should be declared unconstitutional, the Courts will adopt a rule by which adjustments may take place upon the basis of the value of currency at some period agreed upon, either the date of the contract, the time at which the debt came due, or the date of the decision of the Supreme Court. This, however, is not probable, as the courts would have no authority to act in such a matter. All contracts, unless the contrary is specified, are for money, and the authority of the courts only extends to the rendering of the judgments for the sums due upon those contracts, in money.

For the Supreme or any other court to decree that the creditor on a money contract, executed since the passage of the tender laws, should receive, in satisfaction of his judgment sixty cents, for example, in specie, would be virtually to decree that Treasury notes, while they are not a legal tender at one hundred, are so at sixty cents on the dollar. It would be at once denying and sustaining the constitutionality of the law, declaring it to be of no validity whatever and yet admitting its practical validity to two-fifths of its extent.

The time cannot be far distant when the people of the United States will be compelled to suffer the inconveniences attendant upon a considerable reduction of the circulating medium. This is inimitable at some time, both through the action of the Supreme Courts and of Congress, and that the effect of such a reduction, however effected, will be disastrous to many cannot be doubted. If, therefore, the "collapse" so long predicted as the inevitable result of the past and present "inflation" is really coming at last, perhaps the sooner it is over the better for the business interests of the country. However much we may wish to avert the evil day, we cannot help feeling that "if 'twere done when 'tis done, 'twere better done quickly."

DECLINE OF THE CANAL INTERESTS.

THE proud pre-eminence attained and maintained by the "Empire State" during the past three quarters of a century is owing mainly (if not wholly) to the enterprise of the people in prosecuting internal improvements when and where they were needed. If De Witt Clinton had not pushed his scheme of the Erie Canal in spite of every opposition and discouragement, other great channels of trade would have been opened from the West to the sea-board, and the great prosperity of this State which has placed it at the head of the States, commercially, mechanically, agriculturally, and financially, would never have been realized.

Considering the time when the Erie Canal was first began the undertaking was one of the greatest material enterprises recorded in the history of the country, and the indebtness in which it involved the people of the State was almost enough to frighten those who were disposed to view the project favourably from a commercial standpoint. Under these circumstances it is not strange that cautious and timid men doubted the expediency of the measure and opposed the outlay. It was only a man with the fore sight and comprehensive views of a Clinton that could look past the present and comprehend the glorious end. There is not now a man in the State who is not satisfied that the Erie Canal was a profitable investment for the State. This would have been emphatically true, even though one dollar of the original cost of the canal had never been returned to the treasury of the State in the way of tolls. The astonishing development of the great resources of the State—the great increase in value of lands, the towns and cities which have sprung up, the magnificent city at the mouth of the Hudson, the great commerce of the State, etc., etc., all consequent upon the completion of the Erie and Oswego canals, have a million fold repaid all they have cost the tax payers of the State.

But although this important work, constructed at such great cost, has mainly contributed in building up the present financial and commercial importance of the State and city of New York, it seems to have outlived much of its former usefulness. We do not mean that our canal system is no longer of value to the State, for as long as they are kept in a navigable condition they will be available for the transportation of vast quantities of imperishable freight, which can be sent more profitably by slow than by quick routes as long as the former are the cheapest. But the shippers can no longer enjoy a monopoly of the forwarding trade, for the canal interest has long since found a dangerous rival in the network of railroads that has extended in all directions and connected all sections of the country with the receiving and distributing reservoirs of the seaboard. Through Canada there is a long line of railroads, to carry the business by us on the North. The Mississippi is open to move commerce to the South. Through Virginia important lines of roads have been constructed to take the trade of the West to Norfolk and other localities upon the Atlantic. Buffalo has opened railroads to Baltimore and Philadelphia, to shove the trade from us in that direction. Pennsylvania has become gridironed with railroads which rob the State of New York of its commerce. In the meantime, while all of these measures have been perfected to relieve us of our commerce and its profits, we suddenly awake to the consciousness that, while relying on our canals as at present managed, we are leaning on a broken reed.

The New York *Shipping List*, in the course of an interesting leading article, makes the following important statement:—

The railways are making serious inroads upon the canal traffic through the reduced rates of freight resulting from sharp competition. Thus the aggregate grain receipts at Buffalo in each of the past few years have been from 68 to 60 per cent of the receipts at Western lake ports, but this year, with nearly 100,000,000 bushels of grain received at the Western lake ports, she received only a fraction over 42 per cent. The grain trade of Philadelphia increased 8,000,000 bushels last year, mainly from the diversion from Buffalo to Erie. The Buffalo *Commercial* says that the 24 propellers of the Northern Transportation line have taken several million bushels of grain away from Buffalo to Ogdensburg, and that it can account for at least 200,000 tons of grain, besides a large amount of other freight that would have gone through the Erie Canal if it had had more capacity and consequently greater cheapness. The same authority claims that the diversion is equal to over 1,000 canal boat loads of the present large class of boats now navigating the Erie Canal.

In confirmation of this statement, we extract the following table from the Buffalo *Commercial*.—

	Arrivals of Flour in Buffalo. Barrels.	Shipments ... from by Canal. Barrels.
1865	1 761 935	113 000
1866	1 213 643	62,320
1867	1,440,000	15,005
1868..	1,624 818	5,000

From this it is evident that the business of the canals is rapidly decreasing, and if this decrease continues for the next five years in a ratio proportionate to the increase of railroad facilities during that time, little or nothing will be left of it.

In view of the immense importance of the canal business to the city of New York, the question of what can be done to revive this business and restore it to its former extent and value becomes one of much interest. It cannot be denied that it was the Erie Canal which first gave to New York the impetus which raised it so far above any other American city in wealth, population and business; and it can be said with almost equal truth that, unless we can retain the vast business in the grain and produce of the West by monopolizing that business, to a greater or less extent, we shall not long be able position which New York has heretofore held among the cities of the country. The decline of the canal interest is synonimous with the failure of one of our most important sources of wealth and prosperity.

The reason and remedy for this are easily found. When the canal was opened it was the only cheap and direct route of communication between the Lakes and the seaboard. Forwarders were then compelled to use it for the transportation of grain and produce to the markets and shipping ports of the East. This is no longer so. The quick, nervous energy which characterizes all business operations at the present time prefers to patronize railroads whenever it is possible to do so. Canal transportation is too slow. It takes about ten days, on the average, to come from Buffalo and during that time its cargo, sent by rail, could have been bought, sold, and even consumed, and all the profit which it could be made to yield to its owners would have been realized and again invested. This is a difficulty which can never be wholly overcome, and in it we find the cause of the rapid and marked decline of the canal interest within the past few years. But the difficulty may be greatly lessened and the canals be restored to much of their former value and importance by the successful application of steam to the propulsion of freighted boats. Unless this is done, the canals will soon cease to pay the expenses of maintaining them.

Drawn by horses, under the present system of canal management, freighted boats do not make a greater average speed than 1½ miles an hour, and a distance which ought to be made in 3 or 4 days, now requires from 10 to 12, exclusive of extraordinary detentions. Propelled by steam at the rate of 4 or 5 miles an hour twice or three times as much freight would be carried by water as is now forwarded in that way. This fact has long been appreciated by canal men, and many attempts have been made to apply steam, but without success. It was found that to place an engine in each boat, with enough power to propel it when loaded was not profitable, and that to employ steam to advantage, some kind of propeller must be invented which could take a train of six or seven boats at the rate of four or five miles per hour. The screw was invented for this purpose, but although possessing far greater power than the old style paddle-wheel, was wholly inadequate to the work it was expected to perform. Side-wheel boats were unable to tow enough barges to make a trip profitable, and they were also abandoned. Numerous other attempts were made with inventions of various kinds, but none have possessed a sufficient surface hold upon the water to give them the requisite propelling power. We believe the problem has been solved at last, however, and that a propeller has been built which possesses all the power required to draw a train of loaded barges at the rate of four miles an hour, and which can be run for less than it costs to employ horse power for the same purpose. This propeller, which was described at considerable length in a recent issue of the *Bulletin*, is the invention of Mr. H. Boynton, of this city, and is now rapidly approaching completion. This propeller is built on a novel principle, already described in detail, and as practical experiments have shown its power to be fully adequate to the use for which it is intended, we are prepared to endorse it as a success. It is the purpose of the proprietor of this boat to introduce it into general use on the Erie Canal as soon as the requisite number of boats can be built, which will be during the present year, and when this is done we may expect to see a marked revival in the business of the canal. Boats can then be forwarded from Buffalo to New York in less than five days, and more cheaply than by horse power. An effort will then be made to secure such legislation as has long been needed by the canals. This effort will attempt a reform of the contract system of repairing and managing the canals, and also to secure a reduction in the tolls, which are now heavier than they should be. When this is done we may expect that the Erie Canal will be able to compete successfully with the railroads. By these reforms, in connection with the successful application of steam power, the practical value of the canal system will increase with the growing demand for facilities of transportation between the Atlantic seaboard and the interior regions of our Continent. There is no subject connected with our material prosperity that should more fully command the consideration of citizens generally, and of legislators in particular. Everything which can be consistently done to promote its efficiency, reacts powerfully on the prosperity of the community. The great advantages inseparable from the system of inland navigation that connects our State so closely with the vast Lakes and their surrounding States and Territories commend the canal system to increased attention, even in these days of stupendous railway achievement—for no possible improvements in transportation can ever wholly destroy the usefulness of our canals if they are only managed with integrity and discretion; and the more thoroughly the subject is considered the more will the people generally become impressed with the vast and growing importance of the heritage thus secured to them through the enlightened policy of such statesmen as Clinton and his compeers.

INTERCOLONIAL RAILWAY.

WE understand the Railway Commissioners have it in contemplation shortly to advertise three other sections of the road for contract. The plans, specifications, &c., will be ready on and after the fifth day of March, and the tenders will be receivable up to the evening of the twenty-ninth. The following are the new sections to be offered:—

Section No. 5, in the Province of Quebec, extending from forty miles east of Riviere du Loup, at the end of contract No. 2, to the sixty-sixth mile post, near Rimouski, a distance of twenty-six miles.

Section No. 6, in the Province of New Brunswick, extending from the easterly end of contract No. 3, opposite Dalhousie, to the west side of the Main Post Road near the 49th mile post, easterly from Jacquet River, about twenty one miles.

Section No. 7, in the Province of Nova Scotia extending from the southerly end of contract No. 4, near River Philip, to station fifty at Folly Lake, about twenty-four miles.—*Ottawa Times.*

SPECULATION IN THE COTTON TRADE.

THERE can be little question that the present high price of cotton is due mainly to speculative causes. Very large amounts of the staple were some time ago sold for future delivery. The knowledge of this fact appears to have induced the formation of a strong combination of operators able to control this market, and the movements of cotton at the South so as to compel the parties under contact to deliver to pay a high price for their cotton. The planters have been induced by these parties to hold back their cotton, under pretence that by so doing they could realize a high price for their crop, and the market has thus been kept lightly supplied and the price forced up to unnatural figures. So strong has this combination been that it has even controlled the Liverpool market, purchases having been made there by New York houses, in order to keep the market firm.

It is unnecessary to go into any lengthy argument to show that this movement must be followed by a violent reaction and much lower prices. The time will come when the necessities of the planters will oblige them to sell, and the supply will then be beyond what the cotton "bulls" can take, in order to bolster up the market.

In a few weeks the extent of the planting for the next crop will be ascertained, when it will be apparent that the high price of cotton has induced preparations for a crop of 4,000,000 bales. So soon as this is ascertained, Manchester will perceive that the Southern crop has attained old dimensions, and spinners will act with extreme caution, refusing to buy cotton except at a decline of 30 to 40 per cent upon present prices. In view of this probability, it is unwise in home manufacturers to buy anything beyond their most limited wants, and to keep on hand liberally no stocks of goods. There is reason to fear that they have not been sufficiently cautious in this matter, and that some day they may be caught with considerable stocks for which they cannot realize cost. The true course for our spinners to have adopted, under the artificial condition of the cotton market, was to have run upon short time. It may not be too late now to adopt that policy to advantage, but, if it is not resorted to, we venture to predict that the manufacturers will have severe reason for regret.—*N. Y. Dry Goods Reporter.*

THE SOUTHERN PACIFIC RAILROAD BILL.—The Memphis, El Paso and Pacific Railroad bill will be introduced into both Houses of Congress very soon. It differs from others in this, that it asks for no subsidies of land, inasmuch as Texas has given it 8,000,000 of acres, it asks for no aid upon second mortgage, but simply for the guarantee of the interest upon its bonds, and provides an ample sinking fund to secure the payment of the principal and interest. It asks for such assistance only after the road is completed in sections, so that when this is done it may proceed to the next section. The bill contemplates the construction of a main trunk road from Memphis to the Pacific Ocean *via* Little Rock, Ark., Jefferson, Texas, and through Northern Texas to El Paso, thence to San Diego California, connecting in California with the California Southern Pacific, if arrangement can be made for this. The bill asks also for the same assistance to the Cairo and Fulton, the Vicksburg and Shreveport roads, which will be regarded as branches to the main trunk and thus the road has three termini upon the Mississippi. We trust that this road will receive the hearty support of every Southern member of Congress, and we know of no project that will be of greater advantage to the Southern States.—*New York Bulletin.*