

## THAT GOLD RESERVE

Some Peculiar Bookkeeping—\$34,000,000  
Notes Outstanding, Yet Not in  
Circulation

Editor Independent: Since writing my last article, in which I called attention to the want of agreement in the statement made by New York city national banks to the comptroller and the reports of the New York clearing house as published in the daily press, my attention has been called to the rumor current in Washington that Secretary Shaw has been making deposit loans to the national banks out of the gold reserve fund. It seems to me improbable that Mr. Shaw has been guilty of so audacious a violation of law when, if he wants to make loans to these banks, he can do it out of the general fund and conceal it in the same way he would have to conceal it if loaned out of the reserve. There is ground, however, for believing that there is something wrong in the management of funds that ought to be kept in the United States treasury.

On June 1 last, the gold reserve was made up of \$50,000,000 in coin and \$100,000,000 in bullion. At the same time the gold in the general fund was \$96,530,487 of which \$59,678,000 was bullion. There is, possibly, not much change in this particular on August 1.

Mr. Shaw could not very well make the bullion available to assist the banks in a stringency.

I have just received No. 1, of series 1903 and 1904, of the Monthly Summary of Commerce and Finance. The public debt statement for July is on page 174, and the circulation statement and the statement of outstanding paper currency is on page 175. It is quite well understood that banks, when they desire, can, by methods of entries in bookkeeping, conceal what they do not want known and make their conditions appear very different from what they really are. It ought to be understood, if it is not, that the treasury department can do the same thing. The July debt statement makes it appear that there is \$34,438,538 more cash on hand than there is. The two sides of this account are headed "Classification" and "Demand Liabilities." Under the first head are the items—different kinds of money—that make up the funds held by the department.

Those who are familiar with the subject will know that every "gold certificate" issued has dollar for dollar of gold, and every silver certificate has dollar for dollar of silver in the trust funds of the treasury—or ought to have. It ought to be clear that when dollars in gold are held against gold certificates, and dollars in silver are held against silver certificates, that both ought not to be counted as cash in the treasury, even if, on the other side of the account, liabilities are increased by the same amount to make the accounts balance.

In this statement for July, there is on one side of the account \$412,087,869 of trust funds in gold coin, and on the other side the same amount of gold certificates. The circulation statement shows that there was only \$386,369,399 of gold certificates outstanding. The gold certificates in circulation are \$25,718,470 less than reported in the debt statement. These certificates appear in the general fund, and the gold they represent in the trust funds, and both are counted as cash on hand. This doubles to this extent the cash on hands. There is a similar situation in regard to silver certificates. The coin held against the certificates is a trust fund for their payment, but the bookkeeping entries show \$34,438,538 of certificates in the general fund and the same amount in coin held for their payment in the trust funds, and both are counted as cash on hands. Of course, the account is made to balance by reporting under the head of "Demand Liabilities" \$34,438,538 more gold and silver certificates than are in circulation, but the account shows that amount more cash on hands than there really is.

These certificates find their way back into the treasury in one of two ways; by presentation and payment, in which event the gold and silver go out as they go in; by the payment of customs duties, taxes and dues, in which event no gold and silver go out, but the gold deposited for their issue in the first instance ceases at once to be a part of the trust fund and becomes a part of the general fund. In the first instance these certificates can only be issued by a deposit in the treasury. When they are received for customs, taxes and dues they may be reissued; but can this be done in any different way from their first issue? There is no authority of law that justifies the secretary of the treasury in paying out such certificates without a deposit of coin to be held in their stead and for their payment. It is

true, when gold certificates are received for customs, etc., the gold deposit for them remains, but at once it ceases to be a part of the trust funds and becomes at once a part of the general fund. If this is true, then the debt statement under the head of "Trust Funds" ought to show gold coin \$386,369,399 and silver dollars \$454,893,932, and under the head of "General Fund" gold coin and bullion \$98,499,878 instead of \$72,781,408 and silver dollars \$27,966,217 instead of \$19,246,149. This is what the circulation statement does show.

What is the purpose of this kind of bookkeeping? To the casual observer it might appear to be of little consequence. There is no authority of law that can, by the most liberal, not to say violent, interpretation, be distorted into authority for the secretary of the treasury, on his own motion, to issue certificates against the gold in the general fund, and transfer any part of that fund to the trust fund. When gold is offered, he is "authorized and directed to receive" it and "to issue certificates therefor," etc., and not otherwise. There is no authority of law for the department to pay out one dollar of such certificates in any other way, either in the first instance or on reissue. The \$34,438,538 of certificates shown by the July debt statement to be held as a part of the general fund are not, therefore, available to increase the cash in general circulation any more than the general stock of money can be increased by issue in the first instance. The gold and silver coin—which these certificates, carried in the general fund for July, represent is not a part of the trust fund, and ought not to be so reported. There can be no possible reason for this sort of bookkeeping except to keep this large amount of certificates in such a position on the books that some color of authority can be assumed for paying out, in the current business of the department, these certificates without a deposit of gold and silver as required by law.

On the same page with the circulation statement is the statement of paper currency outstanding. This is made to agree with the debt statement, and shows \$34,438,538 more gold and silver certificates "outstanding" than is shown by the circulation statement to be "in circulation." How this \$34,438,538 can be outstanding and not in circulation is a conundrum. How the secretary of the treasury can regard certificates, that have been paid and are now in his hands, as "demand liabilities," against which he is authorized to hold a trust fund as though they were in circulation and unpaid, will, I apprehend, trouble Mr. Shaw quite as much to explain as he has been troubled to explain asset currency. FLAVIUS J. VAN VORHIS.  
Indianapolis, Ind.

## A Question of "Slopping Over"

The Independent sets from 25 to 30 galley (38 to 45 columns) of original and carefully selected matter every week of the year. In addition to what the editors write, it has a large corps of correspondents—some in practically every state in the Union—and from the many hundred papers which the editors read each week is selected what is believed will be of interest to its readers.

The Independent teaches populism 52 weeks in the year and excels any other populist paper in the world in presenting a fund of information and argument which enables Independent readers to wage effective battle for populist principles. Scarcely any other populist paper in Nebraska or elsewhere says anything about politics, except in campaign time. Being constantly in touch with active populists in every part of the United States, The Independent feels competent to speak with some degree of accuracy regarding the future of populism, and, accordingly does not feel altogether grateful for such excuses, intended no doubt kindly on its behalf, as were made the other day by E. A. Brown of the Times-Independent of Loup City. Mr. Brown said:

"Because the Nebraska Independent slopped over a very little bit in its issue after the holding of the populist state convention, because said convention did not see fit to indorse the action taken at the Denver conference of populists, mid-rollers, free silver republicans, etc., the republican papers are shouting that The Independent has left the party and that the populist party is dead. Our contemporary over on the alley informs us that with The Independent goes all the great leaders. There were great leaders enough in the state convention to defeat the resolution introduced by the editors of The Independent and furthermore The Independent says it abides by the rule of the majority because it believes in a majority rule. The editor of the Northwestern need not think he can prejudice the people by reproducing

one editorial from the Nebraska Independent, because The Independent is in general circulation in this county and our people understand its position."

Both Mr. Brown and his "contemporary over the alley" entertain false ideas of The Independent's position. In its issue of August 27, immediately following the Grand Island convention, it said editorially:

"The Independent is an advocate of majority rule and, therefore, bows to the will of the majority as expressed by the Grand Island convention. . . . At the same time The Independent reserves the right to say that the turning down of the work of the Denver conference can have no other logical conclusion than the abandonment of the populist organization in Nebraska, if no steps be taken to counteract the effect of the convention's body blow."

And The Independent stands by that. It may be "slopping over," viewed by men who devote a column or two to politics six weeks in the year and remain dumb as an oyster the other 46, but it is gospel truth nevertheless. The populist uprising was a protest because the democratic party from 1868 to 1896 persistently refused to represent the economic interests of the farmers, small merchants, small business men, and home-owners, who made up the vast majority of its following. When the democratic party in 1896 adopted a platform which was undoubtedly in the interest of these men, and nominated for president a man who was of them and, hence, interested in their welfare, it was the most natural thing in the world that they should follow him. If the people's party had at St. Louis officially in convention decided otherwise than it did, the vast majority of populists would simply have become democrats. And an absolute certainty that from then on the democratic party would continue to remain on the course it adopted in 1896, would have meant immediate dissolution of the people's party. But there were doubts in the minds of Mr. Bryan's most ardent populist admirers whether the democratic party could successfully shake off its barnacles; in other words, those democrats whose interests lie with the manufacturing element as opposed to the agricultural, and who for years have succeeded in keeping the democratic party a mere echo of the republican party. Hence, these populists saw the necessity of keeping up their own organization.

But in Iowa, Michigan, Kentucky, Massachusetts, Ohio, and other states, the populist organization was abandoned and practically all its members went bodily into the democratic party, as early as 1897 in some and not later than 1900 in any of them. It was with these in mind that the Denver conference said:

"We believe the time is now at hand when the united people's party should declare itself emphatically opposed to any affiliation with either of those parties and unqualifiedly in favor of independent national political action."

Events this year in Iowa and Ohio tend to confirm the belief that with the people's party organization abandoned (which, in effect, has already been accomplished in every state but Nebraska, except where it has been revived as a result of the Denver conference) the democratic party will return to its old time course of imitating the republican party in standing up for manufacturing, banking and railroad interests as against the agriculturists and those whose interests lie along with agriculture. Hence, the need for a people's party organization.

But the "great leaders" at Grand Island by their attitude confessed that there is no need for a people's party. They believe in "affiliating" with the democratic party—that is, abandoning their own organization and becoming democrats—next year. That is the only logical construction which can be placed upon their action. If the people's party cannot declare for a future course of action without permission of another party—then it has no reason for existence. And that is why The Independent "slopped over" and said that "the turning down of the work of the Denver conference can have no other logical conclusion than the abandonment of the populist organization in Nebraska, if no steps be taken to counteract the effect of the convention's body blow."

But these steps will be taken.

## Your Troubles

Readers of The Independent who have troubles—physical troubles—illness of any kind or character, should write to Drs. Searles and Searles of this city giving a full description of the trouble. It is folly to suffer from a disease that continues to weaken the system, sap the energy and eventually claims your life when you can get treatment from specialists who will cure you in a short time. Many cases can be successfully treated by mail. These doctors conduct all their

own correspondence and preserve it strictly private and confidential. All private letters they answer personally with a pen and thus avoid the possibility of information getting out through the carelessness of a confidential stenographer. Tell your troubles to Drs. Searles and Searles, P. O. box 224, Lincoln, Neb., and you will never have occasion to regret it.

## An Inaccurate Historian

It may be rather late in the day to correct inaccuracies in the chronicles of populist politics—but "better late than never." The following is quoted from the Seward Independent-Democrat of August 27:

"In the populist convention ex-Governor Poynter lead a movement to indorse the action taken by the Denver conference, but it was voted down by a large majority. Among the leaders of the opposition to indorsement were M. F. Harrington of O'Neill, ex-Lieutenant Governor Gilbert of York, Congressman Stark of Aurora and Judge Sornborger of Wahoo."

Bro. Smith's informant is in error—or else is an excellent mind-reader—because during the debate on the resolution seeking to approve the work of the Denver conference, Judge Stark took no part whatever, and it is unfair to charge him with being "among the leaders of the opposition to indorsement." Judge Sornborger tried to take part, but failed to get recognition from the chair; but Judge Stark made no attempt to speak. It may be, however, that Bro. Smith regarded Hon. F. M. Howard's speech as indicating Judge Stark's position—a sort of Mark Twain and Harris affair.

## Good Enough For the Gods

Editor Independent: My feeble pen has long been silent. You ask in the paper if we can trust you, and I answer: "Yes, yes." We will trust you until our government is once more in the hands of the people of the country. I am very sorry to learn that some of our brothers in Nebraska have played a trick on the Denver conference. I am pained to know it. It is said that the people's party is dead. It is not so; it has only been reposing, awaiting the time to do its good and great work in the interests of our people. We don't want any doubting Thomases. We want men who will roll up their sleeves and go to work. Let us tell our doubting Thomases that we have furnished all the reforms to all the old parties. It may take time to educate the people, but we must break the ties that have bound us, hand and foot, for forty years. It took 100 years to wipe out the foulest stain on our government, to-wit: African slavery. Let us be as true as the men who fought for that and go forth and battle for the rights of man.

Our old Omaha platform is grand enough, great enough for the gods to stand upon and wide enough and long enough for every loyal man.

J. McGOVERN.

Glendale, Colo.

## On the Firing Line

Editor Independent: I see so many letters in The Independent from the Old Guard that I cannot refrain from saying a few words of encouragement to you and the many friends of the populist party.

It don't matter where I was born, I am here and on the firing line.

The action of the Denver conference was all right. The attitude of The Independent is all right and I wish we had just such a paper in every state in the Union.

I see now that we made a mistake. I do not wish it understood that I fail to appreciate the efforts of Mr. Bryan and his noble followers to bring about much needed reform, but the time is past for reform in the democratic party. Now is the time to push the populist party to the front. There are millions of recruits ready to join the populist party as soon as they find that our party intends to pursue a non-fusion course. Republicans will not be pulled into the democratic party on account of prejudice, neither will democrats go to the republican party for the same reason; but these recruits are anxious to get into a party which advocates principles instead of spoils.

L. McREYNOLDS.

Lincoln, Neb.

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