

THE USELESS DAILIES

**Mr. Van Vorhis Shows How the Comptroller's Abstracts are Reported—
Financial Situation Grave**

(By mistake Mr. Van Vorhis' letter was addressed to Lincoln, Indiana, and reached The Independent too late for last week's issue.)

Editor Independent: During the time that intervenes between the abstracts of the condition of national banks, issued by the comptroller of the currency, it is almost impossible to get information from which the real condition of the New York national banks can be determined.

Since the enactment of the national bank law in 1863, two additional central reserve cities have been created. Nevertheless, the New York national banks are the head and center of the national bank combination, and we must look to that city, and to the forty-five national banks in it, for indications from which to determine future financial conditions.

The last abstract issued by the comptroller was of the condition of banks at the close of business on February 6 as reported by them. This was not issued until February 26, and was not available for information until some time in March.

It is announced that the comptroller has called for reports of the condition of banks at the close of business on April 9. The abstract of these reports called for will probably not be issued until about the last day of the month, and cannot be obtained for public information before the middle of May. The official information which the public receives is always from 30 to 60 days old. Press reporters have earlier access either to the abstracts, or to the reports to be abstracted, and publish inferences, deductions and conclusions long before information is given out officially and in a complete form. When the official abstracts are finally given out, the press regards them as old news and no mention at all is made of them.

This would not be a serious omission if the earlier press reports were the thorough consideration of well understood facts, and were the careful analysis made by men possessed of sufficient knowledge of financial economics to correctly consider the facts and make the analysis. As a rule this is not the case. Most of such reports are sufficient in themselves to disclose that they were made without sufficient knowledge to make correct inferences even possible, or without sufficient honesty of purpose to make correct conclusions desirable. This results, as ought to be expected, in keeping the public in ignorance of the real situation.

On every Saturday a report is made by the New York clearing house, but, as all national banks in the city are not members of it, and some members of it are not national banks, no correct comparison can be made of the comptroller's abstracts of the reports of national banks with the clearing house reports. It is difficult to make correct deductions from the clearing house statements, as their reports appear not to be the condition of the banks at the close of business on Saturday, or any particular day, but to be reports of averages during each week. Some approximate inferences may be made, however, and some approximate conclusions be reached.

During the week ending February 7, the clearing house banks are reported to have increased their loans and discounts \$20,447,900 and their deposits \$3,401,200. They decreased their bankers' surplus \$9,363,100 and their United States deposits \$9,355,500.

During the week ending February 14, the loans and discounts are reported to have been increased \$1,274,800 and the deposits \$12,131,000. During this week there was a decrease of bankers' surplus amounting to \$3,016,000 and of United States deposits \$3,009,975.

During the week ending February 21, there is reported to have been \$13,975,000 increase of loans and discounts, and \$10,909,200 increase of deposits. There was a decrease of \$648,000 in the bankers' surplus, and in United States deposits of \$6,475,725.

During the week ending February 28, the loans and discounts are reported to have been decreased \$52,400 and the deposits \$7,012,900. The bankers' surplus was decreased \$3,089,775, and the United States deposits \$3,089,100.

During the week ending March 7, it is reported that the loans and discounts were decreased \$10,563,000 and the deposits \$19,566,700. The bankers' surplus was decreased \$5,284,925, and United States deposits \$5,272,750. During this week the surplus of the clearing house banks is reported to have been down to \$666,975.

During the week ending March 14,

the loans and discounts are reported to have been decreased \$15,902,900 and the deposits \$20,407,700. The bankers' surplus was increased \$357,025, and the United States deposits \$350,325.

During the week ending March 21, it is reported that loans and discounts were decreased \$12,953,000 and the deposits \$15,479,600. The bankers' surplus was increased \$2,156,400, and United States deposits \$2,167,500.

During the week ending March 28, the loans and discounts are reported to have been decreased \$6,948,200 and deposits \$6,422,400. The bankers' surplus was increased \$3,100,500, and United States deposits \$3,090,900.

During the week ending April 4, it is reported that the loans and discounts were decreased \$614,300 and the deposits \$5,447,700. The bankers' surplus was decreased \$4,150,075, and United States deposits \$4,298,025.

During the week ending April 11, the loans and discounts were decreased \$1,030,400 and the deposits \$3,391,500. The bankers' surplus was increased \$1,610,455, and United States deposits \$1,030,400.

These reports show an increase of loans and discounts, and of deposits, during the first three weeks of February. During the last week of that month, there was a sharp and sudden decrease of deposits and practically no increase of loans. During the first week of March, there was a marked decrease of both loans and deposits, and there has been a continued decrease ever since. The aggregate result is, that between February 1 and April 11, the New York clearing house banks decreased their credits about \$25,000,000 and lost over \$35,000,000 of their deposits.

On February 1, these banks held a bankers' surplus of about \$20,000,000; but, on April 11, it was down to considerably less than \$4,000,000, and would have been less than \$3,000,000 if the government had not made an increase of deposit loans to them during that week. It will be seen, from the above statements, taken from the published reports, that the bankers' surplus would often have been completely wiped out, if the government had not made deposits of public funds.

It appears that about February 1 the national banks belonging to the clearing house held about \$38,000,000 of government money. During the time between this and the 11th of April, the deposit loans to them by the government were reduced to a little over \$13,000,000. Under this state of facts the condition of the stock markets is not difficult to understand.

The secretary of the treasury has reached the limit of his ability to give large assistance by deposit loans, and has been compelled to draw out about \$25,000,000 of the deposit loans already made. This limit of ability is also shown by reference to the public debt statement for February. Exclusive of the gold reserve and deposit loans made to national banks, the statement shows about \$75,000,000 said by the statement to be available. Of this amount \$21,900,621.41 is silver bullion that, of course, is not available until coined, and reduces the amount of really available money. It may be safely stated that the amount of really available money held by the secretary of the treasury does not exceed \$50,000,000.

In the face of such facts, it is idle for New York bankers, or any one else, to make light of the situation. Of course, the withdrawal of money, whether government or individual deposits, has compelled the banks to decrease their loans and discounts, but this they were not able to do with sufficient rapidity to save the bankers' surplus. They are now relying upon a flow of money from the middle west to replenish their reserves, and to give them a surplus.

It does not require a very profound knowledge to understand that there is danger in the present condition of the eastern banks, that under the banking law are the head of the national banking system.

The banker who talks to a reporter grandiloquently about this being the "greatest country on earth," and about the "tremendous prosperity" we are enjoying, and tells us not to worry, is an ignoramus, or worse.

FLAVIUS J. VAN VORHIS,
Indianapolis, Ind.

The May Outlook

The May magazine number of The Outlook contains many noteworthy portraits of persons prominently before the public just now—among others, one of Mr. Edgar E. Clark, who is to be the assistant secretary for the new department of commerce; of Judge Grosscup, whose recent decisions in important cases have attracted so much attention; Mayor Jones of Toledo, the "man without a party;" Sargent, the portrait painter, and President Castro of Venezuela. The special illustrated features of

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this issue are, Mr. Hamilton Wright Mable's "Emerson and Concord," with several fine original drawings by Miss Roberts; Prof. John C. Van Dyke's "Sargent, the Portrait Painter," with several fine reproductions of Sargent's portrait work; an installment of ex-Secretary Long's "The New American Navy," dealing with the blockade of Cuba; a particularly picturesque and readable account of life in Venezuela, "The Land of Standstill," by Mr. James Barnes, who went to Venezuela as The Outlook's correspondent during the recent imbroglio; a novel paper about "The First Children's Farm in New York," by Mrs. Parsons, who planned the interesting experiment; and an installment of Mr. Stewart Edward White's charming out-of-door series of papers called "The Forest," dealing with canoeing.

Not so very long ago one star and one popular clown sufficed to fill the bill with a first-class circus. The great Adam Forepaugh and Sells Brothers' circus comes to us on May 15 with twenty-four of the world's greatest male and female bareback equestrians and forty of its funniest fools. Shades of Jimmy Robinson and Dan Rice, what a contrast! The twenty-four artists referred to appear simultaneously in three rings, in single principal and double and quadruple somersaults, carrying, jockey, hurdle and travesty acts, and are as notable for talent as in numbers. In its other departments the circus with which they are associated is proportionately strong.