

STILL ANOTHER PHASE.

WILD speculations and impossible projects are generally understood to be the natural offspring of an excess of money. A largely increased currency—whether metallic or paper—has always resulted in a proportionate number of schemes for its employment. The experience of the world has hitherto shown that the majority of these schemes are impracticable and unsound, the result of a diseased state of public opinion, and ending only in a ruinous collapse. The South Sea Bubble and Law's Mississippi Scheme were but exaggerated types of a thousand other projects with a similar fatality. The growth of the currency of the United States in four years—from four hundred millions of dollars, to one thousand one hundred and fifty millions—in this view could hardly take place without creating a vast number of new enterprises more or less of a speculative character. This large increase in legal-tender money has not only been made within the short space of four years, but it is employed by a population decreased by secession one third of the original number. In 1860 four hundred millions of dollars of currency were deemed adequate for the use of thirty millions of people; while in 1865 twenty millions of people employ eleven hundred millions of dollars. In 1860 the currency was equal to \$13 for every man, woman, and child in the Union; now it is equal to \$55 for every man, woman, and child in the loyal States. This enormous increase in so short a time, it will be readily conceived, could hardly occur without inducing a spirit of speculation beyond all precedent, and especially among a people with whom speculation was supposed to be synonymous with existence. And yet, strange to say, the number of schemes afloat, the number of projects proposed, are much less than were to be expected. Not only is the number comparatively limited, but their character partakes far less of a speculative or a risky nature than could have been anticipated. There can be no doubt that, in New York, Boston, and Philadelphia, there are many wild schemes afloat with very doubtful prospects of profit; but that these purely speculative operations bear any proportion to the vast increase of currency, or the number of people with money in hand, is not the case. In fact the history of the past two years will show that the projects and schemes set afloat in the United States are far less than in England, with a large portion of her population suffering from cotton famine, her manufactures considerably depressed, and her money market in a normal condition only. It is true that in petroleum, and gold and silver mining, there has been a very rapid growth of enterprises, and that unwise and hazardous ventures have been made; but so far great success has attended the development of these resources; and while the speculative mania of the country is in this direction, the best results must follow. Certainly the astonishing products of the gold and silver mines of Nevada, Colorado, Idaho, and Upper California have had a development in the last four years which it would have taken twenty-five years to accomplish under ordinary circumstances. As to petroleum, whatever may be its exaggerated phase, there can be no question that the attention which has been given to the subject, and the capital employed, have been productive of wonderful results. A staple as valuable for export as the cotton crop has been developed; an article for which there is an unlimited demand, and which is illimitable in supply, has been brought into the market, and the wealth of the country immensely increased. We fail to see in what respects the largely increased currency of the United States has produced disastrous speculation; on the other hand, we cannot but admit that great progress has been made in many important respects.

That this is in opposition to the preconceived notions of the world, in no way affects the result. As we ventured to suggest two weeks ago, history affords no parallel to the present condition financially of the United States; and the phase of the question which we have above attempted to describe is but another proof that a new era in financial ethics dawned with the commencement of the Great Rebellion.

The truth is, that all experiments hitherto in currency, all great revolutions of the monetary system, all accepted maxims in commerce, have been founded upon a condition of things entirely foreign to the condition of the United States. The previous history of political economy has been worked out in countries with a narrow area, few resources, generally ignorant masses of population, and a political condition not productive of much independence of thought or character. In the United States, on the contrary, there is a vast extent of country, containing every resource

essential to human happiness, a great internal commerce, a generally intelligent population, and a political condition—whatever else may be its fault—which endows every citizen with responsibility, and which begets a freedom of thought and an independence of mind unsurpassed by any other system. Other causes beyond this difference have doubtless contributed to this great revolution in financial theories, but we think the main cause must be found in the marked difference of country, resources, and condition of the people of the new world as compared with the old.

From the foregoing it may be inferred that we do not anticipate any great revulsion in United States finances in the event of peace. This is not the impression we desire to convey. On the contrary, there is no doubt that the fall of gold will be productive of a great deal of embarrassment, and probably a commercial crisis of a very aggravated character. But it must be borne in mind that so far as the country is concerned, this revulsion is all in its favor. Every dollar lost by the decline in gold, is a dollar gained in the value of the currency by the body politic. It is not gold that depreciates; it is the government promissory notes that appreciate; and what individuals now lose, is but the people generally regaining what they hitherto lost.—If it were a depreciation of government issues that caused the crisis, then might we be apprehensive of serious results; but it is not; it is their increase in value, after four years of war; after the expenditure of millions every week; after a loss by secession of one-third of population; after the employment of one-fourth of what remained of its able-bodied men in war and necessary adjuncts; after a reduction in its exports of one half; after all sorts of misfortunes by land and sea;—after all this to find the currency issued by government not only answering all the purposes of a vast commerce and developing the resources of the country, but also rapidly improving in value, and gaining upon the people's confidence,—points to a probable condition of things highly satisfactory for the future of the country. So far from gold being a calamity, it is a blessing not only to the United States but to Canada, as it will bring matters to a more practicable and satisfactory shape; and though its fall may bring down many a merchant in New York, the sooner it touches bottom the better.

If the United States can come out of this great struggle with a currency so greatly enlarged and based upon the credit of the government; if that currency is accepted, as it doubtless will be, as the safe, convenient, and uniform medium of interchange; if the cost of the war can be thus diffused and popularized,—the four or five years spent in it will not have been lost time. The employment of this currency in the development of the resources of the country, in the improvement of internal intercourse, in the cultivation of the wondrously productive soil of the South, in the employment of skilled labor, and the improvement of manufactures, with the curse of slavery removed, will have been a great step taken in the history of nations.

LEAF TOBACCO AND RECIPROCITY.

REFERRING to Leaf Tobacco, our Essex county correspondent writes: "This branch of industry is entirely ruined here by the unreasonable tariff at present in force. You will observe that there is an indiscriminate tax of 10 cents per lb. on the manufacture of all Tobacco, and as the price of Leaf ranges from 4 to 75c. per lb., the duty is about two hundred per cent. on the lowest, and seven per cent. on the highest grades. Now we cannot produce any but the lower grades in Canada, and, in consequence, are entirely driven out of the market. An *ad valorem* rate, or some other modification, would enable us to compete with the American grower."

We have reason to believe that the best Tobacco that our climate and soil can produce has been seen in the quality of Leaf sent to market from the West during the last few years, and this article has been tried, and found unfit to manufacture a fair article of Plug Tobacco with. Canada Leaf is deficient in "substance," that is to say it lacks the "gumminess" and richness of flavor which characterize the "fragrant weed" grown in Virginia, Kentucky, and Missouri. These qualities are essential to the "chewer" of Tobacco; and, though not absolutely necessary to the great mass of tobacco-smokers, yet the connoisseur recognizes the merit in these respects of a piece of "real old Virginny," and prizes it accordingly. Canada Leaf not only lacks these qualities, but unfortunately possesses a "flavor" peculiarly its own, which a "discriminating public" of smokers has not yet learned to appreciate. We do not allege that Canada Tobacco is not good enough to be wasted in smoke, but rather

that the prejudice existing in favor of other growths, and against the home production, is so great that the Upper Canada farmer has not yet been induced to even give it a trial, and its use is almost exclusively confined to Lower Canada, where it is extensively used by French Canadians in the form of "Cut Smoking," "Tabac de Pays" (a kind of Roll Tobacco), "Tabac Blanc" (a piece of Roll Tobacco twisted). These kinds form the lowest grades of manufactured Tobacco, and are only suitable for smoking. Our correspondent is perfectly right in saying "we cannot produce any but the lower grades in Canada;" and such being the case, Canada Leaf, even of the best quality, is only manufactured into the kinds above enumerated, and paying duty 5 cents per pound when cut, 2 cents when made into "Tabac Blanc," and, by a recent Order in Council, when simply made into rolls, it is free from duty. Now the lower grades of Kentucky and Missouri are fit to make Plug Tobacco, which pays 10 cents per pound. Thus it appears Canada Leaf, being only suitable for "Cutting" and for "Twist," does not enter into competition even with the poorer kinds of Kentucky, which are suitable for Plug manufacturing; the duty paid by the former being 2 cents and 5 cents, whilst on the latter it is 10 cents; so that, unintentionally perhaps, the present Tobacco Excise Bill, as it fosters the consumption of "Cut," "Twist," and "Roll" Tobacco, at the expense of Manufactured Plug, acts as a premium in favor of Canada Leaf. But the farmer in Upper Canada, preferring to pay 40 cents for a pound of Plug Tobacco, rather than use Cut or Twist at 15 cents per pound, favors thereby the demand for Foreign Leaf, to the detriment of the Canadian growers, and increases at same time the Canadian revenue from excise, at the expense of his own individual pocket; while "Jean Baptiste," in Lower Canada, compelled to "cut his coat in accordance with his cloth," smokes the Tobacco he can get the most of for the least money, viz., "Roll," no duty; "Twist," 2 cts.; and "Cut," 5 cts., all made from Canada Leaf, causing no small loss to the revenue by this "appreciation of cheap goods," but ensuring thereby a market which cannot be found elsewhere for U. C. Leaf Tobacco. The utter utility of attempting to collect a small duty upon "Roll" (which every Lower Canada farmer can make in his own house), has induced the Finance Minister to repeal it altogether. But why he did not at the same time repeal the 2 cents duty on "Twist," an article precisely similar to the "Rolls" in question, is more than we can comprehend,—unless to secure the vote of the "Habitué," who must, no doubt, feel grateful to a Ministry that allows him "to smoke his pipe in peace," unmolested by excise officers. Under the Reciprocity Treaty no duty can be put upon Leaf Tobacco, it being a raw product; but in the event of its abrogation next year, at the instance of the Legislature of the United States, we think it will clearly be the policy of our Finance Minister to repeal the excise duties at present levied upon Manufactured Tobacco, and impose instead a heavy customs duty upon imported Leaf, in order to give some considerable stimulus to the consumption of home-grown Tobacco. Nothing will "wear away" the prejudice against Canada Leaf nearly so fast as making the prejudice cost 15 or 20 cents per pound; and our farmers, who are to sustain heavy losses by exclusion from the U. S. market for staples such as wheat, butter, &c., might to a small extent be compensated by opening up gradually a home market for another article of Canadian growth. But whether the Reciprocity Treaty be repealed or not, we are strongly of opinion that all grades of Tobacco made from Canada Leaf should be free of excise duty. The difficulty in the way of honestly collecting the 2 cents on Twist and the 5 cents on Cut Tobacco is, in Lower Canada at least, almost insuperable, on account of the great number of cutting-machines throughout the country, which cost very little money, and which can be worked illicitly away out of the reach of the most "penetrative" exciseman. The same thing applies with greater force to "Tabac Blanc." Now a tax so difficult to levy acts as a premium to the dishonest man, and hinders the success of his honorable rival in trade. For this reason alone we think it would be well to allow the grades made from Canada Leaf to go free; but it must also be apparent that a tax, small in itself, and badly or partially collected, cannot pay the cost of collection. Besides these considerations, we think that everything should be done which can be done to foster the consumption of the "weed" grown by our farmers, who, we must acknowledge, are the "backbone" of this country.