THE WHISKY TAX.

A SCHEME TO BE DEFEATED.

IT is understood that a scheme is on foot, the details of which are being matured in this city, Washington, and elsewhere, to again raise the tax on distilled spirits to two dollars per gallon. It is given out that support in Congress is being quietly secured, and strong hopes of success are already entertained.

The matter, however, is to be kept as quiet as possible until after the holidays; the price of whisky is to be run down in the meantime to the lowest possible point, and extensively purchased by those in the ring. When a sufficiently large stock has been accumulated, a bill is to be introduced in Congress increasing the tax, and hopes are entertained that it can be promptly passed.

The pretext for this step is, of course, to be the pressing necessities of the Treasury, and the assertion that, under the new law, a tax of two dollars per gallon can as easily be collected as a tax of sixty cents. A resolution will perhaps be introduced into Congress, calling on the Commissioner to report the total producing capacity of the distilleries in operation; and the reply is expected to furnish support for the bill. It is calculated that by this time the producing capacity of all the distilleries in the country will be not less than from 350,000 to 400,000 gallons daily; and as the law requires that every distiller must pay on at least 80 per cent of his capacity, whether he produces it or not, figures will be made and paraded in the press showing the immense revenue which may be expected under the new law, with the tax increased to two dollars per gallon. By this and kindred means, which the lobby so well know how to employ, it is supposed that the ring can muster votes enough when added to and aided by the honest votes which will always be cast for a high tax on distilled spirits, to pass the bill through both Houses of Congress.

We desire in advance, to denounce this movement as a mere job, designed, not to put money into the Treasury, but to fill the pockets of those engaged in the scheme.

The immediate effect of such legislation will be to increase, temporarily, the price of whisky, thereby enabling the holders of the stock, which will be accumulated for the purpose, and which it is intended shall not pay the increased tax, to sell out and reap large profits by the operation. The object is to re-enact the first whisky legislation of Congress, by which a few members of Congress and their friends realized immense fortunes, and which was the beginning of the fearful corruption and demoralization which has since proved so disastrous in its consequences to the revenues and honor of the country.

The new law reducing the tax is working well, and under it we are receiving a larger revenue than we ever received under the law which it superseded, and it is proposed to re-enact.

The most the Government ever received in any one year, under the two dollar act, was $29,000,000; while under the new it is quite certain that the receipts will not fall below $40,000,000. Not only has it doubled our receipts from this source, but it quickly swept from existence the numerous and powerful combinations which formerly existed for the purpose of defrauding the Government out of the tax on whisky.

Under the new law we have thirty-five distilleries in the whole State of New York in operation, while under the old law there were three hundred in the cities of New York and Brooklyn alone. While the present tax is sufficiently high, if honestly collected, to yield a very large and important revenue—much larger than any we have ever yet received from this source, the price of whisky under it rules at a figure sufficiently low to render comparatively unprofitable, and thus to prevent, illicit distillation.

But if we again increase the tax to two dollars, while the price of whisky will advance temporarily and just long enough to serve the purposes of the schemers, it will soon fall so much below the tax and the cost of production as to close every authorized distillery in the Union, while illicit distilleries will again spring into life, sufficient in number to supply the demands of the country. The revenues will again diminish, while corruption will become more wide-spread and universal than ever. The experience of the country on this point ought to be conclusive.

No member of Congress, who is a friend of the revenue and of official integrity and who has sufficient intelligence to comprehend the consequences of his action, will give this proposition the slightest consideration or support.

We do not mean to say that we may not at some time hereafter be able, under the operation of the present law and with the machinery which it provides, to collect a higher tax than sixty-three cents per gallon. We think it not unlikely that, under the new Administration, if it shall prove fortunate in its appointments for the revenue service, so that honest and efficient men shall take the places of the venal crew now occupying some of the most prominent and influential positions in the Department, and when these new officials shall have become familiar with their duties and skilled in performing them, we may be able to increase the tax and still enforce the law. But that time has not yet come. That cannot be done now. To increase the tax, as is proposed, at the present session of Congress, would necessarily surround its execution with all the difficulties attendant upon a change of Administration. The new law would go into effect just as a new set of officers are coming into power. With a new Secretary of the Treasury, a new Commissioner of Revenue, and at least half the revenue officers new men, without experience in the enforcement of the law, or familiarity with its details, great confusion and disorganization must at best attend the working of the Revenue Department. But to add to this so great a change in the tax as that proposed—to raise it from sixty-three cents to two dollars, is simply to increase enormously the temptations to fraud, and to put it in the power of selfish and unscrupulous men to mature and inaugurate a system of corruption and plunder, which it would take years to break up, if it could be broken up at all.

We regard this movement as at war with the best interests of the country,—as certain to diminish the revenues and to corrupt and demoralize the revenue service, still more completely than has been done already. Many honest men, in Congress and out of it, will doubtless be misled into favouring the scheme by the plea that no tax on distilled spirits can be too high—that it is at best a baneful indulgence and ought to be heavily taxed. We admit this, *provided the tax can be collected*. Whisky ought to pay all the duty it can be made to pay. But all experience, and especially our own within the last few years, proves conclusively that a tax may be so high as to render its collection utterly impossible. The amount saved by evading the tax, at once furnishes the means of evading it and creates a fund of insurance against detection so large as to cover all the chances of punishment and all costs of litigation, while it creates a temptation which even men of only ordinary honesty find it difficult to resist. And the statistics of the Revenue Department show clearly that, under present auspices, the whisky tax of *two dollars* a gallon is so high as to encounter all these objections. It never has been collected and it never can be without a radical change in our whole system of administration, aided and made familiar by time and experience.

One point is clear. If this scheme is to succeed and the tax is to be raised from sixty-three cents to two dollars, let the difference be imposed on the whisky that may be on hand when the law shall take effect. This would be a measure of simple justice and fair dealing, and will be absolutely essential to the practical operation of the law. The proposition so to amend the law will test the sincerity of its advocates; and, if we are not mistaken, suddenly diminish their numbers and their zeal.—*N. Y. Times.*

THE TREASURY REPORT.

THERE are three topics in the Treasury report which, during the last week, have been anxiously canvassed—the funding of the debt, the question of taxation, and the resumption of coin payments. The Secretary of the Treasury may certainly be complimented in having prepared, as his last report, a document which in lucid statement, practical wisdom and judicious suggestion, will compare favourably with any financial state paper ever issued in this country or elsewhere. In reading this paper we seem to pass over the entire period of Mr. McCulloch's Secretaryship, which forms indeed an interesting chapter in the financial history of this country. When he entered the Cabinet our finances were in the deplorable state of confusion and derangement incident to the conclusion of the war. Eight hundred millions of money had to be raised in a shorter space of time than so large a sum was ever obtained by any government in the world. The short date Seven-Thirties, by means of which the loan was negotiated, have now been funded into long bonds, as have also the whole of the short obligations which are supposed likely to embarrass the Treasury. The funding process is just about completed, and the report before us offers, as one of its chief features, an account of the closing up of the transaction.

A second point of interest in the period of Mr. McCulloch's service of office, is the growth of our internal revenue system. Clumsy and costly, oppressive and inquisitorial, it destroyed much more of the nation's wealth than it brought into the Treasury, and as it became too burdensome to be borne, it has by successive acts been so modified and improved that it compares favourably as a system with the revenue methods of other countries. Of course we are speaking from a legislative point of view, and when the administering of the revenue laws is made so pure and strict, and faithful, as to break up the whiskey ring, and to stop the tobacco frauds, the improvement in our fiscal methods may be pushed still further, so as to relieve the industrial energies of the people from the direct pressure of taxation, and to let the fiscal screw press where the body politic is the least sensitive.

By far the most important part of the report before us is that discussing the currency. After showing how our irredeemable paper currency increased the cost of the war, and have added to the peace and expenditure of the Government; how it causes instability in prices, perturbation in trade and hinderance to industrial progress; how it shakes the public credit by raising dangerous questions as to the payment of the public debt; how it gives to the rich and robs the poor, he concludes that "if our country is in a measure prosperous with such an incubus upon it, it is because it is so magnificent in extent, so diversified in climate, so rich in soil, so abundant in minerals, with a people so full of energy, that even a debased currency can only retard but not put a stop to its progress."

What is the remedy for this evil which is thus vividly set before us? On this point the reply of Mr. McCulloch is two-fold. First, he very justly says the remedy is to be found in ' a reduction of the paper circulation of the country till it appreciated to the specie standard." This sound view of the subject Mr. McCulloch says he still adheres to, and he adds that the remedy was emphatically condemned by Congress and impossible of re-adoption. Congress intended, as we have often showed, to forbid the abuses of contraction rather than to stop contraction itself or to condemn the country forever to the miseries of a redundant, depreciated, irredeemable circulation. As there is no other remedy for redundancy but contraction, so there is no other permanent remedy than this for the depreciation and unstability which redundancy brings

The case does, however, admit of palliation. Secondly, therefore Mr. McCulloch proposes that the coin contract law should be enacted, and that another law shall be passed providing, first, that after the 1st of January, 1870, the greenbacks shall cease to be a legal tender for private debts subsequenty incurred, and secondly, that after the further lapse of one year greenbacks shall cease to be legal tender for any purpose except Government dues for which they are now receivable. Thirdly, he proposes to contract the outstanding volume of the greenbacks by making them convertible at the pleasure of the holders into bonds, bearing such a rate of interest as Congress may appoint.

This proposition of the Secretary is so judicious, and would meet so many of the conditions of the case, that we wonder it has not received more attention from the daily press. When the pending trials in the Supreme Court have settled the mooted questions about the constitutionality of the legal tender law, we shall recur to this important aspect of the currency question.—*N. Y. Financial Chronicle.*

MOVEMENTS OF COTTON.

THE Messrs. Wright & Co.'s last circular had the following:—

Receipts for the week have been larger at every point. The total, 93,000 bales, against 84,000 and 73,000 in the corresponding week last year and year before. Since Friday the receipts are about the same as last week.

Exports are on the increase. We have already sent to Europe 100 000 bales more than last year, and there is a large amount in process of shipment. In New Orleans freights have been quite active lately, and the clearances will soon be heavy. The large sales in Liverpool for December and January shipment from this country will naturally stimulate the export. There is, as yet, very little doing here or at the South on English spinners' account; the limits have been, and are, too low. American shippers on speculation are also quiet. The "City of Boston," hence on Saturday last, for Liverpool, with 821 bales, put back damaged. The cotton will be sent forward in other steamers of the same line during this week.

The following is a statement of the movements in cotton since the 1st of September last to the 5th inst.:

	1 68.	1867	1866
Receipts at the ports	721.000	573 000	541,000
Exports to Great Britain	193,000	171.000	179,000
Export to France	93 000	34,000	19 000
Export to other Foreign ports	54,000	46.000	18,000
Total Exports	340,000	240,000	211,000
Stock on hand	236,000	263,000	459,000

Of which during the past week included in the above:

Receipts for the week	93,000	84,000	73.000
Exports to Great Britain	35,000	38.000	26,000
Exports to France	8.000	11,000	1,000
Exports to other ports	12,000	9,000	2,000
Total exports for the week	55,000	28,000	29,000

PROBABLE MIGRATION OF EASTERN RACES.

THERE are, it is estimated, about twelve hundred millions of human beings in the world. Nearly four hundred millions of that number are supposed to dwell in China, and perhaps two hundred millions in India. Of the latter country it is known that its population is increasing with considerable rapidity. Concerning the former the fact is well established that infanticide prevails therein to a most shocking extent, principally as a means of preventing an increase of its vast population.

What unexpected results might be brought about if the migratory movement which is effecting such great changes in Europe and America should take strong hold of the Chinese and Hindoos. What millions of these races could well be spared from their native seats! How the Irish and German emigration would dwindle in comparison with the countless multitudes that China and India could pour forth, if once the love of change or hope of bettering their condition were strongly to seize upon the people of these densely settled lands. It is far from being improbable that this may yet occur. The monotony of Eastern life has already been widely shaken by the men of the West. The rigid forms of Eastern civilization are giving way in every direction to the pressure of new ideas. Who can say how far this work may yet extend?

The movement has in fact begun. Many thousands of Coolies from India and China are scattered about in the sugar producing Colonies of Britain. And great numbers of Chinese have recently emigrated from China to the different parts of the British possessions in the East, to Australia and California. The probability is they will go to those countries ere long in still greater numbers. Even now the Chinese question is looming up into great importance in California. And as the trade between the Pacific coast of America and China is developed, and the means of passing from one country to the other are multiplied and cheapened, the matter will assume ten-fold more importance. The Anglo-American population might very soon be totally swamped by an immense influx of Chinese. Then vast deposits of gold have been recently discovered in Eastern Africa, and the interior of that country has been ascertained to be, to an immense extent, fertile, well watered, and thinly peopled. Eastern Africa is not very far from Bombay. What if, by-and-bye, there should be a rush from India to Africa?

In truth, we may be upon the eve of the most startling events connected with extensive migrations from the distant East.