Secretary Gage Submits His Annual Re por of the Department.

RESULT OF YEAR'S FISCAL OPERATIONS

Statistics Showing the Condition of the Nation's Finances, with Recommendations for the

WASHINGTON, Dec. 5 .- Following is the annual report of Lyman J. Gage, secretary

of the treasury: The aggregate receipts for the fiscal year under warrant, as shown by the report of the treasurer of the United States, were \$738,549,255.20, and the disbursements, \$827, 588,124.80. There was consequently a decrease of \$89,038,869.60 in the general treasury balance, which stood at \$864,790,237.71 at the opening of the year and at \$775,751,-868.11 at the close. Besides the ordinary revenues, there were receipts on account of the public debt which swelled the total income available in the fiscal operations of the government to \$481.612.255.20, while corresponding additions to the ordinary expenditures brought the total on this side of the account up to \$543,561,104.80, and created a deficiency of \$61,948,849.60 as the net result. These figures, however, do not include any part of the loan of \$200,000,000, the proceeds of which had begun to come in before the close of the year, though none were formally covered into the treasury until afterward. On the side of the receipts is included the sum of \$64,751,223,75, realized from the sale of the Union Pacific and Kansas Pacific railroads, while, on the other hand, the expenditures are increased by \$29,-850,952, disbursed in the redemption of Paoific ratiroad subsidy bonds. A better view of the results of the year's

fiscal operations is afforded by the changes in the assets of the treasury. The total holdings available in this branch of the show only the insignificant falling of from \$283,295,424.23 to \$275,747,803.17. So unusual a variance as this between the accounts of the department and the actual condition of the treasury is due chiefly to the receipts from the new loan, on the one hand, and to unexpended advances to dis-In the character of the assets there was

such an improvement as to constitute a substantial gain in strength. The changes were an increase in gold and in deposits with 311.22. national banks, while the losses were in silver and treasury notes. With insignificant interruptions, the free gold, which stood at \$139,867,158.57 at the beginning of the year, continued to increase until it reached \$181,240,388.81 on May 4, 1898. After this, the extraordinary expenditures caused by the war, together with the depletion of the other forms of cash, compelled the use of gold in current disbursements, and drew down the treasury reserve. by June 18, to \$163,474,057.32. After that date the proceeds of the loan began to afford relief and the reserve grew rapidly, until it reached \$245,063,785.51 on October 7, 1898, the highest point this fund has ever attained. Since then the necessities of the situation have required an enlarged use of the coin in disbursements, which has had the inevitable result of diminishing the holdings, though only to an insignificant

By forethought and care an ample stock of notes of suitable denominations was provided to meet the demand for the annual movement of the crops, and the difficulties current minor coins transferred from the presented by the task in former years have en in large part avoided. Within forty after the 1st of September, Chicago notes in exchange for larger denominations. last the amount of outstanding notes of the from \$861,433,828 to \$903,090,863, while the increase of the gold coin in circulation in the same period, all of course of the like denominations, amounted to \$94,551,059. making a total addition to such currency of

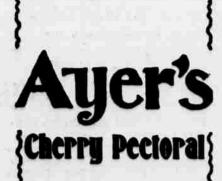
Net Gold in Treasury.

Although the net gold in the treasury during the last year has exceeded the needs of the government, having been greater, both absolutely and in proportion to other moneys, than ever before, it was found possible. up to the middle of October, to accept gold coin to the extent of over \$15,000,000 in exchange for notes of small denominations, which were needed to facilitate the business of the country.

The first proceeds of the popular loan of \$200,000,000 were received on June 14, and from that date forward the inflow of money from this source has been rapid and constant. The total amount received up to November 1 was \$195,444,187.62.

With the object of averting the possibility of financial stringency, which might have been apprehended as the result of the drain upon the currency in circulation, the payment of the interest due October 1 on the 4 per cent loan of 1907 was anticipated, the maturing coupons being made payable on Beptember 10, while the checks for the interest on the registered bonds were sent out September 20. Like anticipation was also made in the case of the interest falling due November 1. The total amount of the payments thus advanced was \$9,815,116.85. With like purpose, under the circular of Septem ber 3, 1898, the Pacific railroad bonds, which will fall due on January 1, 1899, amounting to \$14,004,560, were made payable, principal and interest, in full, with a rebate of onehalf of 1 per cent. It was also directed that a large share of the proceeds of the popular loan be deposited in national banks, so that these funds, while at all times available for use, might, until needed, remain in the channels of trade. The deposits in national banks were thus increased by \$66,775,610.88 between May 31 and October 31.

The effect of these measures has proved in all respects satisfactory. The director of the mint in his report for the fiscal year ended June 30, 1898, shows in detail the operations of the institutions under his charge, and also statistics of coin-



Cheaper than any experiment, no matter what the price.

The receipts and deposits of bullion at 740,492,23 was gold and \$16,825,769,31 silver. classified as follows:

Gold: coin..... bullion and coin...... Total deposits.....\$198,740,492.23 Silver (coinage value): 717,227.19 616,572.72 Total original deposits..... 13,251,600.11 Redeposits 3,564,169.20

Total deposits...... \$16,825,789.31 The deposits of gold were greater than in any previous year of our history. In but one year have the original deposits exceeded \$100,000,000, the exception being the fiscal year ended June 30, 1881, when they were \$130,833,102.45.

Silver bullion purchased under the provisions of section 3526, Revised Statutes of the United States, for coinage of subsidiary silver aggregated 193,522.30 fine ounces, cost-

Coinage.

The colnage executed during the fiscal ear was:

Gold \$64,534,855.00 Silver dollars 10,992,780.00 Subsidiary silver 6,482,804.00 Minor 1,485,484.11 Total \$82 609 933 11 The silver dollars coined were from bul-

ion purchased under the act of July 14, 1890. The total coinage of silver dollars from bullion purchased under act of July 14, 1890, from August 13, 1890, to July 1, 1898, was \$78,751,257, containing 60,909,175.32 fine ounces, costing \$58,460,975.54, giving a seignlorage of \$20,290,281.46.

Uncurrent gold coin of the face value of \$1.198.860, and mutilated silver coin of the face value of \$6,109,722.32 were received. his represents in new gold coin \$1,187,683.99, and new silver dollars \$5,443,436.13, or in new subsidiary silver coin \$5.820,159.16. Of the subsidiary silver coinage, \$5,962,141

were coined from worn and uncurrent silver coin transferred from the treasury for recoinage and \$520,663 from silver purchased under provisions of section 3,526, revised statutes, for the subsidiary silver coinage, on which later the seigniorage was \$286,

Silver Balances.

The balance of silver bullion on hand at the mints for the coinage of silver dollars, subsidiary silver coins, and for payment of deposits of silver bullion in fine bars, July 1, 1898, was:

say office, New York, for payment of deposits in fine

419,951.13 466,612.37 Total 109,364,504.89 \$99,853,235.33 Including the balances on hand in the mints July 1, 1878, the net seignlorage on

the coinage of silver from that date to June 30, 1898, was \$88,182,815.37. Of the minor coins manufactured during the year, \$1,148,238.81 were from new material and \$341,245.30 from old and un-

treasury for recoinage. The amount of minor coins transferred for

relasue was \$198,900. The total amount of minor coins outstanding on July 1, 1898, was \$27,311,402.01. During the fiscal year there were manufactured gold bars of the value of \$92.187 .-391.67, and silver bars, \$7,667.887.90.

The highest quotation for silver 0.925 fine during the year in the London market was 27% pence, equal to \$0.60831 per ounce fine in United States money; the lowest quotation was 23 5-8 pence, equivalent to \$0.51789. The average price for the year was 26 5-16 pence, equivalent to \$0.57675. The bullion value of the United States standard silver dollar, at the highest price for the year, was \$0.47040, and at the lowest, \$0.40055, and at the average price,

\$0.44607. The commercial ratio of gold to silver at the average price was 1 to 35.84. The number of grains of pure silver at

the average price that could be purchased with a United States silver dollar was 832.20, equivalent to 1.73 fine ounces. The expenditures necessary to maintain

the various institutions connected with the mint service during the fiscal year were \$1,263,133.02. The earnings from all sources during the

same period were \$4,695,797.96, showing a surplus of earnings over expenditures of \$3,-432,664,94. The net imports of gold during the fiscal

year were \$104,868,476, as against \$44,609,841

for the fiscal year 1897. The net silver exports were \$24,822,146, as against \$32,636,835 for the previous fiscal

The value of gold and silver consumed in during the calendar year 1897 was: Gold, \$11,870,231; silver, coining value, \$11,201,-150; a total of \$23,071,381.

There were consumed in new material, in he manufacture of these bars, gold, \$7,184,-822; silver, \$9,200,497. The total metallic stock in the United

780; silver. \$637,672,743; a total of \$1,499,187,-Silver Coinage.

The only provision of law now existing that (section 3545, Revised Statutes) authoreposits. The amount of silver thus obtained last

year from gold deposits was 184,595.39 fine unces, which would be sufficient to coin about \$255,000 of our fractional coin. This is wholly inadequate to meet the actual denand. There has been in the past a large stock of fractional coin in the treasury, accumulated after the resumption of specie payments. During the period of paper oney our stock of silver coin was exported principally to Central and South American countries, where it passed at its face value; but upon resumption of specie payments and the passage of the act of June 9, 1879, providing for the redemption of fractional silver at its face value, these coins returned in such quantities that, with the new coinage executed, the fractional silver became redundant and accumulated in the treasury. For the last ten years the country has been abserbing that stock at the rate of from \$1,500,-000 to \$2,000,000 per year, and this year the demand has been exceptionally strong. The amount of fractional silver coin held by the treasury July 1, 1897, was \$16,201,960; on July 1, 1898, \$12,070,690. This stock has, at present, November 18, been reduced to \$7,122,506, much of which is so worn as to

e unfit for circulation. Leans and Currency.

The interest-bearing debt July 1, 1897, included unmatured United States bonds outstanding in the amount of \$847,320,000. No change. It may be instructive to consider material change appeared in the debt state- them as illustrated in Porto Rico. Situated ments in the fiscal year ended June 30, 1898. but on June 13 a circular was published in- medium void of any established relation to viting public subscriptions for \$200,000,000 the world's money of commerce-gold-it is

The public response to this invitation was

antying the loan, amounted in the aggre- | removed. gate to more than \$1,400,000,000.

of bonds to subscribers of amounts greater of the books July 14, the smallest subscriptions being first allotted until those of \$4,400 and less had been reached. There was a residue, ascertained to be about \$2,500,000, which was allotted pro rate among the subscribers of \$4,500, each subscriber for that amount being awarded the sum of \$1,300. On page 80 will be found a statement showing the number of subscribers, by groups, for amounts over \$500 and \$500 and less.

The bonds were dated August 1, 1898, and their preparation was carried on as rapidly as possible. Soon after that date the department began their delivery, subscribers for \$500 and less being the first to receive their bonds substantially in the order of the receipt and acceptance of their subscriptions. The delivery of the bonds to subscribers of this class was practically completed about the 1st of September, though there are still some undelivered, owing to incomplete address or some other irregularity not yet ad-

Before the delivery of the bonds to subscribers of \$500 and less had been completed the department began the delivery on account of greater subscriptions. This has continued to the present time and is still in progress, as subscriptions amounting to about \$200,000,000 are still in part unpaid under that provision of the circular of June 13 which provided for payments in installments of 20 per cent at intervals of forty days.

Operations of the Tariff. Domestic industrial enterprises are unquestionably benefited by the tariff act of 1897, designed as well to encourage home industries as to increase the revenues of the government. By reason of the fact that importers, anticipating the passage of the act referred to, provided themselves with large stocks of merchandise of every description, the tariff of 1897 cannot be regarded as fairly tested by the receipts immediately following its passage. As an illustration of the correctness of this view, it may be stated that during the first four months of the fiscal year 1899 the receipts from customs (exclusive of the duty on tea provided by the war revenue law) amounted to \$62,776,080, which is \$4,633,026 in excess of the receipts for a similar period in any

year since 1892. A reciprocal commercial agreement has been entered into between the United States and France, under the provisions of section 3 of the tariff act of 1897, and negotiations with a similar object in view are in progress with other countries.

Chinese Exclusion.

The total number of Chinese persons admitted to the United States in the last fiscal year was 7,195. Of this number 5,273 were of the exempt class, principally merchants, students, etc.; 425 were so-called artists, actors, artisans and laborers, admitted for the Transmississippi and International exposition at Omaha, and 1,497 were returning registered laborers. There were also 865 who passed through the United States under bond in transit to other coun-Two hundred and eighty Chinese were refused admission.

The number of Chinese persons arrested for deportation because unlawfully in the Chinese-exclusion laws was \$84,453.74.

The joint resolution approved June 30, 1897, authorized and directed the admission to the United States of such number of mechanics, artisans, agents, or other employes, natives of China, as the secretary of the treasury might deem necessary for the purpose of preparing and conducting any privileges or concessions which migh be granted by the Transmississippi and International Exposition company of Omaha, Neb., in connection with such exposition. The department was duly advised of the granting of two concessions for Chinese exhibits at the exposition and the concession sires, with the approval of the president of the exposition company, made application for the admission of 835 Chinese. Regarding the number excessive, the landing of 650 Ckinese persons under the concessions referred to was authorized and of this number 425 were admitted during the

last fiscal year. The department is now advised that many of the Chinese admitted are no longer at the Omaha Exposition and that a consider able number of women so admitted have since been the subject of barter for immoral

With the close of the fiscal year 1898 the United States Marine Hospital service completed the 100th year of its existence, the original act for the relief of sick and disabled seamen having been passed by congress on July 16, 1798. The expenditures from the marine hospital fund during the the industrial arts by the United States fiscal year 1898 were \$600,131.45. The balance on hand at the close of the fiscal year was \$514,997.83.

Porte Rico.

An important question, which will no doubt demand consideration in congress at an early day, is the money situation States on July 1, 1898, was: Gold, \$861,514,- Porto Rico. The existing currency of that island consists of silver coins known as pesos and centavos. The peso is of the weight and fineness of the Spanish piece of 5 pesetas and corresponds in both respects by which any increase in the stock of frac- to the 5-franc pieces of the Latin union. tional coin in the country can be made is Its bullion value, compared with the bullion value of the American dollar, is as 93.5 izing the purchase of the small amount of is to 100. The centavo is one-hundredth of silver contained in and separated from gold a peso, and the smaller coins consist of pieces of 20 centavos and 40 centavos, these being the exact counterparts in weight and fineness of the Spanish pieces of 1 and 2 pesetas and the French coins of 1 and 2

The Porto Rican coin bears no fixed relation to gold, not being anywhere redeemable in the yellow coin. They were introduced into the island by Spain in 1895, and by a forced exchange were substituted for Mexican coins, which had previously constituted the principal money medium. The best estimates obtainable place the volume of this silver money now circulating in Porto Rico at 5,500,000 pesos. The fact that the Spanish government put the same quantity of fine silver into the peso as it did into the 5-peseta Spanish coin indicates a purpose to have maintained the two on a parity. If so, the purpose was not accom plished; the Porto Rican coins quickly fell selow the value of the coins of the home overnment and have since had no established relation in value to them. The oscillation in value as related to gold coin has been constant, rising and falling, as affected by the state of exchanges between Porto

Rico and its foreign markets. It is unnecessary here to point out at any length the general evil results upon industry and commerce of a currency medium so out of harmony with the world's money as to induce a widely fluctuating rate of exas that island now is, with a circulating per cent bonds authorized by the act of exposed to the fullest extent to such evil it is still a transfer. The total deposits of

It is highly important that American capnot confined to any section of the country Ital should find no obstacles in its transfer

CONDITION OF THE TREASURY age, production, and monetary conditions of and during the thirty days prescribed in the to and from Porto Rico, if the United States ment is fairly described, I quote from the circular as the period for subscriptions there and the beland alike are to reap the benefits New York Herald of November 13 as folwere received 232,224 of \$500 and less, ac- which ought to flow from their proximity, lows: "Comparing yesterday's (clearing companied by full payment for the bonds, their new relations, and from the enterpris- house) statement with that of five weeks mints and assay offices, irreluding redeposits, companied by full payment for the bonds, their new relations, and from the enterprishouse) statement with that of five weeks
aggregated \$215,566,261.54, of which \$198,- and over \$8,000 in sums greater than \$500, ing commercial spirit of our people. A wide ago, it appears that the banks hold \$13,accompanied in each instance by a deposit difference in the rate of exchange, occaof 2 per cent of the amount subscribed. The sioned by the use of a differing and unretotal subscriptions of \$500 and less was lated currency, is a serious obstacle to the \$51,500,000, the increase in 'deposits' result-\$ 69,881,129.57 \$100,444,569 and the total in greater amounts transfer of capital, as it is to legitimate than \$500, including certain proposals guar- industry. The obstacle can and ought to be

As provided by the circular, the allotment | Under the caption of loans and currency on page 24 of this report will be found parthan \$500 began immediately upon the close ticulars (in the way of information) as to the issue of \$200,000,000 3 per cent bonds. authorized by the act of June 13, 1898. When the bill was reported, which after amendment became the law, some doubt was expressed by those best acquainted with such matters whether boads bearing so low a rate as 3 per cent would be sold except at a discount. There were substantial facts cited in support of such opinion. The then recent declaration of war with Spain had disturbed the always sensitive conditions of trade and finance. The morbidly timid along our eastern and northern coast were in a state of more or less alarm. The simpler-minded depositors in savings banks made withdrawals of their funds; the commercial his funds on hand are made answerable to banks in the larger cities sympathetically the rule of one of cash to four of liabilities, suffered through loss of cash reserves to or 25 per cent against his "deposits." savings institutions. The rate of interest rose; the price of securities declined. Even old issues of United States bonds fell to a condition of the financial market in the latter part of April and the earlier part of May last.

That the popular loan method so successfully used on this occasion gave general tributed to his customers, supplied satisfaction to the people is beyond dispute. Led to believe-whether justly or unjustlythat on former occasions advantage had been taken of public necessities by intermediaries government and the people, they hailed with satisfaction this attempt to deal directly with advantageous, also, from an economic standpeople at the uniform price of par.

It is evident that an attempt by congress to fix the proper rate of interest to justify dangers

First, if the rate of interest be fixed to ow-time and circumstances being considered-the loan may fail, with the conse quence of serious derangements to the treas-

Second, if the rate of interest be fixed too high and the issue offered at par, while it will be eagerly taken, the result may be great economic waste to the treasury. In submitting my report I feel it my duty to impress upon congress, as best I may, the important subject of currency and bank-

ing reform. It is the misfortune of evil conditions to produce derangement and hinder progress, which, if long continued, so accustom the subject of them to their existence as to create in him apathetic indifference to needful and healthful reforms. Indeed, it is a familiar fact that individuals, families and nations ignorantly suffer under the illustion that the very source of their affliction is itself an agency for good. Something like this has marked our financial history for United States was 756. Of this number 220 | thirty years. Making progress in spite of were deported, by due process of law, at a all obstacles and emparrassments to comtotal expense of \$24,132.94. The aggregate merce and industry, we ascribe the advanceexpense incurred in the enforcement of the ment to the causes which have really hampered and disconcerted the forward and upcondemned by the judgment of the most experienced and wise, both at home and abroad, its evils illustrated in daily busisess and emphasized in recurring panics, we questions which must be met and rightly solved before industry and commerce can be established upon enduring conditions of

The arguments against government issues of paper money as a medium for commercial exchanges have been fully made and need not be repeated in detail. Its rigidity, its failure to meet demands where demand is most urgent, the dependency of the whole industrial structure upon the state of the revenue and public expenditure-these are important links in that chain of argument. Even in a state of foreign war the civilized obligation-other credit obligations, in the demand of both contestants is for due respect to private property and individual contract relationships. How much more in a to one. With the volume of paper money state of peace, in a free state, should private rights and contract relationships be given immunity from the incidental, though serious, effects now suffered through perturbaions in government finances. The menace to our domestic affairs, several times recuring from a threatened change in the standard under which they are carried on, and our foreign trade settled, has been a companion evil-perhaps the greater of the two. The cure for these evils is not difficult to find. It lies within the easy range of congressional action. Nor is the remedy one to nflict even temporary pains or penalties on the body politic. The healthful, stimulating effect of right action in these directions would be experienced with the first sense of assurance that the desired end was to be

accomplished.

Paper Currency. The proposal to substitute bank issues for government notes is opposed with many nonest prejudices and assailed by bitter denunciations. The first arise from a failure to comprehend the true philosophy of a paper currency, and must be patiently considered. The latter obscure the question by reckless statements, charging that all propositions for currency reform are bank

onspiracies to exploit the people. I shall not be outside of my duy if I venture to point out, in at least one imof its supporters. portant respect, the advantages to the poorer districts of the country of a properly constituted bank currency. It may be done by fairly describing the course of the financial movement as it now goes on and by presenting in contrast the movement as it would go on under the conditions advocated. It is a familiar fact that, in the period of the act itself and the application of such harvesting and crop moving, the currency is strongly drawn from the centers to the country districts. When this movement is over the currency again tends toward the particulars. Many complaints have arisen centers. The currency flows to the center to pay loans occasioned by its use and other general indebtedness and also to secure the benefit of interest to the country banker for a portion of his funds, which in a dull period would otherwise lie unemployed in his hands. At present the currency so sent consists almost entirely of legal tender notes and treasury notes-that is to say, in the money which the law recognizes as lawful reserve. Thus received by the banks in the money centers, it becomes a reserve for deposits in the relation of one to four Now, deposits may be increased by foans as well as by the deposit of cash. A loan tion to congress at an early day. for ten thousand or a hundred thousand goes to the borrower's credit upon the bank's A Race Against Fire. books and awells the deposit account by so much. True, the borrower may check against this fund, but his check may also

count; or, if it be deposited in another bank and paid in money by the lending bank

all the banks are swelled by this original

000,000 more money and have expanded their loans by the surprising amount of ing from these two items being no less than \$66,000,000." It can be easily perceived that this possibilty of increasing loans against an inflow of reserve funds in the propor tion of four to one is a temptation to which the city bank is likely to yield. It must be remembered that this inward movement of currency from the country occurs at the time of year when commercial activities are the least and the general requirements for the use of loans in the interior are the smallest. The effort of the banks at the centers to increase their loans causes interest to fall. The fall in the rate of interest causes interest and dividend paying securities to rise. The rise in securities induces speculative buying. The speculative buyer becomes the bank's borrowing customer. The banker is thus enabled to "put out his funds," as he is apt to term it, though he really does no such thing. He keeps his funds, but, in the way de scribed, he swells his deposit liability until It is in the condition above described, with

varying degrees of regularity and intensity, that the financial status is found when the point where they would yield to the investor crops in the west and south approach harfrom 3.1 to 3.25 per cent per annum upon vest-that is to say, a maximum of loans an investment then made. Such was the and deposits; a minimum in cash reserves.

Country Banker's Experience. During the season until then, the country banker has found that his drafts and checks on his eastern correspondents, disneeds for instruments of exchange and payment; but he finds that for the payment of farm wages, the purchase and transfer of farm products, such instruments are no who had made unfair profit between the adequate; cash is required for these purposes, either in metallic money or paper currency. This forces him to make requisithe citizen. There was a great moral value tion in the form of money by express on in this, difficult to estimate in terms of his eastern balances. Nay, more; if crops money, yet worthy of consideration in the be large and prices good he is forced to supmind of the statesman. Was the operation plement his own resources by borrowing for a period at the centers. His correspondpoint? As already indicated, a bonus of ent at the center, in meeting his requisiperhaps five millions could have been se- tions for the money due his country cuscured by offering the loan to competitive | tomer, is obliged to take it from what had bidding. That was the sacrifice made in before constituted his legal reserve. This order to place the loan directly with the disturbs the equilibrium of relationships. To recover his position he turns upon the street and calls in a portion of his loans. If the interior banker, after thus calling an offer of the government's obligations at for the balances due him, asks in addition par will always be subject to one of two for a lean, the city banker is often obliged to inform him that "money is very close" and he cannot accommodate him. It must be noted also that the effort of the city banker to restore his impaired reserve by alling money from the street does not acomplish that direct result. There is no money "in the street;" it is all in bank vaults and the total stock cannot be augmented except by inducing it to come in from without. What does result is a forced liquidation, a fall in prices of securities, rise in interest sufficient to induce outside money to come in. In this process the merchant and the manufacturer find it difficult to negotiate their credits. They also are withhold applications for discount favors.

told "money is tight" and that they must I forbear to follow into further detail the unprofitable and vexatious movement. Gradually, after more or less strain and anxiety, sometimes bordering on panic, cometimes resulting in panic, a readjust ment is secured. Crops from the interiornot seldom forced from the producer's hands with little regard to price, because of his ing Plity to borrow from his local bankermove to the seaboard. The strain on the country is relaxed. Again currency in the form of "reserve funds" moves to the center. Again one dollar thus received becomes effective as reserve for four dollars ward movement. With a financial system of liability. Money is quoted easy, as th prospect for summer duliness becomes as sured. "The street" breathes easier, stocks and securities become "firm" and the movement toward an expansion in loans with fail, with an obtuse timidity, to face the its attendant phenomenon of an increase in deposits is again observed, to be again followed by restriction and probable distress as the active season in productive industry and trade again appears.

Whoever has followed this defineation of our financial movement, and those who are familiar with the facts which are thus portrayed, ought not to have trouble in perceiving that the bottom cause of the irregular and deranging effects described is to be found in a fixed volume of paper money clothed with full powers of a legal tender. Upon this money-itself a credit form of bank deposits through bank loans, may be built up in the proportion of four thus fixed-with no natural movement to ward its retirement when not needed in legitimate trade-the tendency to build the four-story structure upon it as a permanent base is irresistible. The withdrawal of the base by those who really own it causes the structure to vibrate and threatens it with a fall.

If it be conceded that the legal tender money issued by the government does not possess the qualifications to make it proper factor in the country's exchanges of products and manufactures; if the fact also be admitted that it is a deranging and disturbing factor in its relation to industry and commerce, then the time has come to substitute for it a currency which will adequately, economically and safely meet the ever-growing needs of the country, rapidly developing, as it is, in the power of production, in the number of its people and the importance of its domestic and foreign

War Taxes.

The report of the commissioner of internal evenue possesses peculiar interest, indicating, as it does, the operation of the war revenue act of June 13, 1898. It shows quite clearly that the aggregate revenue to be derived therefrom win form a smaller total the office had been removed and the rooms than was estimated by the more sanguine

The commissioner's estimate of \$100,000. 000 from this source seems to be fairly justified by the results to the treasury during the period from July 1 to the present time. His report goes also to show the friction and embarrassments which have arisen from the need of interpreting obscurities in interpretation to specific cases coming under the same general head, yet differentiated from each other by more or less important from those unreconciled to such interpretations or applications, and, granted a well balanced relation between revenues and expenditures, it might be well to consider the propriety of repealing some of the more vexatious features of the act. Until more settled conditions, however, as to extraordinary expenditures for army and navy are reached, even such repeal cannot be recommended by this department. Some verbal amendments, making more clear the inten tions of congress, are to be desired, and representations in this direction may be made the subject of a separate communica-

A Race Against Fire.

After ten days' fight to avoid death, the crew of a steamer from Spain recently arrived in Baltimore. In midocean it was discovered that flames were raging in the vessel's hold. For ten long days the crew bravely fought the flames. If men would fight as persistently against disorders of the be deposited in the same bank, in which case it is a mere transfer to another acfor such a fight is Hostetter's Stomach Bit-ters. It is the greatest of tonics and the best of remedies for kidney, liver, bladder and

Capt. A. T. Mahan



ZINE, beginning with the December number, a series of articles on The War on Sea and Its Lessons. Captain Mahan was a member of the Naval Strategy Board. Day by day he studied The War in Its Making and helped to make it. He has, therefore, First-hand Command of Plans and Events, possible to no other writer, Captain Mahan is recognized abroad as well as at home

Foremost Naval Authority in the world.

and his articles are eagerly awaited in Europe and America as important contributions to the history of naval warfare, and also for their sug restions and indications as to ships, armaments, operations and strategy of the future. These articles will emphatically con-

GREATEST CONTRIBUTION TO THE HISTORY OF THE WAR.

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Another Regiment of Infantry to Be Sent to the Philippines.

GENERAL PATTERSON ITS COMMANDER

Former Lieutenant Colonel of the Twenty-Second Has a Chance to Take the Long Journey-News of the Department.

Dispatches from Leavenworth announcing the preparations of the Twentieth infantry to move to the Philippines have some interest to Omaha, although that regiment has never been stationed here. Brigadier General Patterson, formerly lieutenant colonel of the Twenty-second infantry, will become colonel of the Twentieth when he concludes his work as chief mustering officer for the state of New Jersey, in which position he takes the rank of brigadier general of volunteers. If he will go with his new command on its contemplated journey he takes the may again have an opportunity to show the ant Edmund S. Wright, First cavalry. metal of which he is constituted. He was with the Twenty-second when it went to of the Missouri, announces the arrival of Mawhere this regiment suffered such heavy chief commissary of the department. cet his life. General Patters n was seriously wounded in that engagement, being shot through the thigh, and a number of his brother officers were also wounded. Some of General Patterson's friends believe, how ever, that he will relinquish the command of the regiment to a younger man, if i shall be ordered on so long a journey as that

mentioned in the Leavenworth dispatch. The accounts of Major Katz, U. S. V. chief commissary of the Department of the Missouri, are being examined by Captain Beck, inspector general, previous to the office being turned over to Major Duval, U. S. A., who is here to relieve the former officer. The two officers visited the government storehouses yesterday to check up stores there. At the last inspection of the office the commissary's accounts were found in excellent shape, and with this record no delay is anticipated in making the transfer promptly. Major Katz left yesterday afternoon for Washington.

He Has Earned a Rest.

Lieutenant Moore, U. S. A., who has been one of the mustering officers taking care of the Second Nebraska, has applied for a leave of absence that he might more thoroughly recuperate from the effects of Cuban sugar best. He says cattle will take on 400 fever, but was unable to obtain it as so many officers are now on leave. The lieutenant went to Cuba with the Twenty-second infantry, and became infected with malaria while there, which produced two board notifies the companies they must pay or three successive attacks of fever, and the war revenue tax on packages consigned while he has been able to attend to his to them for transportation, and that refusal duties as mustering officer, it has been con- to do so will result in a fine of \$500 for siderable of a task, as he has not at any each offense. time been thoroughly recovered from his

One of the greatest duties Captain Beck

has had to perform as inspector general of taken. this department has been to establish some records for his office. Under army regulations issued in 1895 the position of depart- mercial club this afternoon at 1 o'clock ment inspectors was abolished, and the work was done by district inspectors. After a trial of the new orders for a few years they were found to be unsatisfactory and a return was made to the department inspector. In the meantime the records of occupied by the inspector pre-empted by the judge advocate of the department. Previous to the appointment of Captain Beck the in- | away. spections were made by an officer from the Department of Colorado, which is temporarily allied with this department, and the records were kept at Denver, and when the captain began his work he had nothing in his office with which to begin. He has had to dig for everything, and it was not until within the last few days that he secured a full quota of the blanks he is required to

Major A S. Towar, U. S. A., chief pay master of the Department of the Missouri, who is away on a leave of absence, is not visiting in Detroit.

Lieutenant Colonel Charles Porter Twenty-second infantry, who is expected to arrive at Fort Crook within a few days, is now at Washington on a leave of absence. He was appointed to the Twenty-second to fill the vacancy caused by the promotion of General J. H. Patterson, but has not yet joined the regiment. Colonel Porter at one time was stationed at Fort Niobrara.

Lieutenant W. S. Wood, late adjutant of the Ninth cavalry, who has just been appointed captain and quartermaster in recog nition of his gallant services in the Santiage campaign, is a personal friend of Captain Hutcheson, adjutant general of this department, and succeeded the captain as adjutant of the Ninth cavalry.

Examination and Enlistments. There are now being examined by the various promotion boards in different secstomach and digestive organs, there would tions of the country about thirty captains be fewer premature deaths. The best weapon and fifty first lieutenants of infantry who and fifty first lieutenants of infantry who

TWENTIETH OUT FOR A TRIP was 1.982, with 7.270 rejected; enlistments at posts and in the field amounted to 668. with 250 rejections; and enlistments under the special recruiting service were 980, with 1.757 rejections.

Lieutenant Colonel Daniel D. Wheeler, deputy quartermaster general, U. S. A., formerly chief quartermaster of the Department of the Missouri, and well known in this city, has been assigned to duty as special inspector of the quartermaster's department, and while on this duty will have the rank of colonel.

Major E. A. Koerper, chief surgeon of the Department of the Missouri, left yesterday afternoon for Fort Leavenworth, where he will sit as president of an examining board to examine Second Lieutenant William Yates, First cavalry, for promotion. The

major will return to Omaha Thursday. general court-martial has been appointed to meet at Fort Riley, Kan., on Thursday, or as soon thereafter as practicable, to try such cases as may be brought before it. The detail of the court is as follows: Captain William W. Wetherspoon, Captain Robert K. Evans, Captain Daniel F. Anglum, First Lieutenant Dana T. Merrill, Second Lieutenant Hugh A. Drum, Second Lieutenant Van Leer Wills and Second Lieutenant Glenn H. Davis, judge advocate, all title of colonel in the regular army, and he of the Twelfth infantry, and First Lieuten-

General order No. 20, from the Department Cuba, and took part in the fight at El Caney, jor J. H. Duval to assume the duties of re Colonel Charles A. Wikoff Captain Frederick T. Van Liew, Second infantry, well known in Omaha in conne

tended thirty days on account of sickness. COMMERCIAL CLUB MEETING

tion with his work with the Thurston

Rifles, has had his leave of absence ex-

Executive Committee Adopts a Resolution in Favor of a Lower Rate for Parcels Postage.

At a meeting of the executive committee of the Commercial club yesterday afternoon a resolution was adopted calling upon congress to provide for a lower rate for parcel postage on packages going to foreign countries. and also for lower rates for use in this country. The great need of this reduction is set forth in the preamble, and the action of express companies in refusing to pay the war revenue stamps is given as a special reason why the government should take steps to increase and popularize this particular branch of the postal service.

A letter was read from Thomas R. Cutler, manager of the Utah Sugar company at Lehi, in which he says that cattle and sheep can be fattened rapidly on the pulp from the pounds in four months on this pulp. A circular from the Texas Board of Trans-

portation to express companies doing business in that state was read, in which the Matters pertaining to the exposition next

year were discussed informally, but no action either for or against the enterprise was It was announced in the meeting that the jobbers of the city would meet at the Com-

to discuss the exposition project. Ex-President Cleveland in a Collision NEW YORK. Dec. 6.-The steam yacht Oneida, having on board its owner, land, was in collision with a transfer float off the Battery wall in the upper hay to-day. The yacht, which sailed on yesterday Messrs. Cleveland and Benedict

OVER A MILLION Dr. Hilton's Specific No. 3 is the ever offered to the Dr. Hilton's public to Cure a Cold, the Grip. and PREVENT Specific PNEUMONIA. ONLY remedy to-

landed at the Battery and the

tinued on its way up the East river.

day that can do it. It was first advertised January, 1891. Since then over a million bot Cures a Cold sold. What better testimonial as to the efficacy of this remedy could we have? If your druggist doesn't have it send socts. in P. O. stamps or

The Grip DR. HILTON. Lowell, Mass., and receive a bottle by

PREVENTS Pneumonia.

The aggregate enlistments in the army at Order of us. SHERMAN & M'OONNELL city stations during the month of October DRUG CO.