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CONDITION OF BANKS

Annual Report of the Comptroller of Currency.

DETAILS OF THE YEAR'S DOINGS.

But Fifty New Banks Were Organized During the Past Year, the Smallest Number Since 1879—The Changes Recommended to Be Made in Our Present National Banking Laws.

WASHINGTON, Dec. 3.—The report of Hon. James H. Eckels, comptroller of currency, submitted to congress, gives full information in regard to the organization, supervision and liquidation of the national banks for the year ended Oct. 31, 1894. It shows that during this period but 50 banks were organized, with a capital stock of \$5,285,000, the smallest number chartered, as well as the minimum amount of capital in any one year since 1879. Of these new banks 27 are in the northern and eastern states, 10 in the southern states and 13 in the western or trans-Mississippi division.

On Oct. 31, 1894, the total number of national banks in operation was 3,756, with an authorized capital stock of \$672,671,365 represented by 7,955,076 shares of stock owned by 287,892 shareholders.

On Oct. 2, 1894, the date of their last report of condition, the total resources of the banks were \$3,473,922,056, of which their loans and discounts amounted to \$2,007,322,191, and money of all kinds in bank \$122,428,192. Of their liabilities \$1,728,418,819 represented individual deposits, \$394,131,082 surplus and net undivided profits, and \$172,331,978 circulating notes outstanding.

The total circulation of national banks on Oct. 31, 1894, amounted to \$207,472,603, a net decrease during the year of \$1,741,563, and a gross decrease of \$8,614,864 in circulation secured by bonds.

During the year 1879 banks with an aggregate capital stock of \$10,475,000 passed out of the system by the voluntary liquidation. Twenty-one, including two which failed in 1893, with a capital stock of \$3,770,000, became insolvent, and were placed in charge of receivers.

The feature of the comptroller's report is his discussion of the currency question, and the defects which are said to exist in the note issuing powers vested in national banks. On this subject he says: "No section of the law should be disturbed which can not be materially improved upon and no amendment engrafted unless such amendment will work out better results than flow from the existing order of things. From the present law it must be conceded it has been successful in every material feature, excepting in the matter of bank note issue, and here the failure has been but a partial one. The notes issued by the banks under governmental supervision have been uniform in appearance, and under any and all circumstances of the full face value which they purport to carry. They have possessed the first requisite of a good bank note issue—immediate convertibility in coin upon presentation.

"It is probable that there could be no better plan for simply insuring the note holder against loss than the present requirement of a deposit of bonds to secure a bank's circulation, but it is equally certain, however, that a method could be devised, not less safe in this respect and in addition thereto possessing that which is essential and is now wholly wanting—elasticity of issue. The complaint, therefore, made against the present system is that, lacking in elasticity of issue, it fails to meet as fully as it ought the varying wants of the country's trade and commerce. This defect must attach to every scheme for a currency issued by the banks against a deposit of bonds, the market value of which fluctuates while the percentage of issue, less than the value of the bonds granted the banks, remains unchanged. It must also be wanting in such a method because of the delay in the face of a pressing need, occasioned by a tight money market or other reasons, in securing and depositing the bonds required and taking out the circulation thereon.

"But, serious as this fault, and retarding as it is to the business interests of the country, any attempt to remedy it, which should lose sight of or in any wise make less certain the present unquestioned credit and convertibility of the bank issues of the country, could not be justified. It is a duty of governments to see that the currency which circulates among the people shall always be of the very highest character, the soundness of which should never be a subject of inquiry. For 30 years the American people have had such a currency, and having seen the value of it both here and abroad they will not be content to have any innovation made unless such new departure insures not only equal but better results.

"It is respectfully suggested that not only as good but better results would be attained, if the present bank act were amended by repealing the provision thereof requiring each bank as a prerequisite to entering the system and issuing bank note currency to deposit government bonds. In lieu of such provisions should be substituted one permitting the banks to issue circulating notes against their assets to an amount equal to at least 50 per cent of their unimpaired capital."

The comptroller follows this suggestion with the further one for the maintenance of a safety fund to be provided by graduated taxation upon the outstanding circulation of the banks until the same shall be equal to not less than 5 per cent of the total of such outstanding

ing circulation, this fund to be held by the government as an agent only and for the purpose of immediately redeeming the notes of insolvent banks. It is immediately to be replenished out of the assets of the banks, on which it shall have a first and paramount lien, and from assessment to the extent of the double liability on the shareholders. The comptroller says: "Whatever changes, if any, it would be necessary to make in the present system relating to current redemption of bank notes and the government's position toward the same and kindred matters, it is not necessary to set forth. If the recommendations here made, together with that which will follow, should receive consideration at the hands of congress, a bill drawn after careful study and investigation of the whole subject would necessarily embody all the details incident to a change from a bond to a safety fund security as a basis for bank circulation."

The comptroller then cites such proof and gives such statistics as seem to him to make the plan suggested a perfectly safe one to enter upon. He says: "The changes thus outlined will upon investigation, it is believed, prove to be safe in affording complete security to the note holder and give to the business interests of the country a bank note issue responsive to their needs."

Continuing, the comptroller says: "The profit upon the issue of circulation to the banks by such change would be so augmented that it is giving to them a franchise, for which it is suggested they should be called upon to make proper return to the general government. This return should not, however, be of such a character as to defeat the ends sought in the privilege given. The currency redemption of the legal tender issues, and the treasury issues under the act of 1890, and the retaining instead of cancellation of the same, must always create distrust of the government's credit abroad, and it will so long as the laws now upon the statute book remain unchanged.

"The general government ought to be wholly free from the direct issuing and redeeming of notes to pass as money among the people. No government has ever yet successfully engaged in so doing, and the experience of the government of the United States has proven no exception to the rule. The general cost of loss entailed upon the government, and the repeated periods of uncertainty as to the government credit and the stability of our monetary system have been so great as to make the legal tender and treasury issues of 1890 one of the extraordinary burdens placed upon the people.

"These issues ought to be redeemed and cancelled, and the government thus enabled to retire from the banking business, a business for which it is poorly equipped. The intention of those who first authorized the legal tender issues was that it should so retire at the earliest practicable moment. The first congressional enactment signed by President Grant after his inauguration as chief executive was one reasserting the determination of the government to preserve unquestioned the public faith, and the closing clause of it was: 'And the United States also solemnly pledges its faith to make provision at the earliest practicable period for the redemption of United States notes in coin.'"

In the light of the present condition of the government's finances, the comptroller continues: "That which ought to have been done when there was a surplus in the treasury can not now be undertaken, and the same conditions must continue to weaken the country's credit and plague the lines of business, unless a means is devised for removing these issues from the channel of current redemption until such time as the government finds itself in a position to do that which at first was the intent of all—gradually redeem and cancel them. The ultimate redemption of coin, of course, must all be upon the government, but the embarrassment does not arise from their ultimate, but from their current redemption.

"It is therefore suggested that if congress shall repeal the provisions of the present act, requiring the national banks to make a deposit of government bonds in order to secure circulating notes, and substitute thereon a provision giving them instead the right to issue the same against their assets, it incorporates therein, and as a part thereof, that as a prerequisite to so doing the banks be compelled to deposit with the treasurer of the United States legal tender issues or issues under the act of 1890 equal in amount to the difference between the percentage of their capital stock of issues granted against their assets and the total of such capital stock.

"The deposits thus made ought to remain with the treasurer until the bank ceased, either through voluntary or involuntary liquidation to do business, and in either case the government ought to then redeem and cancel such treasury issues deposited. As against this deposit of legal tenders and treasury notes so made there should be issued to the banks dollar for dollar national bank notes, either of the same or different design as might be deemed best. The percentage of the bank notes issued against this deposit should be free from any taxation imposed upon circulation and ought to be such percentage as is deemed equitable to be used as a part of the bank's legal reserve held against deposits.

"The government should not undertake or in anywise become responsible for the current redemption of these notes. Its responsibility should end with its redemption of the notes deposited to secure such circulation when the bank ceases to exist. At present a current redemption fund of 5 per cent of the outstanding circulation is found sufficient, and it is probable that in the future no greater amount would be required.

"The elasticity of issue in the nation-

al bank circulation will be found in the percentage of issue against assets subject to the necessary rates of taxation and insured by an adequate safety fund to guarantee the note holders against loss. The government will be aided, the bank given in exchange a dollar for every dollar deposited, and thus relieved of the loss incident to depositing an amount of its capital stock in excess of the return in notes granted it. No violent contraction of the currency would follow such a course, but whenever contraction occurs it would be not less gradual than at other times the expansion incident thereto.

"It is suggested that as a necessary element to the securing of proper elasticity of issue in our bank note currency Section 9, act July 12, 1893, regulating the retirement and issuing of circulation to banks within a fixed period of time, should be repealed and also that an amendment should be made to the law necessitating the banks keeping in the office of the comptroller of the currency a sufficient amount of blank notes as will enable them to secure circulation at once instead of after a period of delay.

"Suggestions have been received from many eminent sources that the whole question of a banking and currency system ought to be referred by congress to a commission to be created by law, appointed by the president, and clothed with proper authority. A commission, non-partisan in its character, composed of men of eminent abilities, could unquestionably devise a currency system sound in every part, and one which would commend itself to every interest of the country. It could largely take the question out of politics.

NOTED SWINDLER ARRESTED.

R. C. Flower, Ex-Precator, Christian Scientist and Land Speculator.

CHICAGO, Dec. 3.—R. C. Flower, ex-precator, Christian scientist and land speculator, was brought to Chicago yesterday from Texas, where he was arrested last week and locked up in the county jail charged, in conjunction with P. R. Smith, with obtaining \$45,000 by false pretenses.

Detectives who have been on his trail following him from Maine to Texas say he is the smartest man they ever encountered. They have traced his history and say he is the head of a medical institute, having its headquarters at 559 Columbus avenue, Boston, where it is claimed he practices Christian science. He lives, when at home, in a palatial residence in that city.

Dr. Flower, as he is called, was arrested Saturday night in East St. Louis. A detective was on his way to Galveston with a requisition for him when he met him, and the doctor was arrested. Flower had waived requisition in Galveston and offered to accompany an officer to Chicago. But he was disagreeably surprised in East St. Louis when the man from Chicago appeared. Flower had in his possession tickets for himself and his wife and officer for Indianapolis, and was on a train for that place when landed.

General Manager Sutherland of the Money and Bond Agency says that his dealing with Foster are typical of the sort of business he has been conducting for the past few years. It is claimed that Flower and Pachel R. Smith, who assisted him in his Wisconsin lumber ventures, met M. C. Foster, a Wisconsin lumberman, in Chicago July 8, 1893, in connection with a land deal.

If Flower's case comes to trial the attempt will be made to prove that the doctor then represented to Foster that the Deming Land and Water company owned 1,500 acres of land in and near Deming, N. M., valuable franchises for irrigation privileges and an artisan well, all of which was worth more than the capital stock of the company, \$700,000.

The capital stock was represented by Flower and Smith, it is said, to have been fully paid up, and the claim is made that they induced Foster to pay them \$45,000 on a contract in which they agreed to give Foster one-third of the common stock, one-third of the preferred stock and one-third of the bonds of the company. Foster is said to have found the property to be worthless.

Then it is claimed Flower then represented that he owned 90,000 acres of land in Virginia that he would give Foster for his interest in the Deming Land and Water company. Foster paid \$3,000 more on the strength of this and it is said a subsequent examination of the records in Virginia showed the abstract to be false.

Foster then communicated again with Flower, who gave him an abstract of 12,000 acres of land in Kentucky, which like the Virginia paper, it is said, proved to make false representations. Many other stories are told of alleged sharp practice on Flower's part, whereby he has gathered up a large sum of money.

An Awful Death.

ANDERSON, Ind., Dec. 3.—David Daniels, aged 18, was a tender at the rolls in the American Rod and Wire mill. Two big redhot rods became loose from his tongs, and the boy was soon in the fiery coil. He was drawn into the rolls, and could not be removed until the rolls stopped. Slowly both legs were burned off above the knees, and the heat cooked other parts of his body. Several men had their hands fearfully burned trying to rescue Daniels. He lived for some hours.

Walked Across the Continent.

SAN FRANCISCO, Dec. 3.—J. M. Raport, who says he has walked across the continent from New York, has arrived here. Report says he made a bet of \$5,000 that he would leave New York May 15 and walk to San Francisco before midnight Dec. 1. He arrived about 7 o'clock p. m. Dec. 1, and therefore wins the bet.

AMERICAN RESIDENTS IN CHINA.

It Is Believed That They Are Being Amply Protected During the War.

WASHINGTON, Dec. 3.—It is stated positively at the department of state that there is no fresh reason for apprehension touching the safety of American residents of Peking, and that United States Minister Denby has not made any appeal to the department for protection since his original dispatch sent some time ago and referred to at the time in the Associated Press dispatches, in which he stated that should the Japanese troops attack Peking the safety of the foreign residents might be threatened and it would be well to send a force of United States marines to protect the legation.

As is customary in such cases, this dispatch was promptly communicated to the navy department, and 50 marines were ordered to be transferred from the other vessels of the American fleet to the Monocacy at Tien-Tsin, nearby Peking. In addition, Admiral Carpenter was instructed to put himself in communication with Minister Denby and to use his discretion in doing everything necessary to insure the safety of the American residents. All of this took place some time ago, and since then Mr. Denby has made no further application for protection. He is at liberty at any time to transfer his legation to Tien-Tsin, where it would be almost under the guns of the Monocacy, and, in fact, he was authorized to do this at a very early stage in the war, when the Chinese showed symptoms of disaffection at the first reverses sustained by their armies.

The legation would certainly be much safer at Tien-Tsin than at Peking, as it is impossible for even the light draft Monocacy to navigate the river up to the latter city at this season of the year. But the fact that Mr. Denby, although the means of communication are open, has not recently asked for aid from the department is regarded as evidence that he feels no apprehension at present, and this view is supported by the cable advices from Che-Foo to the effect that, encouraged by the prospect of a restoration of peace, many of the foreign residents of Peking, who had taken refuge at Tien-Tsin, were returning to Peking.

An Armistice Possible.

LONDON, Dec. 3.—A dispatch to The Times from Che-Foo says that it is reported that the Japanese fleet is desirous of taking a more prominent part in the war. The fleet was seen off Wei-Hai-Wei, but has now disappeared. Wei-Hai-Wei is strongly defended. The Chinese fleet is inside the harbor. Reinforcements are being poured in from the land side. General Shang is in command. He is a brave and competent officer, and is assisted by several foreigners.

The Chinese people fear that if peace is made the disbanded troops will commit outrages.

In 10 days' time all the traffic northward will close. The Japanese will have to act quickly if they intend to attack Peking.

The last reliable report received in Che-Foo states that Japan has informed the American minister that she is willing to negotiate if China sues for peace. This China has done, so an armistice is likely to be arranged.

Not an Envoy of Li Hung Chang.

YOKOHAMA, Dec. 3.—Mr. Detring, the envoy who visited Japan for the purpose of negotiating a peace and whose mission proved a failure, the prime minister declining to meet him, has written a private letter to the prime minister denying that he was sent to Japan by Li Hung Chang.

France Alarmed.

PARIS, Dec. 3.—The Figaro urges France to temporarily occupy some point in China as a reply to the English demonstration at Chusan, which it interprets as an intention to occupy the island.

FIRE IN A FLATHOUSE.

A Score of People Narrowly Escape Death by Jumping.

CHICAGO, Dec. 3.—About a score of people had narrow escapes from death by fire in a burning flat building at 48 Polk street last night. All of them were compelled to jump to the building adjoining, and in so doing to leap across a court five feet in width. In a room on the top floor of the building Emile Patti with some companions were watching over the dead body of his wife.

When the fire broke out, Patti became almost crazed with fright and seizing the body of his wife, attempted to take it up to the roof. The smoke became so dense that he was compelled to drop the corpse. When he reached the roof and attempted to leap across the alley, he lost his footing and fell to the ground, breaking his shoulder and receiving internal injuries which may prove fatal. Patti was the only person injured, all the others escaping without trouble. The fire amounted to nothing.

Barge Rise at Pittsburg.

PITTSBURG, Dec. 3.—Heavy rains for the past week here and in the up-river country has brought a "barge rise," and within the next 24 hours between 6,000,000 and 8,000,000 bushels of coal are expected to be started for southern ports. There are 28,000,000 bushels in the harbor here, and should the rise reach a "boating" stage, the entire fleet of coal boats will go down the river with all the coal they can manage.

Struck a Gold Ledge.

BOISE CITY, Dec. 3.—In a hole being bored to explore for placer gold below the false bed rock, the drill has struck a gold ledge that appears to be large. The rock assays three ounces of gold and 28 ounces of silver per ton. The important discovery was made at a depth of 470 feet.

CONGRESS FORECAST

What Is Likely to Be Done the Present Session.

THE PROGRAM OF THE WEEK.

It Seems Probable That Little in the Way of Legislation Will Be Accomplished—A Number of Subjects Ready For Consideration, Chief of Which Is the Finances of the Country.

WASHINGTON, Dec. 3.—The second session of the Fifty-third congress begins at noon today. Beyond the passage of the regular appropriation bills, it seems probable that little in the way of legislation will be accomplished at the short session, although several important propositions will doubtless be pressed to the front.

Among the members of the dominant party in the house, over half of whom were defeated for re-election, there is a great deal of bitter feeling against the administration for real or fancied grievances. It will be the purpose of the Democratic leaders to curb as far as possible the display of resentment.

In the course of the session, it is understood, the Nicaragua canal project will be brought prominently forward. At the opening of the congress, however, routine matters will be kept to the fore to stave off as far as possible unpleasant references to the election, which would prove distasteful to the majority, but this policy can be only partially successful, as the latitude allowed in debate on appropriation bills will throw the doors open to remarks on any subject.

Before the adjournment for the holidays it will be necessary to pass an appropriation to carry out the tariff bill provision levying a tax on incomes, the collection of which begins Jan. 1, and, while it will no doubt meet with much opposition and lead to a general review of the arguments against such a tax, the general impression is that it will pass by a large majority.

The impeachment of Judge Ricks of the northern district of Ohio will also furnish a diversion before the holidays if the judiciary committee which investigated the charges should present a resolution of impeachment and it should carry. The trial would occur in the senate, the chief justice presiding. Impeachment proceedings are rare and novel and this one, the first since the trial of President Johnson, would attract national attention.

Nothing will be done today probably beyond the reading of the president's message. No definite program has been arranged for the remainder of the week. The committee on appropriations, however, has two bills almost prepared, the pensions and fortifications bills, and they will be reported on Tuesday, so that work upon them can be entered upon Wednesday.

The senate will begin with a full calendar, the result of committee action during the long session, and it contains at least 200 items, covering a wide range of matters. Nothing has transpired to indicate which of these 200 questions will receive first attention, whether they will be taken in their order, or whether the calendar will be followed at all.

Much interest is felt among senators of all political beliefs in the president's message and in the recommendations which the secretary of the treasury will make on financial questions. These will have much to do in directing the course of the senate. In these are recommendations for radical departures in financial methods they are sure to lead to much speechmaking early in the session, and later to form the basis of committee actions.

Significance is also attached to Senator Voorhees' declaration that he will ask the finance committee to sit on Tuesday. Tuesday is the day for the regular weekly meeting of this committee, but it does not ordinarily meet so promptly after the assembling of the senate. Chairman Voorhees declines to state the object of the meeting further than to say that it is to be held for the purpose of permitting an exchange of views among members. It is possible that his purpose may be to arrange a policy upon the supplemental tariff bills. These bills have all been reported by the committee, but it may be considered necessary to discuss them further before deciding upon a plan of action.

The Democratic majority of the finance committee is on record in favor of the passage of the bills, and it is not improbable that the early action of the committee is sought to frustrate any attempt to prevent consideration. This is not altogether surmise, for it is known that some of the so-called conservative senators have advised that a general party conference be held soon after the senate convenes for the consideration of this question. The experience of last session showed that whenever caucuses were held the conservatives carried their points. Hence there is reason for the prompt action of the friends of the supplementary bills.

There appears to be nothing outside of financial or tariff questions likely to excite a ripple during the week, and it is not certain, that whatever may happen later in the session, there will be much in these lines to disturb the general serenity of the senate during the next few days. In any event the daily sessions of the week will be short, with the probabilities strongly in favor of an adjournment from Thursday until Monday of the week following.

The Chemung river, in New York, was named by the Indians Chemung, "Horn in the Water," from the enormous fossil horns that were found