongs, shall be the Commander-in-Chief to lead to victory—and let him stay as such just so long as he is able to conquer. The first battle he loses out with him and in with another, he who has been the hero of the strife.

Thus only can a just competition be created and the individual qualities of the chiefs be shown and rewarded. Carnot, he who organized victory, produced such men as Hoche, Dumouriez, Moreau, Kleber, Pichegru, and we may say Napoleon himself, because the dignity of the French people, as embodied in their representatives, demanded the victory. For this reason they had it; and for this reason all free peoples who have fought against despotism, though worsted in the beginning, have always won at last.

The United States, to go no further than the other day, has proved this principle: for it gave five Generals to the army of the Potomac in one year—McClellan, Burnside, Hooker, Mead, Grant—the chief of No. one who lost a battle had a chance to fight another as leader, whether incompetent or unfortunate was not the question; the conquered generals' usefulness and prestige were gone, and it was far easier to sacrifice one man than to lose a nation. The war will end promptly and victoriously just so soon as the people do their duty; but never before, save in disgrace and contempt. When they declare by their legitimate organs, the Press, their will that they are tired of the diplomacy and intrigues of Caxias, that "comandante" shall no longer name the Generals of their armies, but that merit alone shall do so, peace will soon reign over us, with a promise of long continuance from the disappearance of Lopez—the last of the Platine monopolising tyrants—who have so long disgraced and rendered futile our progress.

For these reasons, and firm in the popular voice, we DEMAND the nomination of General Osorio to the chief command of the allied armies in Paraguay. ARA.

ON CHANGE.

July 25, 1868. Quinces, \$400 Sovereigns, 125 Patavines, 223 National Bonds, 554

The cash sales of Bonds to-day amounted to 91,000, closing at 43, with a downward tendency. The market rules well, owing to the uncertain state of affairs in Entre Rios, and there were rumours on "Change that an unpleasant affair had taken place to-day in Congress.

The favorable advices from Montevideo, announcing the opening of the Mauá and Italian Banks, it was hoped would tell on the Bond market. The bulls represent that the French pocket will bring heavy specie remittances for Mauá, and that now that the Mauá Bank resumes its former position in the River Plate, the Money Market will improve and Bonds return to their average price, 50; but money continues to rule very tight, and first-class bills were done to-day at 14 per cent. per month.

In Exchange there has been an active business done. The rate ruled during the early part of the day at 50; but in the afternoon some bills were passed at 51. The total amount passed exceeds \$350,000 sterling, on Rio about £29,000 done, at 465000; the rate in Montevideo is 49 milreis. All holders of bills, drawn or accepted by Mr. Cabal, are called on to present same for payment.

The news from Rio of a change of Ministry caused much notice. The Conservator party has got into power, and Panahos, the friend of Caxias, is Minister of War. There was nothing from Paraguay to-day. The Everett takes to-night a heavy mail for the Panamas. The shipments of wool and tallow for the year, up to date, show a great improvement on the previous year.

Wool shipped to July 25, 1868—170,276 bales. Do. do. do. 25, 1867—161,811 "Tallow do. do. 25, 1868—57,188 pipes Do. do. do. 25, 1867—41,016 Our special reporter:— The following report is from the South Plaza gives the following review:— Wool—Three important lots, fine, oblong, 62, 65, and 66 at 44 ds. each, very dry, good condition, and with much curly wool, at 44 and 45 ar. Several other lots at 52, 56, 58, and 60 ar. Lamb's—40, 41, 44, and 45 ar. Dry hides—Large lots have been with this week. Prices from 110, 115, 118, 126, 130, and even 140, for good material. Sheepskins—The prices have been much varied. Some desches were sold at 44 dozen, others from 58, 76, 80, 90, 110, 115, 120, and 133 to 149 dozen, according to class and condition. Lambskins—At \$10 per dozen; large do., 17 to 22 per dozen. Grass and tallow—A remarkable sale by Mr. Mañay: 200 hundredweight 182 lbs. ar. in Panamas and small casks, 30 to 38 ar. Hides—Several lots at 145 and 151, long, from the South. Capones—At Barracas sold at 29, 30, and for mataderos, 31, 42, and 38, very fat. Lamb's—By the Southern Railway, at 17, 18, and 20.

Wheat—Barilla, 150g, 260 to 265; common, 210 to 215 inferior, 150 to 200; Chile or Canada, 160 to 200.

Indian corn—12

SUMMARY FOR THE FORTNIGHT.

TERRIBLE NEWS FROM PARAGUAY.

ANOTHER ENGAGEMENT.

BATTLE OF GRAN CHACO.

On Tuesday the terrible account of another battle reached us by the Provvedor. The full details, as a matter of course, have yet to come down, but suffice it to say, that the news was of such a disastrous character, that it threw a gloom over the whole city. Coming so soon after the advice of the unfortunate attack or reconnaissance of Humaita, it produced a more unfavorable impression; and we lament, indeed, to say amongst those said to have perished we find the names of Colonel Martinez de Hoz and Commander Gaspar Campos.

It seems that on the road in the Chaco leading from the position of the Allies to Timbo the enemy some few weeks ago posted a battery, which General Rivas found it essential to take previous to operating on Timbo. For this purpose he despatched Commander Gaspar Campos with the Rioja division, and Colonel Martinez de Hoz with his regiment to attack the place, which he was led to believe that it was not very strongly garrisoned. Campos and Martinez de Hoz advanced accordingly, coming up close to the battery even under fire. They pushed on, and at last came up on a rude sort of a jungle bridge.

When the troops arrived here Martinez de Hoz called on his men to advance, and, imitating Napoleon at Lodi, jumped on the bridge in person, followed by about twenty men, and dashed into the enemy. The other troops followed, but the enemy, superior in numbers and position, at once fell on the brave fellows, and completely hemmed them in on all sides. An awful hand-to-hand fight ensued, but the Argentines were fairly overpowered. The flag lieutenant jumped into the river, flag and all, and a small boat of the Brazilians picked up the saturated banner a stretch down the stream.

The precise number of killed and wounded is not given; 4 other officers died sword in hand, and the divisions were literally cut to pieces. The Brazilian reserve was ordered to the front, but so terrible was the position of the Argentines that when half way they halted and retreated. General Rivas, however, writes to President Mitre stating that ere this the battery will have been taken.

THE BATTLE OF HUMAITA.

FURTHER PARTICULARS.

The Provvedor, yesterday, brought further details respecting the battle of the 16th, in front of Humaita. It appears that Orosio, with some 12,000 men, advanced on the lines to reconnoitre the enemy's position, and actually passed up to the second fosse, having taken a redoubt. He at once sent despatches to Caxias, asking for reinforcements. Caxias replied, ordering Orosio to evacuate the position and retire. Then followed one of those awful passages which we read of in wars—the Paraguayans opened fire from every point on the Brazilians. General Orosio had three of his Aide-de-Camps killed, two horses shot under him, his poncho fairly riddled with balls, but he got back.

The retreat of the Brazilians could only be effected under the most terrible fire of grape, and canister, but it seems that the Paraguayans hid in the ditches, and when the Brazilians began to retire they came out and did effective havoc with hand grenades. The loss of the Brazilians in this affair is not precisely known, and as a matter of course is exaggerated. A letter from a physician in Corrientes states that the hospitals are all full, and that the wounded will have to be sent down to Buenos Ayres or Montevideo.

It was said on "Change yesterday that the steamers at Corrientes had been chartered to take the wounded down. How far correct this may be we cannot, however, say.

Our readers will observe, from the above details, that there have been two engagements, the one before Humaita on the 16th, and the one on the Gran Chaco road on the 18th; the last light causes greater noise here, owing to its having been almost exclusively with Argentine troops, but it is insignificant when compared with the engagement of the 16th before Humaita.

Possibly the worst feature of the news respecting the battle of the 16th is that General Orosio has thrown up his command and retired from the army. This, indeed, would be disastrous for the allies, as all admit that Orosio was the bravest of the brave.

It is difficult to squeeze into a short article the full details of a battle, possibly the most memorable ever fought in South America, and fraught with consequences which none yet can clearly define. Correspondence both private and public have been placed before us, "viva voce" statements by parties just come down from Paraguay; we have also at our command, and for the first time since the commencement of the Paraguayan war, we control facts which leave no room for an erring judgement.

On the afternoon of the 15th inst. a Paraguayan deserter crossed the lines and was at once communicated to the presence of Caxias. The declaration of this man was to the effect that the garrison of Humaita was about to escape by way of the Chaco, and that Caxias is not to be blamed for refusing faith in his statement since almost contemporaneously a message was received from the squadron stating that some 20 canoes were at the moment passing over to the Chaco from the fortress. At once Caxias formed his plans and acquainted Gelly, giving the order to get ready; during that eventful night preparations were going on at the allied camp. Signal rockets went up fizzing in the air that plainly told the assembled myriads that the hour of the final struggle was at hand, all was tranquil at Humaita, thy watchfires burnt with a steady light; morning came, the order of the day rang along the line from Tayi to Curupaity, the solemnity of the moment inspired the allied troops with resistless ardour—there lay Humaita, the key stone of Paraguay—would night the flags of the allies would wave over the proud towers of the Church and on the dismantled batteries which frowned over the river; and hope pervaded every bosom, and a brave, bright happy hope, that at last the fatigues of the campaign were about to terminate, beat high in every heart.

At an early hour General Orosio advanced to attack, with a division of some 10,000 men composed of infantry, cavalry, and light artillery.

The ground over which the troops had to pass was little better than a morass—at every yard they encountered difficulties; but the absence of the enemy facilitated the march. The infantry found less difficulty than the cavalry, as the horses floundered in the mire, and, until reaching the high ground near the first fosse, proceeded in irregular and broken lines. The vanguard of this division was led on by the 35th and 39th regiments, composed of what may be termed veterans. On reaching the first fosse, they were deep and wide, they described the enemy behind the second fosse, and occupying a redoubt; but it would seem that the Paraguayans had beat rather than retreated from their first lines, since when the Brazilians came up they found the enemy had left the planks in many places over the fosse, which was filled with water. Orosio, with true generalship, brought up his whole corps in an oblique direction from Establecimiento, and, presenting a narrow front, took the enemy in flank at their triangular position. The Paraguayans were driven back, and the triumphant General seized the position. Encouraged by this success, and deeming that the other corps of the Allied army had at the same time occupied on the other side equally strategic positions, he formed in line and advanced; but soon discovered that the enemy in his front mustered much stronger than was represented, he despatched an orderly to Caxias, acquainting him of his position and of the urgent necessity of at once sending reinforcements.

Up to this time the allies had lost but few men, and gained decided advantage; but it was for a moment. Dark and massy columns of Paraguayans were seen advancing out of Humaita, and the enemy, having got their guns in range, opened a raking fire on the Brazilians. Orosio held his ground manfully, expecting each moment that reinforcements from Caxias would come up, which would decide the fate of the day, but an aide-de-camp from headquarters, arrived with orders from Caxias to retire. Caxias, in giving this order, is much criticised, but he has some cause for so acting. Precisely as Orosio's despatch reached him he received a despatch from Gelly stating that it was all a mistake about the garrison having evacuated Humaita, since, pursuant to orders, he had advanced and found the enemy in his front ready to dispute the abatis. Unwilling, therefore, to risk a general engagement at the moment, Caxias yielded to prudence, and ordering Gelly to keep the enemy engaged at his point by maintaining the fire, he directed Orosio to fall back. Possibly, had Caxias been aware of the inevitable consequences of a retreat at that moment he would have altered his mind, but at such moments the greatest decision of character is essential. Had Napoleon or Wellington commanded, doubtless they would have thrown 20,000 fresh men into the redoubt occupied by Orosio, and thus rendered the battle decisive one way or the other; but South Americans play at small risks. The retreat was ordered, and then followed a chapter of horrors.

Orosio was the first to enter and the last to leave the redoubt, his Aide-de-Camps were shot down at his side, his horse was not under him, his poncho was riddled with bullets, yet he got back to his camp without a scratch. So vehement was the fire of the enemy at all points that nothing could resist it; the cavalry, the Cossacks of Rio Grande displayed prodigies of valor and checked the mercenary pursuit of the victorious Paraguayans who rent the air with the most satanic shouts as they butchered the unfortunate Brazilians, who were hemmed in on all sides. Stung by so unlooked for a result, General Orosio it is said has thrown up his command but we have little doubt it will be only for a few weeks. The result of this engagement has yet to be seen in Rio, doubtless it will lead to a change of Lieutenants, and the future Commander-in-Chief of the allied army can be none other than the valiant Orosio, whose Providential escape points to his elevation.

The disastrous engagement of the 18th inst. may be aptly termed the Battle of Guaicuru, since the heat of the fight took place on the banks of a little river in the Chaco dignified by this indigenous name. It is a mistake, however, to suppose that the battle occurred in comparison with the engagements of the 16th, in front of Humaita. It was, at best, but a partial fight, in which the allies fought under many disadvantages, and the enemy with even superior numbers.

Few there are who correctly understand the real life of the country where this battle took place. The allies are encamped on a small knoll of dry ground, having to the left a large lagoon skirted by an impenetrable jungle, which extends away round to the right. A little path or road leads from this encampment to the position of the enemy, called Timbo; but this path crosses streams and a stretch of low jungle, which is nothing else save a morass. One of these rivers or streams, which, though narrow, is deep, is spanned by a rude bridge made of the trunks of trees; crossing this, the Paraguayans hold possession of the woods, and but a few days past erected a battery with some guns taken from Humaita, which began bravely to harass the allies. General Rivas acquainted the Commander-in-Chief of the matter, and received orders to dislodge the enemy; but, unfortunately, Rivas, either despising the strength of the enemy, or counting too much on the valor of his men, employed a force utterly insufficient for the purpose. It is but a repetition of the old story—"Sending a boy on a man's errand."

General Rivas entrusted the expedition to the command of the brave and much esteemed Colonel Martinez de Hoz, it being understood that on the taking of the position Gelly y Obes would come over to lead in person the subsequent attack on Timbo—but man proposes. Colonel Martinez de Hoz, with the Riojano regiment commanded by Gaspar Campos, and about 40 picked men as an escort, accompanied by a Brazilian reserve numbering some 500 men, advanced along the path, meeting no opposition till they wheeled to the right and faced the bridge; there they found the enemy posted, Colonel Martinez de Hoz sword in hand charged the enemy, driving them back with very little loss; pursuing his advantage he deployed along the road still following the retreating enemy, till he suddenly felt a simultaneous attack on both flanks from the adjoining woods; meanwhile the guns at Guaicuru opened a murderous fire, the position was critical in the extreme, and had Rivas come up then with reinforcements, doubtless the allies would have

carried the place by storm, but the Brazilians who brought up the rear finding the enemy sallying from the woods at all points, and already having nearly half their number horsed de combat, could push on no further; thus in fact the Argentines were as it seems cut off, and when Rivas came up it was the day after the fair. He rescued the retreating Brazilians who crowded along the road.

Notwithstanding the letter of Gen. Rivas to President Mitre, stating that the position was about to take place we find it difficult to believe the statement. On the other hand we find in the army correspondence of our colleagues the statement that the allies are about to evacuate the Gran Chaco. Possibly by the next steamer we may have further news of stirring importance.

to make both ends meet, baffles even the most experienced.

THE MONEY CRISIS.

It has never yet been ascertained, at least in this part of the world, the exact amount of paper money that can be built up on a given specie capital. Previous to the Bank crisis in Montevideo, the relation stood as three to one—that is to say, on one million capital a structure of three millions could be safely erected. But now we find all lost faith in this theory, and we find that specie will not bear such a pile; the Montevidean crisis has plunged us all into the other extreme; safe banks nowadays are those which have three times their paper circulation in their sales. The whole fabric of a banking system, the finest and ablest effort of Sir Robert Peel, would amount to nothing if tried at present in the River Plate, and apparently Montevideo is doomed either to no money at all, or to an irredeemable paper currency. Such a truly lamentable state of things suggests the idea that these countries are as yet totally unfit for what is technically termed free banking, and great are the benefits derivable from a safe and abundant paper currency; the country is unprepared for it, and nothing but coin should be sanctioned as a legal tender.

European experiences amount to nothing here. River Plate money markets must be regarded as exceptional, since we find the sudden contraction of the currency in Montevideo, and the withdrawal of nearly three millions sterling or fifteen millions of patagons has failed to produce a single commercial failure of importance in that market. Such an unlooked-for result cannot be accounted for on the plea that collections are impossible, there being no money whatever to pay with; rather is it to be attributed to the unsafe but convenient expansion of credit which is at present going on and experienced parties are of opinion that the commercial crisis in Montevideo will begin when the banking crisis terminates.

The stoppage of the Entreriano bank is another feature in this River Plate banking crisis, and calls for comment. Here we have a regular joint stock bank; the shareholders and directors are the chief military men of the province; if we remember aright, the bank started into existence under the auspices of a Lieutenant-Colonel, and most of the militia officers, and about the rank of a full colonel, took shares in the concern. This military bank, created in a country where every man is a soldier, and all parties of influence wear epaulettes, ought, under a judicious management, to have done a good business; but, since the days of the great Frederick of Prussia, military men have proved the most efficient bunglers in financial matters, even the iron Duke was a mere tyro in money matters, when he took his place in Parliament. Are we to be surprised, therefore, that the military bank of Entre Rios has collapsed with an emission, although small, nearly four times the amount of the specie in its safe? Authority is not credit, and, as a general rule, although militia men are compelled to obey their superior officers, they are the very last persons to trust a colonel or a major with a dollar. The Entreriano Bank seems to have burst up owing more to its great influence than diminished credit. Swords and bayonets are useless ornaments in a bank parlour, and, if we are ever to profit by experience, let us henceforward elect bank managers and directors from any circle rather than the army.

Let us witness the statement of the Entreriano Bank in order to discover the foundation upon which it worked. We find that it started upon the half-million capital of \$2,000,000, rather a decent capital for a purely agricultural or rural bank. Of this capital there are, however, 1,703,000 shares as yet unissued and unsubscribed for, which, in reality, left the capital of the bank \$297,000. But let us witness the account still further and we discover the astounding fact that of this \$2,297,000 subscribed capital the sum of \$1,237,000 is still due and owing to the shareholders on their stock, leaving the working and paid up capital of the bank \$1,060,000. Witness the account again and we find office furniture and bank plates amount to \$110,000. Thus, in the end, we arrive at the fact that Fifty Thousand Dollars was the net working capital of the Entreriano Bank, which, by its last statement, had an emission in circulation of 408,000 Bolivianos and 85,000 fuertes. If the Entrerianos have any curiosity to inquire into the financial state of their country, we possibly may save them some trouble by simply admitting that they exported their Bolivianos for them, and gave them paper money in return.

But without going too profoundly into this banking question or with the industry of a Friars sifting to the foundation, all the banks in the Republic, it requires no very shining genius, no grand prescient foresight to discern that the business which it carried on in the River Plate is far too great for the specie capital in these parts. The enormous army trade is giving rise to fortunes which are represented on our bank books, but to meet which there is not sufficient capital in the country. The real crisis that impends, will be when the Paraguayan war terminates; the contraction of the currency is after all nothing but the diminution of consumption, and if to this, we add the withdrawal of capital which has been temporarily visited us, it is indeed difficult to put a limit to the misery which must ensue.

People have overlooked the fact that for the last twelve months we have had no great importations of gold. The £200,000 sterling, which in former years was regarded as the regular monthly importation from Rio, has ceased, and by the help of the paper money of the Free Banks, and the circuitous accommodation of exchange, the war has been carried on. How, in the present state of affairs, the contractors will manage

to refuse to pay every dollar of it—principal and interest—is directly to compromise the honor of Brazil.

I have said that both you and Sr. Albuquerque know that the claim is just and I should be paid. If you ask why, my answer is, that for three months your answer to my pressing enquiries was—"We have the claim under examination by parties of whose ability and fairness there can be no question; and you shall be advised when the report is made." I then asked whether, in the event of any stumbling-block occurring, you would not advise me of it before any conclusion should be arrived at. You promised that should be advised in such a contingency; and whenever you reported a difficulty I was at once enabled to remove it. You finally informed me that the report had come in, and had been sent to the Ministry for their action. Of course, that report was favorable, or you would so have written to me, and there would have been no necessity of the report going to the Ministry. It is perfectly manifest, then, that the Commission, which for three months had this claim under consideration, the Ministry of Foreign Affairs, and you—whose special business is to study all such matters, and whose office is a permanent one, as it is in England and the United States—all agree that this claim is both equitable and just, as well as legal. And if so, Brazil is bound in honor to pay every farthing of it, principal and interest. For fifteen years Brazil has had in her treasury some twenty cents for duties paid on a cargo of goods, never designed for Brazil, but shipped from New York for the Pacific. How this was accomplished will appear in the sequel. What honest statesman, can or dare say, that this money, with interest, should not be repaid to the claimants? And if in getting possession of this money, the agent and representative of Brazil robbed American citizens in administering the law of Brazil, what honest man, having the facts before him, can, or should, hesitate to make restitution, and neither reject nor compromise a just and honorable claim?

I intended to write two paragraphs, and marked this letter "confidential." I have stricken out the "confidential," and substituted "unofficial," because I think I will be discharging a duty, as well as being a great service to Brazil, if I take this occasion to state the simple facts of the case, not for your information, or for the information of H. E. the Minister of Foreign Affairs, because they are well known to both of you, and to the commission which examined and reported favorably on the claim, but for the information of those who are about rejecting a claim on its merits, when those merits are unknown to them. Give them facts, and there can be no apology for error. Give them facts, and then, if with their eyes wide open, they deliberately and intentionally treat the United States unjustly or contemptuously, so be it. I do not doubt the honorable purposes or just intentions of the Government in this matter. During six years I have proved in every conceivable manner, and on every occasion which has presented itself, my friendship for Brazil, and my appreciation of her justice. And therefore it is, I have arrived at the conclusion that the great wrong about to be perpetrated, and all the consequences of that wrong, are the result of carelessness in the examination of a matter which has been pending fifteen years, and in relation to which the United States, as we think, has been treated contemptuously from December, 1859, until you seriously determined to investigate the subject. If I did not attribute the conduct of Brazil to error, and not design, instead of being, as I am, her friend, I should be her most deadly foe, and pray God that her enemies might triumph over her, instead of troubling myself to reason with her.

1. To begin then, the Peruvian brig Caroline sailed from New York for the Pacific in 1847, having on board a cargo insured in insurance offices in the United States for 60,000\$000. 2. She was into St. Catharine's in June of the same year, alleged to be in a leaky condition and unseaworthy. There being no Peruvian Consul at St. Catharine's, application was made by her captain to the Judge Municipal for a survey on the brig. He attended in person on the brig, as the law made it his duty to do; and, subsequently, ordered the cargo of the brig to be sold; and the duties on such cargo, bound for Peru and not Brazil, were paid into the Brazilian Treasury, and there remain to this day.

3. The proceeds of brig and cargo were paid over to her master, and the consignee appointed by him; and not one dollar paid over by him to owners or insurers.

4. The owners demanded and received from the insurance companies the 60,000\$ for which the cargo was insured; and, not having a suspicion that the whole transaction was fraudulent—which could not be unless the Judge Municipal was a party to the fraud—they had no redress except against Jefferson, the master of the brig. Suit was accordingly commenced against Jefferson.

5. After the commencement of this suit, the Rogues, quarrelled among themselves; the truth leaked out; and it was charged that in collusion with Jefferson, the Judge Municipal, fraudulently condemned the Brig; which very shortly after, and without material repair, sailed to the River Plate under the command of her master, Jefferson, who had become the owner; and who had also received the proceeds of the entire cargo, except what went into the Brazilian Treasury twenty years ago, and there remains!

6. There could have been no sale of the Brig and cargo, except with the connivance of the Judge Municipal? 7. Did he so connive? Was the condemnation fraudulent? 8. On the 17th of December 1849, Agostinho Leilao de Almeida, Municipal Judge at Desterro, gave judgment; in which he set forth, that not only by the documents numbered from one to eight, and the deposition of the witnesses, but by the express confession of the defendant, as shown in his petition (Document No 9) in connection with the annexed Documents, &c. &c., I do condemn the defendant to pay the plaintiff [six insurance offices the sum of thirty seven cantos two hundred and seventy two thousand four hundred and twenty-nine Reis, and nine hundred &c. &c., and to restitute the Peruvian brig Caroline (whatever name she may now bear); the sale of the Brig and cargo) are void, by the sentence of the Judge Municipal and proven: or to pay the assured value of the same, together with the loss, damages and equivalents for profits missed (damages); the same to be liquidated

in the manner prescribed by the Laws of Commerce. And further to pay all legal interest, to the complete reimbursement of the plaintiffs. And I further condemn the defendant, to pay the costs of this action.

By this decision the fraud practiced by collusion between the Captain of the Caroline and the representative officer of Brazil, was placed beyond all possible contingency; and our Government at once pledged itself to the plaintiffs to collect from Brazil the amount of their losses, after they had used all the means placed at their disposal by the court; collect that was possible from Jefferson and his brother Rogues.

This they did; and on the 4th December 1855, Mr. Trousdale, by direction of the Secretary of State, made the claim on the Brazilian Government for 123,174\$594 due up to the 2nd August 1855.

Mr. Buchanan was Secretary of State when the Barraty was perpetrated, and advised the course pursued in commencing the suit. Mr. Trousdale instead of furnishing documents to the Foreign Office, only referred to them; and when in 1857 the Minister Paranhos rejected the claim he accompanied the rejection with an assurance, that upon a presentation of the documents said to be in existence, his decision should be reconsidered.

Mr. Buchanan was then President. He was very justly indignant at the rejection of a claim so manifestly just, and so mindful of the Government's pledge to the claimants, he ordered Mr. Wells, their duly-appointed attorney, and the assignee of certain of the claim, to collect the documents required. This occupied more than two years. They were collected and placed in our Department of State; and then the President, Mr. Buchanan, ordered Mr. Meade to demand the payment of the claim and not to discuss it. And so annoyed was he at the course which Brazil had pursued, that either he or Secretary Cass, wrote in Washington, the history of the claim, or adopted one prepared for him; and also the letter in which the demand for reopening and payment was made by Mr. Meade.

This demand, prepared at Washington and accompanied with every document that could be imagined necessary, and a history of the claim sworn to at Washington, was presented to the Foreign Office on Dec. 27th, 1859, ten years after the Barraty had been proved in a Brazilian court of justice. Minister Paranhos acknowledged the receipt of the papers, and informed Mr. Meade that they had been duly referred to the Minister of Justice, and there they remained for nearly eight years, until you, at my request, resuscitated them.

From the day that the documents referred to were presented until this hour, neither Paranhos nor any one of his successors ever ventured to say that they were not conclusive, or that they were deficient in anything. What they did was to observe a contemptuous silence, derogatory to Brazil and most offensive to the United States. Six different times Mr. Meade, when urged to action by Mr. Buchanan's Government, reported that neither to his written nor verbal appeals could he obtain any reply whatever. On the 8th November, 1860, he says—"I have no reply to my last note, No. 81, nor to the several notes I have addressed to the Minister of Foreign Affairs, in relation to the brig Caroline."

He was then advised to have every document and every paper that was in Portuguese translated into English, and to transmit them to the Department of State with his opinion. This he did; and he deliberately recommended a report to extreme measures, adding—"The amount claimed is just to its fullest extent, and I shall not abate one cent of it."

Most unquestionably, when, in 1861, this advice was received, Mr. Buchanan was prepared to adopt it, and had so declared; but the rebellion was virtually in existence, so, on the 4th March, 1861, this inheritance was turned over to Mr. Lincoln's Government. It became my duty, then, to press this claim, and, when I did so, at the proper time, the Marquis d'Abantes, profoundly ignorant no doubt, of all that had occurred after the rejection of the claim by Paranhos in 1857—as well he might be—for the documents had long been buried in the archives of the Minister of Justice—quietly reminded me, that Paranhos had rejected the claim in 1857! You may imagine what the feeling aroused at Washington by this reply. But we had in hand a mighty rebellion; and we submitted to the contemptuous reply, or what seemed such, just as we were, or what seemed the pirates preying upon our commerce, and furnishing them coal where-with to continue their depredations. Mr. Seward truly said, "We cannot write with all the world; but tell Brazil we take note of her unkindness;" or words to that effect. And I was ordered not to press the claim and force upon us a measure for which we were not then prepared.

I obeyed orders; and it was not till I was in Washington in February, 1866, that I was ordered to act promptly on my return to Brazil. Whether I have, or have not, done my duty in the premises to both countries, you best know.

Now, I put it to you, who have so carefully investigated the question, whether I have or have not, fairly and candidly, stated this question? You and I both know that I have designated very offensive particular facts that occurred at Santos and other places, hoping I may never be compelled to refer to them, or if I should be in my official response to the official rejection of the claim. And this I should do, not for the information of those who have the evidence in their possession, but refuse to examine it; but for the information of Congress and our people, in justification of my Government and myself; and the counsels I feel called upon to give by the next steamer, which is the last that can reach home before Congress assembles.

You may not understand, but I do, how it occurs, that the ministry so misunderstood this question. I will tell you. They had confidence in what Paranhos wrote and decided, and do not look behind it.

Now, in the first place, that despatch was written and sent, two years before the Government possessed the documents whereon to base a decision. Secondly, Paranhos verbally, based it upon want of testimony promised, and pledged himself to give the subject a careful bearing when the documents were furnished.

Thirdly, if Azambuja is a man of veracity, and I will not question his truth, then Paranhos never wrote nor even read the despatch; but signed what Azambuja had prepared!

As much as Paranhos only considered his despatch a temporary expedient, dependent upon the production of documents promised, I can readily give full credit to Azambuja's declaration.

Now, I say without any fear of contradiction, that the despatch referred to is a tissue of errors, and that the writer did not understand the question, and gravely misstated [I do not say intentionally] the most important facts. I give you the evidence of this grave assertion.

In the 34th paragraph of the despatch, signed not written by Paranhos, it is said—"As a proof of the equity and probity of the Judge who, though he had previously condemned the vessel for sea unworthiness, &c., was the same magistrate, who on lawful action and contradictory testimony, annulled his own verdict, and directed the surrender of the vessel!"

There would be some force in this if it were true. But it is not true. Sayao Lopes Falcao was the man who condemned the vessel, and it was an honest man, Agostinho Leilao de Almeida, who revised the decision of the judge.

Again, the despatch bearing the signature of Paranhos, but which, Azambuja says, that he wrote, and Azambuja signed but did not read, states as follows:—Paragraph 67—"There was no sentence declaring Captain Jefferson guilty of 'contumacious' or 'barratry.' Stated in a criminal court only!" &c.

Read the despatch then two years old. And it is upon the trash put forth in this state paper—nearly in fourth of its assertions, and which, most assuredly, Paranhos never wrote and never read—that the Brazilian Ministry put their faith in the year 1867!

Let them do so; but take my word for it, honest men and honest Governments, will not endure such a reckless disregard of the truth. And I do sincerely believe, and shall continue to believe, just so long as I have trust in Brazilian honor and good faith, that the Ministry of Brazil, will make themselves acquainted with the facts of this claim; and from a sense of self-respect, as well as from friendship to the United States, will promptly pay every farthing of it, principal and interest.

I am sorry to be so tedious; but I know how much is at stake; and because I am to report upon, and be necessarily responsible for what follows. Wherefore, this last effort for justice, and of necessity, for Peace.

This paper is to be returned to me happen what may. And as the mail is about to close, I actually send it, without a disguise that I have written. I only know that it is truthful, and designed for good.

Your friend
J. WATSON WEBB [*]

GENERAL REMARKS.

We are authentically informed that the diplomatic agents of the Governments of Chile and Bolivia, near the Government of the belligerents in the Paraguayan war, have jointly and officially the offer of their respective Governments' good offices to bring about peace by means of mediation. The offer has not, as far as we are aware, been answered; but it is not difficult to anticipate that it will be contemptuously declined. Circumstances have in no way altered since the Brazilian Government refused the tender of the United States Government's good offices for a similar end, and since, notwithstanding that refusal, and whatever may be the present personal relations between General Webb and the Brazilian Government, the relations of amity and friendship between the Washington and the Brazilian Cabinets have not been disturbed; it cannot be conceived how the latter could, without inflicting a gratuitous insult upon the United States, give a preference to the Chile-Bolivian mediation, a proceeding which would appear the more unjustifiable when it is remembered that one of the would-be mediating powers has given a notorious proof of its partiality in the question by signing the protest addressed to the signatories of the Triple Alliance treaty against the Paraguayan war.

With regard to the question of the Wasp, we can state that the report of her having received orders to proceed to Paraguay and force her passage up to Asuncion, is without any foundation. Captain Kirkland, on his return to Montevideo, reported all the circumstances connected with the refusal of Marques de Caxias to allow him to ascend the River Paraguay. General Webb communicated the same to the Brazilian Government, who, whilst approving the action taken by the Marques de Caxias, expressed their readiness to facilitate as much as in their power lay Mr. Washburn's movements, and have requested Gen. Webb to suggest any other means which the end in view might be obtained, since the facilities of a March had proposed to place at Mr. Washburn's disposal, appeared to be insufficient. This is the stage of the question by latest advices.

Senator Oroño at the last sitting of the National Senate laid on the table of the House, three important bills. By the first it is proposed to create a fund of one million silver dollars, at 9 per cent. interest bonds, to be negotiated either here or abroad at 75 per cent.—the proceeds of which shall be destined to forward emigration by defraying passage to emigrant families, buying provisions for them for a year, and purchasing animals, seed, tools, &c. All advances made to the colonists to be refunded by them in bonds or specie by five annual payments, beginning after the fourth year of their being settled, and without, it being charged with any interest. It also provides for the appointment of an emigrant agent, with an annual salary of two thousand patagons, to proceed to various dispositions with regard to the organization of colonies throughout the public lands, and the disposal of public lands for this purpose. By the second bill it is proposed that whenever the Paraguayan war is at an end the Government army of the Republic shall be reduced to 3,500 men of all arms, formed by soldiers enlisted for a fixed period, which under no pretext whatever can they be obliged to prosecute. This army to be divided into four divisions, having their headquarters respectively in Buenos Ayres, Lares, Province of San Luis, El Cerro Negro, Province of Mendoza, and the third bill a Commission composed of two Engineers and one Land Surveyor is to be appointed for the purpose of making a scientific study of all national lands on the frontier of the Republic, to enable it

THE AMERICAN DIFFICULTY.

GENERAL WEBB TO MINISTER AMARAL.

We publish to-day a letter written by General Webb, American Minister in Rio, to Minister Amaral, which in a measure explains the great American difficulty, about which everyone is speaking. We may add however that by private advices received per Poitoun we learn that the Brazilian Government has paid the claim of the Caroline under protest.

Petropolis, Sept. 13, 1867.

My dear Dr. Amaral,
If Mrs. Webb's health permits—she is suffering dreadfully—I take her to town on Monday or Tuesday next to the Hotel des Baignes; and any communication sent there, or to our Consulate, will come to hand.

