UNCLE SAM'S FUNDS.

Continued From First Page.

ing interest at the rate of 4 per cent per annum.

IN THE PRESENT CONDITION

of the public credit nothing less than the existence of a great and pressing financial emergency would, in my opinion, justify the issue and sale of any of these classes of bonds. On the first class the interest would amount, at the maturity of the bonds, to one-half the principal; on the second class it would amount to more than two-thirds of the principal, and on the third-class it would exceed the principal by 20 per cent. If any one of these methods of raising money were now presented as an original measure for consideration in congress, I am satisfied it would not receive the approval of that body or of the people. Whatever may have been their merits nearly a quarter of a century ago, when the credit of the government was to a certain extent impaired by the existence of a large interest-bearing public debt and the general use of a depreciated paper currency, not then redeemable in any kind of coin, our financial standing is now so high that our public obligations, bearing any of the rates of interest authorized by the law referred to, would have to be sold at a premium so great as to prevent large classes of our people who might otherwise invest in them from becoming purchasers. The United States 4 per cent bonds, payable in 1907, are now selling at a rate which yields investors less than 3 per cent upon their cost, and I am confident that a bond bearing interest at the rate of 3 per cent, payable quarterly, and redeemable at the option of the government after five years, could be

READILY SOLD AT PAR

in our own country. If the authority now existing should be so modified as to empower the secretary of the treasury to issue the bonds in denominations or sums of $25 and its multiples, they could be readily disposed of through the sub-treasuries and postoffices without the agency or intervention of banks or other financial institutions, and without the payment of commissions. Such bonds would afford to the people at large an opportunity to convert their surplus earnings into a form of security, which, while it would be perfectly safe, would not only increase in value by reason of accumulating interest, but be at all times available as a means of procuring money when needed, and the experience of this and other countries justifies the confident belief that such a plan would be popular and successful.

In case congress should not consider it advisable to authorize the secretary to use, for the purpose of supplying deficiencies in the revenues, any part of the proceeds of the bonds herein suggested, I recommend that he be empowered to execute from time to time, as may be necessary, obligations of the government, not exceeding in the aggregate $50,000,000, bearing a rate of interest not less than 3 per cent, and payable after one year from date, and that he be permitted to sell them at not less than par, or use them at not less than par, in the payment of public expenses to such creditors as may be willing to receive them.

THE DEFICIENCY

Must Be Promptly Provided For.

The condition of the treasury is such that unless some available means are promptly provided by law for supplying the growing deficiency the public service will be seriously impaired and pensioners and other creditors subjected to great delay and inconvenience. Congress alone has the power to adopt such measures as will relieve the present situation and enable the treasury to continue the punctual payment of all legitimate demands upon it, and I respectfully, but earnestly, urge that immediate attention be given to the subject. The necessity of the extension of the power of the secretary to procure and maintain a larger reserve for the redemption of United States currency must, I think, be evident to every one who has given serious thought to the subject. At the date of the resumption of specie payments, Jan. 1, 1879, the only form of currency, except coin certificates, which the government was required or authorized by law to redeem in coin on presentation, was the old legal tender notes, then and now amounting to $346,681,016, and it was considered by the secretary of the treasury that a coin reserve of a hundred million dollars would constitute a sufficient basis for the maintenance of that amount of currency at par. The correctness of this conclusion was shown by the fact that, so long as there was no material increase in the volume of paper redeemable by the government, the reserve remained unimpaired and no serious disturbances occurred in our monetary system; but under the act of July 14, 1890, additional treasury notes have been issued to the amount of $155,930,940, of which there are now outstanding $153,318,224, thus making the direct government obligations in United States currency amount to the sum of $499,999,240, all of which the secretary of the treasury is now required by law to redeem in coin on presentation. Besides this, there have been coined under authority of law $419,332,550 in legal tender silver, upon which certificates have been issued to the amount of $334,138,504, and as congress, in the act of July 14, 1890, declared it to be "the established policy of the United States to maintain the

TWO METALS ON A PARITY

with each other upon the present legal ratio, or such ratio as may be provided by law," an additional reason now exists for conferring upon the secretary unquestionable authority to provide for such contingencies as may arise. Under these circumstances it is, in my opinion, necessary not only that he should be clothed with full authority to procure and maintain an ample reserve in coin, but that the purposes for which such reserve is to be held and used should be made as comprehensive as the duty imposed upon him by the law. The existence of such authority in a constantly available form would of itself inspire such confidence in the security and stability of our currency that its actual exercise might never become necessary; but the futility of declaring a specific policy and withholding the means which may become necessary for its execution is too apparent to require comment. Largely on account of apprehensions as to the ability of the government under the legislation then existing to continue the current redemption of its notes in coin and maintain the parity of the two metals, the shipments of gold from this country during the fiscal year 1893 reached, as already stated in this report, the unprecedented amount of $108,680,844, nearly all of which was withdrawn from the public treasury by the presentation of notes for redemption. During the three months next preceding the 7th day of March, 1893, when a change occurred in the administration of the treasury department, the withdrawals of gold from the treasury for export amounted to $34,146,000, and during the eight months which have elapsed since that time such withdrawals have amounted to $36,259,650, or $2,113,650 more than during the preceding period of three months.

The amount of free gold in the treasury on the 7th day of March, 1893, was $100,982,410, or $982,410 in excess of the lawful reserve; but, by making exchange of currency for gold with the banks in different parts of the country, the amount was increased to $107,462,682 on the 25th of that month. Notwithstanding the most strenuous efforts by the departments to maintain the $100,000,000 reserve intact, the presentation of notes for redemption to procure gold for shipment abroad continued to such an extent that on the 2d day of April, for the first time since the fund was established, it became necessary to use a part of it, and it was reduced to $95,432,357; but it was afterwards increased by exchanges of currency for gold, so that on the 10th day of August it had been fully restored, and there was on hand $103,683,290 in free gold. By Oct. 19, however, it had been diminished by redemptions of currency and otherwise to the sum of $81,551,385, which is the lowest point it has ever reached.

UNWISE POLICY.

Circulating Government Notes as Currency.

So long as the government continues the unwise policy of keeping its own notes outstanding to circulate as currency, and undertakes to provide for their redemption in coin on presentation, it will be, in my opinion, essential for the secretary of the treasury to possess the means, or to have the clear and undoubted authority to secure the means which may from time to time become necessary to enable him to meet such emergencies as the one which has recently occurred in our financial affairs. Under existing legislation, the treasury department exercises to a larger extent than all the other financial institutions of the country combined the functions of a bank of issue, and while the credit of the government is so strong that it may not be necessary to maintain at all times the actual coin reserve which experience has shown to be requisite in the case of ordinary banking companies, still it would be manifestly imprudent, to say the least, not to adopt such precautionary measures as would enable the government in times of unusual financial disturbance to keep its faith with the people who hold its notes and coins by protecting them against the disastrous effects of an irredeemable and

DEPRECIATED CURRENCY.

While the laws have imposed upon the treasury department all the duties and responsibilities of a bank of issue, and to a certain extent the functions of a bank of deposit, they have not conferred upon the secretary any part of the discretionary powers usually possessed by the executive heads of institutions engaged in conducting this character of financial business. He is bound by mandatory or prohibitory provisions in the statutes to do or not to do certain things, without regard to the circumstances which may exist at the time he is required to act, and thus he is allowed no opportunity to take advantage of changes in the situation favorable to the interests of the government to protect its interests from injury when threatened by adverse events of influences. He can neither negotiate temporary loans to meet casual deficiencies nor retire and cancel the notes of the government without substituting other currency for them when the revenues are redundant or the circulation excessive; nor can he resort, except to a very limited extent, to any of the expedients which, in his judgment, may be absolutely necessary to prevent injurious disturbances of the financial situation. These considerations emphasize the necessity for such legislation as will make the department independent of speculative interests and operations, and enable it to maintain the credit of the government upon a

SOUND AND SECURE BASIS.

Whatever objections may be urged against the maintenance of a large coin reserve, procured by the sale of interest-bearing bonds, it must be evident that this course cannot be safely avoided unless the government abandons the policy of issuing its own notes for circulation, and limits the functions of the treasury department to the collection and disbursement of the public revenues for purely public purposes, and to the performance of such other administrative duties as may be appropriate to the character of its organization as a branch of the executive authority. To the extent that it is required by law to receive money on deposit, and repay it, or to issue notes and redeem them on demand, it is engaged in a business which cannot be conducted without having at all times the ability to comply promptly with its obligations. Its operations necessarily affect, beneficially or otherwise, the private financial affairs of all the people, and they have a right to be assured by appropriate legislation that their confidence in the integrity and power of the government has not been misplaced.

REVENUE LAWS.

Great Necessity for Revision of Existing Laws.

The necessity for a comprehensive revision of our tariff laws in the interests of greater industrial and commercial freedom need not be urged at great length upon the present congress, one branch of which has been recently chosen by the people with that object distinctly in view; nor would it be appropriate here to discuss to any considerable extent the particular alterations that ought to be made in the free and dutiable schedules in order to make the revision conform to the requirements of the situation, because the proper committee of the house of representatives is engaged in the preparation of a message which will probably be presented for the consideration of that body before this report is made. But it is not improper, under the circumstances, to submit some suggestions upon the general principles involved in such legislation and the best means of applying them, in order to secure, as far as possible, equality in the distribution of the burdens of taxation and avoid as far as possible the taxation of one citizen for the benefit of another, or of one class for the benefit of another. The only proper purpose for which taxes can be levied and collected in the United States is to raise revenue for the support of the public service and the payment of public obligations, and it follows as a plain matter of justice that no citizen should be required to contribute more than his equal share towards the accomplishment of these ends. While absolute equality is not attainable under any system of taxation that can be devised, it is possible to correct the

FLAGRANT INEQUALITIES

which characterize our existing legislation; and in doing so it is the imperative duty of those who are charged with the responsibility of making the revision to select such subjects for taxation and prescribe such methods of assessment and collection as will secure the necessary means for the support of the government with the least possible injury to any part of the people, but without regard to the groundless apprehensions or unreasonable opposition of the timid or selfish interests.

The equal distribution of the burdens of taxation depends, not alone upon the rates of duty imposed upon the different articles, but largely upon the manner in which the amount of duty is ascertained and fixed by the law. The basis of the duty must be a unit in some form, and the question whether it shall be computed upon the weight, quantity, number or dimensions of the article, or upon its actual value, is one which lies at the very foundation of every proposition to impose taxes, and upon its determination depends to a great extent the justice or injustice of every revenue measure.

The imposition of specific or compound rates of duty is so inconsistent with the true principles of just taxation that nothing but the plainest necessity can justify it in any case, unless it be in a few exceptional instances, where all the articles taxed at the same specific rate are so nearly equal in value that the danger of unjust discrimination is not greater than it would be if an official valuation were required. It is manifestly unjust to compel one citizen to pay the same amount of tax on a yard of cloth worth $1 that another citizen pays on a yard of cloth worth $5. In such a case it is evident that one has been taxed too much for the support of the government or the other has been taxed too little, and the law has not dealt fairly with them in a matter which affects the equality of their rights and duties as citizens.

TARIFF A TAX

And the Consumer Must Eventually Pay It.

A tariff is a tax upon consumption, and the condition of those who are compelled by poverty of means to purchase and use the coarser and cheaper grades of goods should certainly protect them against unjust discriminations, even if it does not entitle them to some measure of exemption from the exactions of the government. Taxation according to value does injustice to no one unless the rates are too high or are unequally adjusted upon articles of the same general character and utility. It is distinctly the American system of taxation, and is recognized as just and equitable by the people in all the states in their laws for the assessment and the collection of local revenues upon the ad valorem basis. It is not probable that any other method would be tolerated in any state of the Union where the tax is imposed solely for the purpose of raising revenue, with no incidental or ulterior object in view affecting the public health or morals; and it would never have been tolerated in our federal legislation except in rare instances if the use of the taxing power had been limited to the purpose for which it was delegated. As a means of concealing from the taxpayer the usual proportion which the charge upon his earnings bears to the value of the taxed article, specific and compound rates have been for many years ingeniously employed to mask and perpetuate a system which subordinates the interests of the government to the exactions of private individuals and corporations engaged in particular

INDUSTRIES AND TRADES.

But the difficulties of administration have always been greatly exaggerated, and, so far as they really existed in former times, have now been much diminished by our increased facilities for ascertaining market values in other countries, and by the improved organization of our customs service. The markets of the world have been brought so near to each other by the use of steam and electricity that as to all staple articles especially, it is not now much more difficult to find their cost or value abroad than at home; and, if under these circumstances it shall be demonstrated that official intelligence and integrity cannot be safely relied upon for an honest collection of the revenue under the existing system of indirect taxation, it will become necessary to consider whether some other method cannot be devised to raise moneys for the support of the government.

So far as the inducements to commit frauds and perjuries constitute objections, the slightest examination of the subject will show that they are much greater under the system of compound rates, which is one of the most prominent features of our existing legislation, than they could possibly be under a purely ad valorem arrangement of duties. The tariff law now in force

IMPOSES COMPOUND RATES

of duty upon a great many important articles in common use among the people, and which are largely imported from abroad, and in every such case a tempting premium is offered for fraudulent undervaluations by the importer or consignee. For instance, on woolen or worsted cloths, shawls and certain other manufactures of wool, worsted or hair of the camel, goat, alpaca or other animals, valued at more than 30 cents, and not more than 40 cents per pound, the tax per pound is three and a half times the duty imposed upon a pound of unwashed wool of the first class (38½ cents), and in addition a 40 per cent ad valorem; but if the goods are valued at more than 40 cents per pound, the tax is four times the duty imposed upon a pound of unwashed wool of the first class (44 cents), and 50 per cent ad valorem. Upon an importation of 100,000 pounds of such goods under this law an undervaluation to the extent of one-half of one cent per pound, so as to reduce the appraisement below 40 cents a pound, would result in a clear gain to the importer and a loss to the revenue of $9,725; whereas, if the compound rate imposed upon the first classification mentioned, exorbitant as it is, had been made purely ad valorem and applied to all goods of like character and description, such undervaluation would have resulted in a gain to the importer and a loss to the revenue of only $685, being a difference of $9,040, or more than 22 per cent upon the whole cost of the importation. This is only one provision out of a great number in the present law under which substantially the same result can be accomplished by a very small undervaluation of imported goods; and it would seem difficult to devise a scheme better calculated to encourage frauds upon the revenue and make their prevention or detection next to impossible.

RAW MATERIALS

Should Be the Same Price to All Manufacturers.

Raw and partially raw materials constitute the basis of all our manufacturing and mechanical industries, and unless our industrial establishments can procure them upon substantially the same terms as their competitors elsewhere they must continue to be seriously impeded in their efforts to supply the home market with their finished products, and wholly unable to extend their trade to other countries, except as to certain commodities in the manufacture of which they have peculiar aptitude or employ superior machinery.

Taxes upon materials used in our shops and factories are especially objectionable on account of the fact that they multiply themselves many times before the finished article reaches the hands of the consumer, and thus impose a burden altogether disproportionate to the benefits supposed to be conferred upon the producer by the so-called protective system. A tax upon iron and wool necessitates a still higher rate upon all forms of manufactured iron and steel, and upon all kinds of woolen goods, and these progressive increases in rates are piled one upon another at every stage of the manufacturing process until the completed article is ready for sale and consumption. The result is that the cost of production is made so great that our manufacturers can neither exclude their foreign competitors from our own markets nor share their trade in the markets of other countries, while

THE AMERICAN CONSUMER

is compelled to reimburse the increased outlay caused by the tax with a percentage of profit added. If the world's store of raw materials were as accessible to the American workingman as it is to his competitor in other manufacurting countries, his superior skill, sobriety and industrious habits would enable him, without artificial aid, to supply many parts of the world where his products are now never seen with machinery, implements and various kinds of textile fabrics of such qualities and at such prices as would exclude all competition and create a demand for a large increase of our productive forces. With free raw materials as a permanent feature of our revenue legislation, the demand for labor would steadily grow with the extension of trade, while enlarged opportunities for the profitable investment of capital would stimulate the spirit of enterprise among our people and greatly diminish the danger of periodical suspensions, lockouts and strikes, which have in recent years so seriously interrupted our industrial progress.

NECESSARIES OF LIFE

Should Be Cheapened for the Masses.

Nearly allied to the policy of free raw materials is that of cheapening the necessaries of life for the masses of the people. Legislation which unnecessarily increases the cost of living is wholly without justification or excuse, and in the revision of our revenue laws this objectionable policy should be wholly discarded in the interest of both labor and capital. So long as the government maintains a system of taxation which affects the prices of commodities in the markets, it should be so applied as to exempt, or bear as lightly as possible, upon those articles which are essential to the health and comfort of the people, such as food, clothing and shelter, and upon the tools and implements of trade employed by labor in earning the means of subsistence. Luxuries and articles of taste and fashion, the use of which is entirely voluntary, are proper subjects of taxation under any system of raising revenue, and upon these the rates may very properly be placed at the very highest revenue point. Such taxes do not ordinarily impose much hardship upon those who pay them, but taxes which diminish the purchasing power of the laborers' wages in procuring the necessaries of life strike at the foundations of the social system, because the material welfare of all our communities depends on, in a large measure, the prosperity and contentment of those who labor in some form for their own support. It is estimated that the

REVENUES FOR THE FISCAL YEAR

1895 will amount, upon the basis of existing laws, to $454,427,478, and that the expenditures, including the sinking fund, will amount to $448,303,789. The estimated revenues from customs is $190,000,000, and the total estimated receipts from all sources will exceed the estimate of expenditures $6,120,958. Assuming these amounts to be approximately correct, it will be necessary in any changes that may be made in our revenue laws to provide for raising about $184,000,000 from customs alone, or partly from customs and partly from such other subjects of taxation as congress may see proper to include in our internal revenue system. If the amount and value of the importations of the same character of dutiable merchandise should not, during the fiscal year of 1895, exceed the amount and value of such importations during the fiscal year of 1893, the receipts under the measure now pending would be about $122,000,000, but there are strong reasons for the opinion that the proposed reductions in the rates of duty will encourage importations to a very considerable extent, and that, consequently, the revenue will not be diminished in the same proportion as the rates are reduced. Moreover, experience has shown that under all our tariff legislation there has been an almost constant tendency towards annual increases in the amounts and values of dutiable imports, even though the rates of duty remained the same.

THE TOTAL VALUE

of dutiable imports in 1868 was $329,661,302, and the receipts were $164,464,599, and although tea, coffee and hides, important revenue articles, were all subsequently placed upon the free list and some other changes made in the law, the value of dutiable imports had increased to $493,916,384 in 1883 and the receipts amounted to $214,706,496. In the year 1884, the first after the passage of the tariff act of March 3, 1883, the value of dutiable imports was $456,295,124, and the receipts $195,067,489, but in 1890, the last full year made under that act, the value was $507,571,764, and the receipts $229,668,584. There have been but two entire fiscal years since the act of Oct. 6, 1890, and during the first one, 1892, the value of dutiable imports was $355,526,741, and the receipts $177,452,964, while in 1893 the value was $400,282,519, and the receipts $202,355,016, or an increase of nearly 15 per cent. To what extent the importations will be increased solely on account of reductions in the rate of duty it is of course impossible to foresee, but it is reasonable to conclude that this cause, together with the natural increase of our purchases from other countries, will result in a much larger revenue from customs in 1895 than is indicated by a mere comparison of proposed reduced rates with those under which the collections were made in 1893.

PROPER ECONOMY

Must Be Exercised in Public Expenditures.

I am of the opinion that with proper economy in public expenditures, which it is hoped will result in a considerable reduction from the estimates, an increase of $50,000,000 to the revenue for the fiscal year 1895, by the imposition of additional taxes under the internal revenue system, will supply sufficient means for the support of the government, and that this sum can be raised without seriously disturbing the business of the country or doing injustice to any part of the people. Many different methods of providing this additional revenue have been suggested and discussed, and after a careful examination of the whole subject I have reached the conclusion that it can be most conveniently and justly raised by increasing the tax on distilled spirits 10 cents per gallon, and by additional taxes on cigars and cigarettes, and the imposition of new taxes on playing cards, cosmetics and perfumeries, legacies and successions and incomes derived from investments in stocks and bonds of corporations and joint stock companies. The increased

TAX ON DISTILLED SPIRITS,

cigars and cigarettes should be imposed upon all such articles in existence and upon which the revenue has not been collected at the time the act takes effect; but a reasonable time should be allowed in the cases of the new taxes, in order that the necessary stamps may be prepared and distributed and the necessary rules and regulations made and promulgated.

A tax of 1 per cent upon an income of $3,000 derived from the investment of $50,000 in 6 per cent stock would amount to $30—a sum so insignificant that the investor could not reasonably claim that the franchises and privileges granted to his debtor had not added fully that much to his receipts.

It is scarcely necessary to suggest to congress in this connection that the present and prospective condition of the treasury and the general state of the country demand a policy of the strictest economy in public expenditures consistent with an efficient administration of the laws. Reductions of taxation cannot be logically insisted upon, or be made practically beneficial, without a corresponding reduction of expenditures; but such a reduction cannot be permanently effected by merely withholding appropriations required for the proper execution of existing laws, which impose duties upon the heads of executive departments and other public officials. Deficiencies are not savings, but as a general rule result in larger expenditures than would have been made if adequate appropriations had been granted in the first instance. Genuine economy and frugality can be secured only by repeal of statutes authorizing or requiring unnecessary expenditures, and the refusal to enact new laws creating charges against the treasury for purposes of doubtful utility; and although such a policy will probably be vigorously opposed by powerful interests more or less dependent upon the patronage of the government for support, and by local influences seeking legislative favors, it is evident that it must be adopted and adhered to if any substantial result is to be accomplished.

LARGEST ON RECORD.

Receipts and Expenditures for Fiscal Year.

Reviewing the receipts and expenditures for the fiscal year 1893, the secretary says that the government's revenues from all sources for the year were $461,716,561.94, of which $203,355,016.73 was from customs, and $161,027,623.93 from internal revenue. The total expenditures were $459,374,887.65, leaving a surplus of $2,341,674.29. As compared with 1892, this shows an increase in receipts of $35,848,301.72, and in expenditures of $38,454,623.91. On the basis of existing laws the revenues of the government for the present fiscal year are estimated at $430,121,365.30, and the total expenditures at $468,121,365.30, or a deficit of $28,000,000. The principal items in these estimated revenues are: From customs, $175,000,000, and from internal revenue, $150,000,000, while $152,000,000 for pensions constitutes the largest item in the estimated expenditures. It is estimated that on the basis of existing laws the government revenues for the fiscal year 1895 will be $454,427,748.44. The estimates of appropriations heretofore submitted for the year aggregate $448,306,789.93, or an estimated surplus of $6,120,958.56.

Discussing our foreign commerce, the secretary says that our total imports were:

For 1892—Merchandise, $827,402,462; gold, $49,699,454; silver, $19,955,086. Exports, merchandise, $1,030,278,148; gold, $50,195,327; silver, $32,810,559.

For 1893—Imports, merchandise, $866,400,922; gold, $21,174,381; silver, $23,193,252. Exports, merchandise, $847,665,194; gold, $108,680,844; silver, $40,737,319.

The prominent facts disclosed by these figures, says the report, are that the values of imports of merchandise attained the highest point in the commercial history of the country; and that the exports of gold reached a higher figure than ever before in a single year since the foundation of the government. This outward movement of gold, occurring in a time of peace, and apparently in defiance of commercial laws, will make the year 1893 memorable in financial and commercial experience. The imports as well as the exports of silver coin and bullion were greater in amount than is recorded in any one year of the country's history—exceeding even the panic year of 1873. The year 1893 also witnessed a further decline in the relative importance of the American merchant marine in the foreign carrying trade, falling from even the low percentage of 1892 to the lowest on record, only 12.2 per cent of our imports and exports being carried in American vessels.

CURRENCY LEGISLATION.

No Further Specific Legislation Required.

The recent repeal of so much of the act of July 14, 1890, as required the secretary of the treasury to purchase silver bullion and issue treasury notes in payment for it, makes such a radical change in the policy of the government respecting the currency of the country that until its effects are more fully developed I do not consider it advisable to recommend further specific legislation upon that subject. As already shown in this report, the amount of money in the country outside of the treasury on the 1st day of December, 1893, was $112,404,947 greater than the amount outstanding on the 1st day of November, 1892. This vast increase in the volume of outstanding currency, notwithstanding the enormous exports of gold during the year, is the result of several causes, among which may be mentioned the issue of treasury notes for the purchase of silver bullion, the excess of public expenditures over receipts, and additional circulation called for by the national banks during the late financial stringency, and the large imports of gold, which amounted during the months of July, August, September and October, 1893, to the sum of $55,785,526. That the amount of money in the country is greater than is required for the transaction of the business of the people at this time is conclusively shown by the fact that it has accumulated, and is still accumulating, in the financial centers to such an extent as to constitute a serious embarrassment to the banks in which it is deposited, many of which are holding large sums at a loss.

THIS EXCESSIVE ACCUMULATION

of currency at particular points is caused by the fact that there is no such demand for it elsewhere as will enable the banks and other institutions to which it belongs to loan it to the people at remunerative rates, and it will continue until the business of the country has more fully recovered from the depressing effects of the recent financial disturbances. Money does not create business, but business creates a demand for money, and until there is such a revival of industry, and trade as to require the use of the circulating medium now outstanding, it would be hazardous to arbitrarily increase its volume by law, or to make material changes in its character by disturbing in any manner the relations which its different forms now bear to each other. In the meantime, it will be the duty of all who have power to influence the course of events or to assist, by legislation or otherwise, in the solution of the grave questions presented by the altered condition of our monetary system, to carefully consider the whole subject in all its aspects, in order that it may be permanently disposed of by the adoption of a simple and comprehensive system which will, as far as possible, relieve the government from the onerous obligations now resting upon it, and at the same time secure for the use of the people a currency uniform in value and adequate in amount.

UNSATISFACTORY.

Currency Legislation Not of the Best.

The unsatisfactory condition of our currency legislation has been for many years the cause of much discussion and disquietude among the people, and, although one great disturbing element has been removed, there still remain such inconsistencies in the laws and such differences between the forms and qualities of the various kinds of currency in use that private business is sometimes obstructed and the treasury department is constantly embarrassed in conducting the fiscal operations of the government. There are now in circulation nine different kinds of currency, all except two being dependent directly or indirectly upon the credit of the United States. One statute requires the secretary of the treasury to redeem the old legal tender notes in coin on presentation, and another compels him to re-issue them, so that, no matter how often they are redeemed, they are never actually paid and extinguised. The act of July 14, 1890, provides that the treasury notes issued in payment for silver bullion shall be redeemed in gold or silver coin at the discretion of the secretary, and when so redeemed may be re-issued; but the same act also provides that no greater or less amount of such notes shall be outstanding at any time than the cost of the silver bullion and the standard silver dollars coined therefrom then held in the treasury purchased by such notes, and consequently when these notes are redeemed with silver coined from the bullion purchased under the act, they cannot be re-issued, but must be

RETIRED AND CANCELED,

for otherwise there would be a greater amount of notes outstanding than the cost of the bullion and coined dollars "then held in the treasury." In this manner notes to the amount of $2,625,984 have been retired and canceled since August last, and standard silver dollars have taken their places in the circulation. If redeemed in gold coin, the notes might be lawfully retired or reissued in the discretion of the secretary; but the condition of the treasury has been, and is now, such that practically no discretion exists, for the reason that the necessities of the public service and the requirements of the coin reserve compel him to reissue them in defraying the expenditures of the government or in procuring coin to replenish that fund.

One of the principal difficulties encountered by the treasury department results from the indisposition of the public to retain standard silver dollars and silver certificates in circulation. It requires constant effort upon the part of the treasury officials to prevent the certificates especially from accumulating in the sub-treasuries to the exclusion of legal tender currency. Why this should be the case is not easily understood, for, although these certificates are not legal tender in the payment of private debts, they are, by the acts of 1878 and 1886, made receivable for all public dues, and by the act of May 12, 1882, national banks are authorized to hold them as part of their lawful reserves. With the policy of maintaining equality in the exchangeable value of all our currency firmly established, and further accumulation of silver bullion arrested, there is no substantial reason why the silver certificates should not be as favorably received and as liberally treated by the public as any other form of note in circulation; and for the purpose of creating a greater demand for their permanent use in the daily transactions of the people, I have directed that, as far as the law permits, and as rapidly as the opportunity is afforded, the amount of such certificates of denominations less than $10 shall be increased by substituting them for larger ones to be retired, and that the small denominations of other kinds of currency shall be retired as they are received into the treasury and larger ones substituted in their places.

MOTHER'S FRIEND

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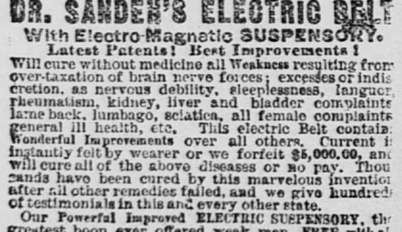

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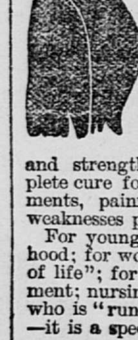

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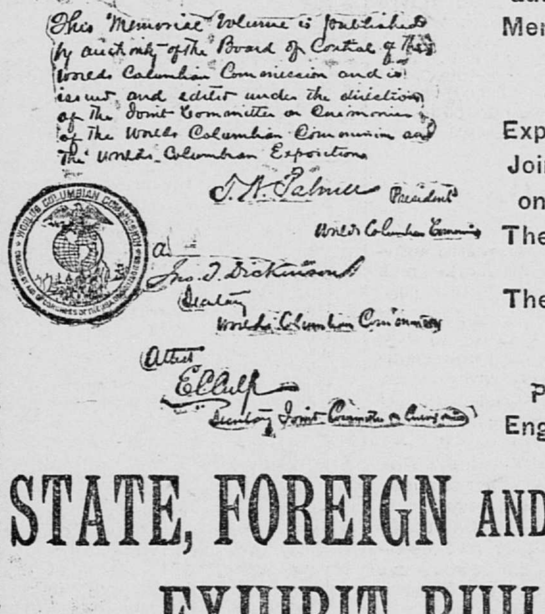

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World's Columbian Commission
Administration Building, Jackson Park
Chicago, Ill. U.S.A. June 3 1893

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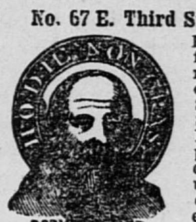

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LEAVE	St. Paul Union Depot.	ARRIVE.
b8:05 am	Willmar, Morris, Brown's Valley	b7:00 pm
b8:30 am	Fergus Falls, Fargo and Grand Forks	b6:05am
b8:30 am	Osseo, Clearwater and St. Cloud	b6:05 pm
b3:30 pm	Anoka, St. Cloud and Willmar	b10:55 am
b4:30 pm	Excelsior & Hutchinson	b11:55 am
b8:50 am	Willmar, Sioux Falls, Yankton, Sioux City	b7:00 pm
a6:30 pm	Breck., Fargo, Grand Forks, Winnipeg	a7:05 am
a7:45 pm	‡Osseo, St. Cloud, Fergus Falls, Crookston, G. Forks, Kalispell, Spokane, Seattle, Great Falls, Helena, Butte and Pacific Coast	a10:30 am
	EASTERN MINNESOTA.	
1:05 pm	Duluth, West Superior, Elk River, Milaca, Hinckley, Princeton, §Anoka	b6:55 pm

a, daily; b, except Sunday; §Buffet parlor cars on trains to Duluth and W. Superior; †Buffet sleepers. ‡Dining and Buffet cars, palace sleepers, tourist cars.

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Badger State Express	*8:00 am	†10:10 pm
Atlantic & Southern Ex	†6:25 pm	*11:55 am
North-Western Limited	*8:10 pm	*7:50 am
Marshfield and Wausau	†8:00 am	†10:10 pm
Green Bay, Stevens Point	†8:00 am	†10:10 pm
Ashland, Washb'n, Bay'ld	†9:00 am	†5:00 pm
Duluth and Superiors	†9:00 am	†5:00 pm
Duluth and Superiors	*11:00 pm	*6:50 am
Pipestone & Sioux Falls	†8:10 am	†6:10 pm
Winnebago & Elmore	†8:10 am	†6:10 pm
Omaha, St. Joe, Kan. City	*8:10 am	*7:40 am
Omaha, St. Joe, Kan. City	*7:45 pm	*7:40 am
Soo City & Worthington	*8:10 am	*6:10 pm
Soo City & Worthington	*7:45 pm	*7:40 am
Tracy, Watertown, Huron	§7:45 pm	‡7:40 am

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CITY TICKET OFFICE, 398 Robert St.

Telephone, 1053.

Leave.	St. Paul Union Depot.	Arrive.
6:00 p. m.	Atlantic Limited Vestibuled through train, daily, for Escanaba, Sault Ste. Marie, Montreal, Boston, New York and all Eastern points	10:35 a. m
7:50 p. m.	Pacific Limited Vestibuled through train, daily, for Valley City, Minot, Vancouver, Seattle, Tacoma, Portland, San Francisco and all Pacific Coast points, China, Japan and Australia.	8:10 a. m
8:20 a. m.	Wis. Div., local, daily except Sunday, via St. P. & D. R. R. and Bald Eagle, for Turtle Lake, Prentice and Rhinelander	6:25 p. m.
	Broadway Depot, Foot 4th st	
5:00 p. m.	St. Croix Falls Accommodation, daily except Sunday	10:20 a. m
	Soo Line Depot, 2d st. and 4th av. north, Minneapolis.	
8:30 a. m.	Minn. Div., local, daily except Sunday, for Buffalo, Paynesville, Glenwood and Oakes	[illegible] p. m

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Pacific Mail (daily) for Fargo, Jamestown, Livingston, Helena, Butte, Missoula, Spokane, Tacoma, Seattle and Portland.	4:15 p. m.	7:00 a. m.
Dakota and Manitoba Express (daily) for Fergus Falls, Wahpeton, Crookston, Grand Forks, Grafton, Winnipeg, Moorhead, Fargo and Jamestown	8:00 p. m.	7:35 a. m.
Fargo local (daily except Sunday), for St. Cloud, Brainerd and Fargo	9:00 a. m.	6:20 p. m.

Dakota Express does not run west of Fargo Sundays. Pullman Sleepers daily between St. Paul and Grand Forks, Grafton, Winnipeg, Fergus Falls, Wahpeton and Fargo. Pullman First-Class and Tourist Sleepers are run on through Pacific Coast Trains. C. E. STONE, City Ticket Agent, 162 East Third Street St. Paul.

Ticket Offices: 365 Robert street, corner Fifth, and Union Depot, St. Paul.

*Daily. †Ex. Sunday. ¶Ex. Monday. ‡Ex. Saturday

	Le.—St. Paul	—Ar.
Chicago "Day" express	[illegible] a m	†10:45 p m
Chicago "Atlantic" express	*2:55 p m	*12:10 p m
Chicago "Fast Mail"	*6:55 p m	*2:15 p m
Chicago "Vestibule" Lim	*8:10 p m	*7:50 a m
Chicago via Austin and Dubuque	†3:55 p m	†10:30 a m
Dubuque via La Crosse	†8:05 a m	†10:45 p m
St. Louis and Kansas City	*8:30 a m	*6:30 p m
Calmar and Davenport	†8:30 a m	†6:30 p m
Milbank and Aberdeen	†8:20 a m	†6:30 p m
Milbank and Aberdeen	†6:15 p m	†7:45 a m

Minneapolis trains leave *8, †7:20 a. m., 2:15, *3, †5:15 and †10:50 p. m.

For detail information call at ticket offices

WISCONSIN CENTRAL LINES.

Arrive	Arrive		Depart	Depart
3:40 pm	8:00 am	St. Paul.	1:25 pm	[illegible]:15 pm
4:20 pm	8:40 am	Minneap'lis	12:45 pm	[illegible]:25 pm

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*Daily. †Daily ex. Sund.	Leave.	Arrive
†Chicago Fast Express	8:00 am	11:15pm
*Iowa, Mo. & Kansas Ex	8:00 am	11:15pm
Dodge Center Local	3:35 pm	10:05am
*Chicago Limited	7:30 pm	7:35am
†Des Moines, St. J. & K. C.	7:30 pm	7:35am

Burlington Route

Leaves Union Depot for Chicago, St. Louis and down-river points, 7:30 a. m. Arrives from Chicago 2:30 p. m. Daily. Leaves Union Depot for Chicago and St. Louis, 7:40 p. m. Arrives from same points 7:45 a. m. Daily.