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COTTON vs. CURRENCY.

SHALL THE COTTON CROPS BE OF SPECIE?

To the Editors of the Evening Post:

In an article printed December 31, we argued that the true policy of our government should be to allow free trade in cotton, payment to be made in greenbacks, and no questions to be asked as to the shifter of the notes.

This question will be again briefly treated in the light of facts developed since the 31st ultimo was written.

The argument against this policy is based upon the assertion that, by allowing the rebels to sell cotton without restriction, we should furnish them with the means of obtaining supplies and material of war.

Undoubtedly this argument is correct in theory. The best policy, provided it were practicable, would be to cut off all the rebel ports, to stop all shipments of cotton, to allow no trade through our lines, and thus to destroy the ability of the rebels to continue to make war, by preventing their receiving supplies and munitions from England.

If we shall make it clear that this policy has proved to fail in practice, that the attempt to enforce it has been rather an aid than a detriment to the rebels, then should some other policy be properly considered.

It will be argued that the attempt to restrict the trade in cotton and to establish a certain amount of trade to supplies under what is called the permit system has been to aid us the rebels in three ways:

1st. By enabling them to realize an excessive price for such cotton as they succeed in running through the blockade;

2d. By encouraging our own officers and agents, and leading them to neglect of their operations;

3d. By depressing our currency, and the want of cotton in consequence, by which manufactures the import of foreign fabrics might have been largely reduced, and would, for want of any pretense of our usual supply of cotton for export.

We will treat these points in their order—first,

REMUNERATIVE PRICES.

It is commonly supposed that the blockade of the southern ports is now much more effective than in the earlier part of the war. This is no doubt true, so far as this, that the number of ports used by the blockade runners is diminished; but their facilities power is by no means, as regards the extent to which the ports that are used are made available by the rebels. The proof of it is to be found in the fall of receipts of the receipts of cotton in England, by which it may be demonstrated the number of southern ports from that raised in rebel connection.

We give below a table, showing the receipts in England in 1861 and 1863, of cotton which we can properly assume to be American. Some allowance must be made for cotton raised in the West Indies, but this will be more than balanced by shipments to Havre and by receipts at New York from Havana and Matamoras. The cotton from Mexico cannot perhaps be said to have materially reached the blockade, but that which pays commission by the government contributes much purchases in the southwest has passed the cotton is to be carried into the rebel States of Texas to the Rio Grande. The table is as follows, giving the receipts in England for two years:

From Ports open without the	1861.	1863.
Mississippi	10,077 cwts.	12,000 cwts.
Florida	5,000	10,000
Alabama	45,000	90,000
Georgia	500	15,000
Carolina	27,500	1,000
Carolina ports	2,000	5,000
Mexico	10,000	97,000
Virginia and other Southern	5,000	7,000
West India and Cape		1,000
Brazil		1,000
	100,577 cwts.	313,577 cwts.
4.1 cwts. to the bale in 1861	24,000 bales.	
In 1863	100,577 bales.	

It will be observed that while the direct receipts from southern ports have fallen off largely, those from the Bahamas and Bermudas have enormously increased, thus showing the route which the trade follows. The islands which figure in the British returns are the ports of transshipment. Large shipments are landed in England for these islands, and there exchange cargoes with the small blockade runners. Information from England shows that one half of each cargo is for the account of the rebel government, and that for the return the latter must bring a full cargo. However, to ship any supplies not absolutely needed to carrying on the war. So far as the sales of prize cotton show, it does not appear that the blockade runners are interrupted in more than one trip in six.

This, however, cannot fairly be made the ground of any charge against our navy. The impossibility of completely closing the southern ports will appear to anybody, who will examine the most cursory maps of the Carolina coast, especially in the neighborhood of Wilmington. The blockading fleet is compelled to lie at a distance from the shore, which necessarily facilitates the escape of the light and swift steamers, which are now built and fitted out for this trade.

It appears that, in 1862, 150,000 bales of cotton were available in England for the confederate government or its supporters, for the purchase of supplies of munitions of war. This cotton was sold for gold, at a rate not less than two hundred dollars per bale, producing at least $30,000,000. The rebel government, with its stores, doubtless paid the interest upon its bonds, and succeeded its credit so far as to make the $200,000,000 equal to double its amount in purchasing arms and supplies. Used in this effective manner the cotton was sufficient to arm, clothe, and eat in the field an army of 400,000 men.

This immense result in money we must regard as largely due to the unfortunate effort which has been made to restrict purchases of cotton to the interior, in the hope of preventing the rebels from deriving any benefit from its possession. We have by this means driven cotton away from our lines, have encouraged its shipment through the blockade lines, and, by keeping the price at a very high point, have given a large reward for direct benefit to the rebel government from the shipments.

Let us now glance at the second branch of the subject:—

COTTON PERMITS.

We argue that, by the attempted restrictions our own officers and agents have been corrupted, military operations impeded and supplies in large amounts furnished to the Confederacy.

The writer cannot undertake to give special proofs of these allegations, but that such has been the fact, has been notorious to all who have taken pains to investigate. Confirmation may be found in reports of many officers detailed to examine the facts, in the records of courts-martial and in the recent orders of General Washburne entirely suspending trade under the permit system at Memphis. It is to be hoped that by absolute restrictions General Washburne may succeed in preventing Memphis continuing to be the principal base of supplies for the rebels upon the Mississippi. If open trade for cotton, with payment only in currency, cannot be safely allowed, with the utmost trade carefully regulated, then for all trade to stopped: the rebels, granted encouraged under the system of permits is believed to be robbed and corrupt to the core.

But it will be asked, if you allow cotton to be brought into our lines and sold, how are you to separate the rebels and prevent supplies going back?

It will be answered that by requiring large bonds to redeem you upon such a field for enormous profits that all the Jews, Shylocks and rascals (their name is legion) now engaged in evading all your regulations, would find it for their interest to obey you not to collect not to be prevented from making large orders for cloth. You draw their teeth as nations extract, and under their very nostrils put in giving them a large and safe business which and under the policy you have adopted for your own interest. You save for completion of your own military operations, money there would be no object in attempting to bribe them. Your orders to all your officials would be to aid the transport of cotton, not to stop it.

The same arguments may be applied to the roving bands of guerillas now engaged in a general system of plunder. Make it lawful to bring out cotton, and they will become the most efficient agents for preventing it, simply because it would pay better than stealing. Thus, they might steal the cotton, but we should not be called upon to furnish them for that.

At this time the circulation in the rebel capitals, but in least on the form of bonds notes, appears to one prominent fact that a vast number of men are found and they for sale because they have to in the form currency, and not because of any principle in the matter.

The rebel States and the vast masses of rebel population are not to be restored to the Union by coercion now in a new and legal life, but by our perseverance, after it was stripped their armies, proving to them that their cause was forever lost, and being there by protection and the profits of legal trade to return to their allegiance.

The view method by which the restrictions upon trade in cotton have aided the rebels, has been to the depreciation of our currency, which is partially due to this cause.

EFFECT ON COTTON AGAINST.

The effect has been twofold. First—In consequence of the small supply and high price of cotton, only one-third of our spindles could be kept in operation in the year 1863 making light goods and consuming only 4,200 bales of cotton per week, or one-quarter of the number of bales used in 1861. And thus the value of our cotton was lost to the price of cotton being thereby kept very high, large quantities of which would have been imported, supplying remittances in gold, which would not have been there a full supply of cotton labels.

The larger part of our vessel importation previous to the war was paid for by shipments of cotton. The restrictions upon the trade, while causing a large demand for the payment of assistance for cotton cloth, have also caused a complete stoppage of the supply of cotton for export, by which we should have made remittances for these purchases.

Again the currency has suffered from, and the Treasury has been required to put more paper money in circulation than the amount to meet all the articles made from cotton, which come so largely into the equipments of the army and navy. All cloth for the navy and all the army, wagon covers, knapsack bedding and much of the underclothing of the army were or may be made from cotton, and if cotton cannot be obtained, then from cloth made by land, which we cannot make for want of machinery, cotton and knowledge of the textile fabrics, and wools, if used, must be purchased and paid for in gold.

Many of the largest cotton mills in the country have found their chief employment in the manufacture of those necessary articles for the government, and by the payments for them, based on the high, forbidden prices for cotton, has the volume of our paper currency been largely increased.

The experience of the year 1862 proved conclusively that the country must have its cotton, before the produce of at least forty thousand bales of cotton per week, without much regard to its price. When consumption fell below this quantity, prices of cloth rose to an exorbitant point, but the goods were still purchased; and when American cotton could not be had at or near a price, foreign cotton, paid for in gold, was largely used.

This necessary supply is not provided under the present report of affairs. General Washburne has been obliged to stop trade at Memphis, and it is understood that a similar course has been recommended at New Orleans. No objection can be raised to this if military necessity exists; other low trade in cotton for currency, but if the result shall be a supply of less than four thousand bales of cotton per week, then foreign goods or cotton must come to us to fill the gap, and further discouraging our resources.

Soon after the date of the writer's last article upon the question, the Treasury order of January 26, 1864, was issued, by which all persons within our lines who would take the oath of allegiance were allowed to sell their cotton and receive the full proceeds, and all beyond the lines who would come in to some officer Treasury agents were dismissed would have their cotton sold and receive one-quarter in currency and the remainder in a certificate of debt payable at the end of the war. Under the first clause large amounts of cotton have been brought out and sold, which had been previously hidden from both sides, and with the result as predicted; rebels become loyal in fact and dared if not in truth, because their interest compelled them, and others proselytes went the Confederate currency went out at once. The Confederate president for selling cotton and bidding greenbacks (by imposing which step proved their estimate of the danger of the policy in force) proved of no avail to stop the trade; nor relapse, which had previously been but little over 4,000 per week increased to an average of 10,000 per week for thirteen weeks prior to May 1st. At one time a stock of nearly fifty thousand bales had accumulated for sale; more spindles were put in operation, consumption rose to 7,000 bales per week, each additional bale displacing some foreign fabric, and the export of cotton was fairly opened, affording large amounts of exchange.

But this order fell far short of free trade in cotton. By it the persons who loved the Union were left to trade in with their cotton, receive its full value and remain within our lines, and the cotton trade was still coupled with the cotton system, of a return made to supplies under permits. The limitations in the order still left room for evasion, concealment and corruption, and there were soon begin to operate as the illegal import of cotton will soon receive at the close of contraband supplies. No inducement was offered by it to the guerillas to engage in a lawful trade.

Now the results of that order have been most unsatisfactory. Our lines on the Mississippi have been evacuated, the guerillas defend navigation, and the closure of the permit system have become so great that the ordinary merchantile have suspended all trade.

The supply is rapidly falling to a nominal amount; it is to be hoped that it will be exhausted before next week. Many mills are running their product, and we shall soon be down to less than 4,000 bales per week, or even two we can increase to the upon the cotton now in hands of operators, in the markets of New York and Boston, in New Orleans and the way from the West, for at least four months from June 1.

We shall not run out of cotton, but we shall require large quantities of foreign goods in the place of the cotton fabrics which might have been made on a consumption of two or three thousand bales per week, and for contractors for army equipments have just made very large contracts based on one dollar per pound for cotton.

I argue the question from a financial point of view. If military necessity requires us to keep the men to our lines, even while the trade in cotton would give us it, it is only more. We can surround our financial difficulty even without cotton, and the sight of military necessity is irresistible.

But we have exploited the benefit to the enemy in the enhancement of the government to enforce the restrictive policy, and military necessity may be on the side of free trade.

The primary condition in the war is, to interest your rich interests and to strike your enemy in his weakest spot.

It has taken the rebels long to learn these simple maxims. Much that needs we can only allowed, has prevented the rebels in their shame to hold their slaves. By this policy we made our slave interest equal to two active soldiers, for by the fatal labor they raised cotton for sale into their equal to the cost of the equipment of two soldiers, the raised food for their troops, and by the small sum and spinning giving to commerce not an all large plantations she could worry and ride to capture their slaves from equal to the requirement of a soldier—the humanest sentiment, of which we hear so much.

But it is now assumed by the opponents of complete emancipation that it is to the enthusiasm of negroes to the cause, or about seventy thousand soldiers that we are able to garrison the fort upon the Mississippi and other important points, extending various, while troops for service with the Union, and by giving him a force unconquering Lee, wonderingmasters panoplied! But it is not true for the enlistment of negro troops the present campaign could not have been undertaken.

EFFECT OF COTTON SCARCITY ON CURRENCY.

But to return to cotton; we surely hindered our resources by the cruel war for cotton. The whole interest of their only thought of which has been the cotton manufacturers to supply the absolute need of the country, diminish the import of foreign fabrics, threaten the cost of material of war for our own army, afford a basis for a very large amount of exchange and cause the absorption of a large amount of the paper currency to such currency as to be equivalent to the absolute withdrawal from circulation.

Thus, the Confederate government will obtain the funds from a portion of such sales, but it is believed that they will at least more than offset the increase in the price of the cotton run through the blockade. Such decline may be safely predicted if free trade in cotton should come, as we argue that it would, large shipments to be made from northern ports. The cotton and wool cultivate calculations as to the supply of cotton from other sources than the South will give England and the Continent a supply sufficient to run all their spindles four and a half to five days per week throughout the year 1865, and in this estimate only five per cent. of American cotton is called for. The supply from Surat will arrive in England in the proportion of four to four and a half days per week in the first six months, and five to five and a half days in the last six months.

To the same account, the amount of cotton to be received upon by England and the Continent in the year 1865 is 750,000,000 lbs., to be received in the proportion of about 140,000,000 pounds during the first six months, 350,000,000 pounds during the last six months.

If by free trade in cotton we can ship to England during the last six months of 1865 one hundred million pounds or 400,000 bales of cotton, her supply of cotton for the remainder of all her spindles and three of the Continent will run. Would not this reduce the price of all cotton, including that which runs the Mississippi, so much as to prevent that the Confederate government would have more than it would gain by permitted trade with us?

In such reduction in price as would cause our own spindles would be put in operation to the extent of ten thousand bales cotton per week, reducing the price of cotton stock to our own people, thereby enabling them to dispense with foreign fabrics, and giving our own government cheaper supplies of cotton goods for the army and navy.

We require for the accomplishment of both these objects only 200,000 bales of cotton for the last six months of 1865. It is a well grounded estimate that there are now eight hundred thousand bales of cotton west of the Mississippi river, and there are still large quantities within easy reach of the river upon the various side, hidden away from both sides, but which will come to market when the owners can realize for it, as for himself. The partial opening of the trade under the Treasury order of January 26, brought out large amounts of cotton which was actually within our lines, but which had been so hidden.

Is it unreasonable to suppose that, inasmuch as under the very partial opening of trade under that order we received cotton for thirteen weeks, at the rate of 450,000 bales for six months, that under free trade we should get twice as much?

No one can ordinate with reducing the probable results of such a supply; it should prove true that we could ship to England 350,000 bales in six months, and that such quantity would give them a full supply, then are operators in cotton in England on the edge of a precipice over which they may be launched at any moment. We are to a far safer position than they; because our cotton interest is but a small part of our industry, and the true material serves only as a regulator; while to England the import and export of cotton and of cotton goods is of such magnitude that any sudden change in value involves financial issues that can hardly be conceived of. For us, while only a portion of our spindles is in operation, no foreign trade is cotton, and only a few goods on hand, the sudden fall in value would be a vast benefit to the many, and its effect an injury to the few as not to be of any consequence in the general burden.

Suppose the policy of free trade and payment in greenbacks adopted, and 500,000 bales of cotton set in motion for market, it is believed that we may assume a fall in price to sixty cents per pound in currency in this country, and a decline to thirty or thirty-five cents per pound in gold in England—say in eastern ports. By the latter figure the value of the cotton run through the blockade by the Confederates would be reduced more than one-third.

But for six months' blockade cotton at the rate of cession for the year 1865, 60,000 bales reduced to twenty-five cents per pound, at $65 per bale, a reduction beyond the resources of the rebels in gold of $5,625,000, and the cessation of increasing profit in running the blockade removed.

What would be the gain to the North? First—With free trade we may assume that the owners of cotton in the Southwest would get thirty cents per pound in currency, and that the trader would realize sixty cents per pound, the difference covering his risks, profit, taxes, freight, etc., etc.

We have before assumed that we would get 500,000 bales. The cost at thirty cents, to be paid in greenbacks, would be about $150 per bale, and greenback currency would be sent in or absorbed by the trade to the extent of $75,000,000.

Would the Confederate government be likely to traffic from this a vast outflow to affect the loss to them of over $75,000,000 in gold in the depreciated value of their blockade cotton?

Would the owners of the cotton become more loyal or disloyal when they became possessors of such an amount of United States bonds?

The Confederate governments have passed stringent laws to prevent such trade, and to possess greenbacks is a penal offense. How shall they enforce such laws? By detaining in armed force. Who decides such action to be wrongful or weaker by such denials?

They could no longer trust to guerillas to stop the trade; free trade in cotton brings the rebels to our side.

The trade point aimed at by the writer is the adoption of a policy which shall cause the absorption of the immense issues of paper money, the cause of all our financial difficulties, and prevent the need of further issues to meet an injurious excess.

This we believe can be accomplished by free trade in cotton. If we receive five hundred thousand bales of cotton we are to believe:

1st. The absorption of a vast sum in greenbacks in consequence of trade.

2d. The control with which to operate our own investments, and manufacture interest in the exclusion of foreign goods.

3d. The saving of at least two-fifths the cost of a large loan to the army and navy equipment.

4th. Two hundred and fifty thousand bales of cotton for export in six months, which, at eleven cents per pound, would yield exchange for the amount of every eight and a half million pounds sterling, or over forty millions dollars in gold.

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The value of gold and of all commodities would fall, and the amount of paper currency, the true cause of all our financial difficulties, would be rapidly reduced.

In the same period our new tax and tariff bills would have come into operation; we may trust that military success will have attended our army, and our financial crisis would be safely passed.

As before stated, this is an especial statement from a financial and economic point of view. Many of the figures used in the estimates are for illustration only. No reason need can possibly what the actual facts may be.

Military necessity must override all other interests and must be believed to be logical result, otherwise we fail. If the restrictive policy is necessary, we can not complain; we must submit; but if the policy now we adopt a policy which is false as a war measure, then the sooner we turn in path the better our final success.

We simply present our side to this article.

E. A.

BOSTON, June 15, 1864.

P. S.—The above article was published in part in the New York *Evening Post* of June 7, and the Boston *Daily Advertiser* of June 10.

At the present date, June 16th, the effects of the absolute restrictions upon the cotton trade have been developed even more rapidly than the writer anticipated.

The small stock of cotton for sale has been nearly all sold.

The price of middling cotton has advanced to $1.20 per pound.

Orders have been given to stop a large number of the spindles in operation.

The prices of many descriptions of cotton stuffs have advanced to a point warranting the importation of forty cotton, and within the limited knowledge of the writer, orders have been sent to England for five hundred bales, requiring a remittance in gold of nearly one hundred thousand dollars.

Under existing regulations all the spindles in the country must stop before Oct. 1st, except those operated upon foreign cotton.

As before stated, the absolute need of the country is for the product of 1,000 bales of American (or 2,000 bales of Surat) cotton per week.

Orders must go to Liverpool to a large extent, the price of cotton will thereby be advanced in Liverpool, and the premium for blockade running, which is now 40 cents per pound in gold for American cotton, will be still greater, leading to larger operations, and adding to the resources of the Confederacy.

E. A.

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