during the last two years to impair the credit of the government and the people of the United States at home and abroad and to check our industrial and commercial progress, more than all other things combined, and our first and plainest duty is to provide, if possible, some effective method for the prompt and permanent relief of the country from the consequences of the present unwise policy. A brief statement of the practical and unavoidable results of the existing legislation will demonstrate its injurious effects upon our financial affairs more clearly than any argument that could be submitted."

ABOUT THE BOND ISSUES.

The secretary then reviews the circumstances leading up to the first $50,000,000 issue of bonds as a means of replenishing the gold reserve, yielding $58,660,917 and increasing the free gold in the treasury to $107,446,802. The lowest point reached by the reserve since the resumption of specie payments was on the 7th day of August, 1894, when by reason of withdrawals in the redemption of notes it was reduced to $52,189,500. "After that it was slowly replenished by voluntary exchanges of gold coin for United States notes by the banks and by small receipts of gold in the payment of duties to the government until the 14th of November, 1894, when it reached the sum of $61,878,374. In the meantime, however, the frequent presentation of notes for redemption in gold by individuals and institutions not desiring it for export clearly indicated the existence of a feeling of uneasiness in the public mind, while foreign exchange was almost constantly at or near a rate which made it more profitable to export gold than to purchase bills, and consequently withdrawals for shipments were daily threatened. In addition to these causes of anxiety the vast accumulation of money at our financial centers and the general depression in business which prevailed in this country had so reduced the rates of discount that the inducement to keep funds abroad, where better investments could be made, were much greater than in ordinary times, and this, together with the other facts stated, made it highly imprudent to neglect any precaution which appeared necessary to insure the safety of our financial position. Therefore the second issue of $50,000,000 was decided upon. For this issue, proposals for which were issued last month, 486 bids were received, amounting to $178,836,050, nearly all of which were at rates which would yield to the investor 3 per cent or less. One bid was for the whole sum of $50,000,000 upon the basis of 2.878 per cent, and being the most advantageous offer for the government that was made, either singly or by aggregating the separate bids, was accepted, and the proceeds of the sale, $58,538,500, have nearly all been paid into the treasury according to the terms of the sale. The transaction justified the opinion that a 2½ per cent bond having reasonable time to run could probably have been sold at par, and certainly that a 3 per cent bond could have been disposed of at or above that rate.

"As the authority to issue and sell bonds already exists and the present state of our financial legislation compels its occasional exercise, I repeat the recommendation made in my last annual report that in the interest of the government and people power be conferred upon the secretary of the treasury to negotiate loans at a lower rate of interest and for a shorter time than are now allowed. The existence of such authority instead of increasing the probability of a frequent resort to that means of raising money would have the contrary effect, because when the secretary of the treasury is clothed with ample power and facilities to procure means for the maintenance of the reserve, public confidence in the ability of the government to meet promptly all demands upon it will be much stronger than under present circumstances. Besides the policy of limiting the government to the sale of an antiquated bond bearing a rate of interest wholly inconsistent with the existing state of the public credit and having a longer time to run than is apparently necessary at the date of its issue cannot be justified.

ASKS FOR MORE POWERS.

"The law should be so amended as to conform to the conditions and requirements of the public credit and service at the present time, and I earnestly hope that congress will take early and favorable action upon this subject. So long as there are in circulation under the authority of the government two coins unequal in value, but equal in legal tender qualities, every consideration of good faith and sound policy requires the prompt redemption of the notes on presentation in the kind of coin demanded by the holder, and the constant observance of such administrative methods as may be necessary to preserve the purchasing power of the less valuable metal. This is essential to the continued circulation of our standard silver dollars and their paper representatives at par, and to abandon this policy without substituting a better one in its place would not only fail to cure many of the evils now existing, but would entail upon the people of the country additional and greater ones. This situation is the necessary result of these features of our currency legislation, and it cannot be permanently avoided, or even temporarily improved without material changes in our laws relating to that subject. These features are:

"1. The circulation of United States notes as currency, and their current redemption in coin on demand.

"2. The compulsory reissue of such notes after redemption.

"3. The excessive accumulation and coinage of silver and the issue of notes and certificates against it upon a ratio which greatly overvalues that metal as compared with the standard unit of value in this and the other principal countries.

"Frequent issues of bonds for the purpose of procuring gold, which cannot be kept after it has been obtained, will certainly cause increased distrust among our own people as well as among the people of other countries, and not only swell the volume of our securities returning from abroad, for sale or redemption, but increase the withdrawal of foreign capital heretofore invested in our domestic enterprises.

"Ordinarily when there is no distrust of our currency or other discouraging influence, a considerable part of the interest and dividends earned by foreign capital in this country is annually or semi-annually reinvested, and this, together with the fact that under normal conditions the balance of trade is in our favor, enables our people to meet their obligations abroad without reducing their stock of money at home. But when distrust arises either as to our ability to pay or as to the value of the money with which we intend to pay, the foreign capitalist not only ceases to reinvest, but proceeds to withdraw all his money by disposing of his American securities in order to protect both capital and income against threatened depreciation. There are but two ways in which this withdrawal can be affected; one is for our people to export and sell their commodities in foreign markets to a sufficient amount to create a balance of credit in their favor equal to the amount to be withdrawn, and the other is to ship gold, that being the only money recognized in the settlement of the international balances.

MAINTENANCE OF GOLD STANDARD.

"But independently of these considerations our own people have a clear right to demand a sound and stable currency for use in the transaction of their business at home, while their purely commercial relations with the people of other countries upon whom the producers of exportable commodities are compelled to rely for the consumption of their surplus, cannot be profitably maintained unless they are always in a condition to pay for what they buy in as good money as they receive for what they sell. We cannot therefore preserve our trade relations with the best customers for our surplus products unless we maintain a monetary system substantially in accord with theirs, and until they manifest a disposition to co-operate with us in effecting a change upon terms just and fair to all our interests, we ought to continue our adhesion to the gold standard of value with as large a use of silver as is consistent with the strict maintenance of that policy. Since the resumption of specie payments United States legal tender and treasury notes so redeemed have been reissued and are now outstanding. They are a constant menace to the gold reserve and no scheme of financial reform can be complete or effectual which does not provide at least for their gradual elimination from our currency system. I am convinced that the interests of the country require such changes in our legislation as will discharge the government entirely from the business of issuing or reissuing circulating notes, and thus relieve its fiscal department of the periodical demands on its resources which under the existing system must continue to disturb the financial and general business affairs of the people.

"Arbitrary regulation of the volume of circulation to be kept outstanding is wholly inconsistent with the maintenance of a healthy financial condition and is the exercise of a function which does not properly belong to the government or any other public authority. Its effect is to force paper currency upon the people when it is not needed and deprive them of it when it is needed, thus establishing and maintaining an improper and unwarranted connection between the government and the private business affairs of its citizens and their successful prosecution largely dependent upon the judgment or caprice of a superior authority having no interest in the transaction, except, perhaps, a partisan interest not in harmony with sound financial arrangements.

PRESENT METHOD HAS FAILED.

"Under our present currency system, so far as it consists of notes issued by the United States government, the volume of circulation was intended to be and is in fact unchangeable. It is unalterably fixed at a certain amount, and no matter how great the emergency may be it can be neither enlarged nor diminished. The only part of the currency possessing in any degree the quality of elasticity is that issued by the national banking associations, and it is now generally conceded, I believe, that in this particular at least it has failed to meet the requirements of the situation at some of the most critical periods in the business affairs of the country. Its failure is creditable, in my opinion, to these principal causes:

"1. To the large volume of United States currency of various kinds kept constantly outstanding, making the contraction or expansion of the comparatively small national bank circulation less effective than it would otherwise have been.

"2. The difficulty and delay in producing and, to some extent, in retiring cirulation.

"3 (and mainly). The provisions of the law which require the deposit of United States bonds to secure circulation and restricting the issue of notes to 90 per cent of the par value of the bonds.

"With $900,000,000 in United States notes, treasury notes of 1890, silver certificates and gold certificates, besides about $625,000,000 in gold and silver coins constantly outstanding, none of which can be lawfully retired by the government without the substituting of other currency in its place, the national bank notes, which amount to only $207,500,000, or about 12 per cent of the whole, cannot exert a very effective influence upon the volume of outstanding currency at any time, especially at times when large contractions or expansions are most needed, but the greatest difficulties are encountered, and the national banking system as now organized is least effective when the business of the country demands quick expansions of the currency to meet sudden emergencies.

"In addition to existing obstructions to the prompt increase and decrease of circulation the ninth section of the act of July 12, 1882, which provides for the extension of the corporate existence of national banks, expressly prohibits them from retiring their notes to a greater amount than $3,000,000 in the aggregate per month and advocates that no bank which has made a deposit of lawful money in order to withdraw its circulation shall be permitted to make any increase in its circulation for a period of six months thereafter. These provisions are so manifestly in conflict with the dictates of sound policy that they require no comment.

OUTLINES OF THE NEW PLAN.

"In view of the foregoing considerations and many others that might be urged in favor of a reorganization and formation of our paper currency system I have prepared the outlines of a plan which, in my opinion, will relieve the government to a great extent from the burdens now imposed upon it, secure within a reasonable time a safe and elastic national and state bank currency and result ultimately in the permanent retirement of United States legal tender notes of various classes. It is, in brief, as follows:

"1. Repeal all laws requiring or authorizing the deposit of United States bonds as security for circulation.

"2. Permit national banks to issue notes to an amount not exceeding 75 per centum of their paid up and unimpatred capital, but require each bank before receiving notes to deposit a guaranty fund, consisting of United States legal tender notes, including treasury notes of 1890, to the amount of 30 per centum upon the circulating notes outstanding to be maintained at all times, and whenever a bank retires its circulation its guaranty fund to be returned to it in proportion to the amount of notes retired.

"3. Retain the provision of the law making stockholders individually liable and provide that the circulation notes shall constitute a first lien upon all the assets of the bank.

"4 Impose a tax of one-half of 1 per centum per annum, payable semi-annually, upon the average amount of notes in circulation to defray the expenses of printing notes, of the supervision, cancellation, etc.

"5. No national bank note to be of less denomination than $10, and all notes of the same denomination to be uniform in design, but banks desiring to redeem their notes in gold may have them made payable in that coin. The secretary of the treasury to have authority to prepare and keep on hand, ready for issue upon application, a reserve of blank national bank notes for each banking association having circulation.

"6. Require each national banking institution to redeem its notes at its own office or at its own official agencies, to be designated by it.

"7. To provide a safety fund for the immediate redemption of the circulating notes of failed banks, impose a tax of —— per centum per annum upon the average circulation of each bank until the fund amounts to 5 per cent of the total circulation outstanding. Require each new bank and each bank taking out additional circulation to deposit its proper proportion of this fund before receiving notes. When a bank fails its guaranty fund held on deposit to be paid into the safety fund and used in the redemption of its notes, and if this fund shall be impaired by the redemption of the notes of a failed bank or banks to reimburse the ately available cash assets of such banks are insufficient to establish the fund, it shall at once be made good by pro rata assessments upon the other banks, according to the amount of their outstanding circulation, but there shall be a first lien upon all the assets of a failed bank or banks to reimburse the contributing banks. The safety fund may be invested in outstanding United States bonds having the longest time to run; the bonds and the interest upon them to be held as part of the fund and sold when necessary to redeem notes of failed banks.

"8. Repeal the provisions of the reorganization and extension act of July 12, 1892, imposing limitations upon the reduction and increase of national bank circulation.

"9. Repeal all provisions of the law requiring banks to keep a reserve on account of deposits.

"10. The secretary of the treasury may, in his discretion, use any surplus revenue of the United States in the redemption and retirement of United States legal tender notes, but such redemptions shall not in the aggregate exceed an amount equal to 70 per cent of the original circulation taken out by national and state banks under the system herein proposed.

"11. Circulating notes issued by a banking corporation duly organized under the laws of each state, and which transacts no other than a banking business shall be exempt from taxation under the laws of the United States when it is shown to the satisfaction of the secretary of the treasury and the comptroller, (1) that such bank at no time had outstanding circulating notes in excess of 75 per cent of its paidup and unimpaired capital, (2) that its stockholders are individually liable for the redemption of its circulation notes to the full extent of their ownership of stock, (3) that the circulating notes constitute by law a first lien upon all the assets of the bank, (4) that the bank at all times have the guaranty fund in United States legal tender notes, including treasury notes of 1890, equal to 30 per centum of its outstanding circulating notes, and (5) that it has promptly redeemed its notes on demand at its principal office, or at one or more of its branch offices, if it has branches.

"12. The secretary of the treasury may, under proper rules and regulations, to be established by him, permit state banks to procure and use in the preparation of their notes the distinctive paper used in printing securities, but no state bank shall print or engrave its notes in similitude of a United States note or certificate or national bank note.

RETIRING UNITED STATES MONEY.

"Whatever may be the objections to the issue and circulation of United States legal tender paper upon either constitutional or financial grounds, it has become so incorporated into our currency system and constitutes so large a part of our active circulation that it could not be suddenly withdrawn without producing, in the present state of our laws, considerable disturbance in the financial operations of the government as well as the business of the people, and, therefore, the plan now suggested provides for its gradual retirement by the use of surplus revenues hereafter received, a process which will probably require several years for its completion. As these notes cannot be retired until other forms of currency to an equal amount have taken their place, there will be neither a forced contraction nor expansion of the circulation on account of the change.

"As the plan suggested proposes to exempt the government of the United States from all liability for the redemption of national bank notes and place the sole responsibility upon the banks themselves, a guaranty fund of not less than 30 per centum upon the outstanding circulation is regarded as a very proper and necessary feature of the system. In my opinion the imposition of a tax by the federal government upon the issue of circulating notes, lawfully issued by state banks, is an unjustifiable if not an unconstitutional interference with the authority of the several states; but its validity has been judicially sustained and as it does not appear to be practicable to repeal it absolutely at this time it is proposed to avoid its prohibitory effect by exempting from taxation the notes of such banking institutions as may be organized and conducted under conditions which will amply protect the holders of their paper. While direct governmental supervision is not and ought not to be provided for, the requirements that a bank in order to secure exemption from taxation must satisfy the secretary of the treasury and the comptroller of the currency that it has complied with all the conditions imposed will enable those officials to adopt such measures as may be necessary in each case to secure every material fact involved in the inquiry. It will be observed that the plan submitted proposes the repeal of all provisions of existing laws which require national banks to hold a fixed reserve against deposits, and, as this is a departure from the practice which has prevailed continuously for more than thirty years, it is proper to state briefly the reasons which have prompted me to make this suggestion.

"When the national banking system was originally authorized it was regarded by many as a doubtful experiment at first, and various precautionary restrictions were imposed for the security of the note holders and depositors which practical experience has since shown to be unnecessary and sometimes harmful. Among these are the requirements that bonds shall be deposited to secure 90 per cent of their par value in circulating notes and that a fixed reserve which cannot be lawfully diminished shall be held on account of deposits. The consequence of this last requirement is that when a bank stands in need of all its resources it cannot use them without violating the law. The necessity for holding a sufficient reserve against deposits is not questioned, and in fact the business of receiving deposits and discounting paper ought never to be conducted without it, but it should be held for actual use when the occasion requires and not made legally inaccessible at the very time it was theoretically supposed to be beneficial in sustaining the credit of the bank and affording relief to its customers.

BANKS CRIPPLED BY THE LAW.

"Under the present law when a bank finds its reserve in danger of reduction below the legal requirement on account of the demands of its depositors it is compelled at once to call in its loans, thereby increasing the distrust and aggravating the situation which a judicious use of the reserve would have relieved; and besides at such times, in order to protect the reserve which is then practically useless for all practical purposes, clearing house certificates, various forms of time checks and bills and other devices of doubtful legality are habitually resorted to for the purpose of supplying circulation to take the place of lawful money lying idle in the vaults of the banks. To provide for a reserve which cannot be utilized, even at a time of the greatest stringency and distrust, without incurring the penalties of forfeiture, affords a most striking illustration of the impolicy of legislative interference with the natural laws of trade and finance. It is not the duty or province of the government to control or regulate the private affairs of the people, except for certain well defined purposes. As the custody and use of funds belonging to depositors are matters which affect only the interests of the immediate parties they should be left to their own judgment and discretion. The duty of the government, so far as it has any duty in the premises, is simply to provide that all the currency issued under its authority is sufficiently secured to prevent its loss or depreciation in the hands of the people who are compelled to receive and pay it out in the transaction of business. But a bank is not dependent upon the government for authority to receive deposits and its use for that purpose by the puolic is as purely voluntary as the credit extended to a corporation or to an individual. Every prudently managed bank, if left free to conduct its own deposit and discount business in the manner most advantageous to its own interests and the interests of its depositors, will keep on hand a reasonable reserve to meet not only the ordinary demands upon it but to provide for such emergencies as are liable to occur in the community where it is located, but it ought not to be prohibited by law from using such reserve for the only purpose it was designed to accomplish. The requirements that the banks shall pay their own obligations imposes upon them no greater hardship than is imposed by law upon every other business and financial institution in the country and the only argument that could be plausibly urged against it in the case of the banks is that as the government has undertaken through their agency to secure a sound circulating medium it should pledge its credit to keep it good under all circumstances. The conclusive answer to this is that the government has discharged its whole duty in the matter when it has by its legislation provided such safeguards as will, with honest and competent management, guarantee the safety of the notes issued by ists authority, and this is one of the results which the proposed plan is intended to accomplish.

"In order to provide a wider field for the active circulation of our silver coins and certificates, which now constitute one-fifth of the entire volume of our currency, and to protect the treasury as far as possible against the accumulation of certificates returned in payment of customs and other duties to the government it is proposed that no national bank note of a less denomination than $10 shall be issued. The bank notes under that denomination now outstanding amount to $63,258,949, and there are also in circulation $64,419,831 in old United States legal tender notes in denominations less than $10, $60,193,658 in treasury nots of 1890 and $131,047,547 in silver certificates, making in the aggregate $318,618,985 in small notes, or only about $19,000,000 less than the entire issue of silver certificates. The fact that our circulating medium is composed of so many different kinds of currency would seem to require the enactment of such legislation as will provide a place in which each can be safely and conveniently used, and as this can be done without discrimination against any of them it ought not to be omitted from any plan which proposes permanent changes in the system. The policy of various other countries in this respect appears to have enabled them to avoid the difficulties encountered here in the attempt to keep the less valuable coins and their representatives in circulation without derangement of the currency or disturbance of the public finances.

WHAT OTHER COUNTRIES DO.

"Great Britain, with $555,000,000 in gold and only $112,000,000 in silver, none of which is full legal tender, authorizes the issue of no notes of a less denomination than £5, equal to $24.33; France, Belgium and Italy, with $976,000,000 in gold and $518,300,000 in legal tender silver, issue no notes of a less denomination than 20 francs, or $3.86; Holland, with $27,600,000 in gold and $53,400,000 in legal tender silver, issues no paper below 25 florins, equal to $10.65; Spain, with $40,000,000 in gold and $126,000,000 in legal tender silver, issues nothing below 25 pesetas, or $4.72; Denmark, Sweden and Norway, with $28,000,000 in gold and $1,200,000 in limited legal tender silver, have no paper under 10 kroenen, or $2.68, and Austria-Hungary, with $130,000,000 in gold and $81,000,000 in legal tender silver, is gradually retiring all notes under 10 crowns, or $4.04. None of these countries have any paper based exclusively upon silver as we have, and consequently all payments made in sums less than the denominations of notes mentioned must be made in actual coin, which would not be the case here if the recommendation now made should be complied with. Our stock of full legal tender silver coins is larger in proportion to the stock of gold than in any of the countries named except Holland, Belgium and Spain, and yet we continue to obstruct their circulation by the issue of small United States notes and bank notes which serve the purposes of the people in their daily transactions no better than the coins or certificates based upon them. The experience of this country under the act of February 8, 1874, which limited silver certificates to denominations of $10, and under the act of August 4, 1886, which removed that restriction, justified the belief that the change now proposed would result in a greatly increased use of silver coins and certificates and that they would be much less likely to return and remain in the treasury than at the present time. At the time of the passing of the act last referred to permitting the use of silver coins not represented by certificates in denominations of $1, $2 and $5 standard silver dollars had accumulated in the treasury to the amount of $83,959,880, although the total coinage up to that date was only $235,643,286. Within four months after that date, although in the meantime the coinage was progressing at the usual rate, the amount of free silver held in the treasury was reduced to $71,259,568, and it continued to decrease on account of the demand for small certificates until it became so reduced that further issues of certificates had to be limited practically to the current coinage of the dollars."

TO MAKE TRADE FREER.

On the subject of revenue reform, the secretary continues: "If this country is to utilize to the fullest extent the opportunities offered by its geographical position, natural resources and the mechanical skill and commercial enterprise of its people it must adhere steadfastly and aggressively to the revenue policy inaugurated by the present congress at its last session. The reduction of taxation to the lowest point compatible with the collection of a revenue sufficient to maintain an efficient public service is a duty which, upon the plainest principles of justice, every government owes to its citizens under all circumstances, but when the taxation is imposed in such form and at such rates as to increase the cost of living and obstruct the processes of industry and trade this duty becomes still more imperative, and a failure to discharge it when the power exists is a gross violation of public trust and confidence. For many years our tariff laws have been framed upon the theory that the wealth of the country could be increased by imposing burdens upon the people and that the prosperity of our industries could be promoted by increasing the cost of production, and the result has been that net profits of labor and capital constantly diminished until they reached a point which made further development of our resources almost impossible. But little opportunity was afforded for the extension of our manufacturing and mechanical industries or for the growth of our trade at home or abroad, and thus the farmers and other producers of the country were confronted by a situation which compelled them to receive diminished rewards for increased production. A change was demanded by every consideration of public duty and private interest, and although the recent legislation did not accomplish all that was expected or desired it inaugurated a policy which it is hoped and believed will ultimately result in a great improvement in our industrial condition and a corresponding enlargement of our international and internal commerce. In the prosecution of this policy no temporary character or apparent diversion of the public mind to other subjects should be permitted to diminish our confidence in our financial success or weaken our determination to maintain a consistent advocacy of its claims to the favorable consideration of the people. On the contrary reverses should stimulate increased efforts and every movement hereafter made should be a step forward in the direction of freer trade and a more equitable distribution of the rewards of industry. The raw materials used in the production of commodities for the use of the people in their homes and in their various industrial pursuits should be free from taxation in order that the burdens of labor may be lightened, the opportunities for employment increased and the necessaries of life made more abundant and less expensive. If our industries are to be profitably conducted, reduced cost of product must precede or accompany reduced price of the finished product, and as cheap commodities increase consumption the interests of all classes will be promoted by removing the obstructions which deny our skilled laborers and artisans access to the world's store of raw materials. The late act, while it places upon the free list a considerable part of most important raw materials used in our manufactures, left iron and lead ores and bituminous coal and several other articles of less consequence still dutiable, thus not only failing to put in force a consistent system of revenue reform, but leaving some of our most valuable industries at a great disadvantage as compared with their rivals differently located.

"There are other defects, consisting of ambiguous phraseology in some of the paragraphs, and inconsistent and excessive rates of duty in some of the schedules, a correction of which would be in harmony with a policy of progressive reform upon a basis of equal justice to producers and consumers and would not affect the revenue to any considerable extent. Advantage should be promptly taken of every opportunity to remove all these objectionable features from the act in order that our legislation may be made to conform, as speedily as possible, to the pledges given to the people and to the demands of public sentiment on this subject."

CHARGED WITH FAVORITISM.

Defense in A. R. U. Cases Ask to Have United States Attorneys Removed.

SAN FRANCISCO, Dec. 4.—A sensation was created yesterday in the United States court before which Main and Cassidy, American Railway union men, are on trial for conspiracy. Attorney Montieth, their counsel, formally moved to have United States District Attorney Garter and Assistant District Attorney Samuel Knight removed from their positions as prosecutors in the case on the ground of bias and undue friendliness for the Southern Pacific Railroad company. Two of the defendants were introduced. It was charged that through all the recent strike trouble the district attorney and his assistants conspired with the Southern Pacific officers and that they took such unwarranted action on behalf of the railroads in this matter and became so biased that the conviction of the men now on trial is essential to the vindication of the district attorney. It was further charged that the district attorney and his assistants have a personal interest in suppressing evidence on behalf of the accused men, and that when the matter was under investigation before the United States grand jury the district attorney's influence was wrongfully used to prevent the grand jury from hearing material evidence on behalf of the strikers. It was also charged that District Attorney Garter owes his appointment to the late Senator Stanford and railroad influence, and that through all of the recent trouble he was active in their behalf. The motion to remove District Attorney Garter and his assistant, Knight, and to substitute special counsel for the prosecution was denied by Judge Morrow and the trial was ordered to proceed.

General Swaim's Probable Successor.

WASHINGTON, Dec. 4.—The announcement of the president's determination to retire Judge Advocate General Swaim this month has caused much speculation in military circles as to the succession. Under ordinary circumstances General Swaim would not retire before 1895. The president has adopted a course which, while perfectly legal, has very few precedents in the history of the army. Up to this time but two names have been prominently mentioned for the succession. One is Joseph Doe of Wisconsin, assistant secretary of war, and the other is Colonel C. H. Liber of South Carolina. Mr. Doe has, however, publicly denied any aspiration to the place, and it seems very probably that the office will fall to Colonel Liber, who has, since General Swaim's suspension, discharged the duties of judge advocate general.

Refineries Running on Half Force.

NEW YORK, Dec. 4.—An afternoon paper prints the following as emanating from President Havemeyer of the American Sugar company: "Work has been resumed in the refineries on a very reduced scale. I do not anticipate the passage of a free sugar bill. The Franklin refinery of Philadelphia is working with a reduced force. The Spreckels refinery is not working at all. The Boston refinery is working with about half the usual force. The Madison and Weichers refinery is working with about half force. The Brooklyn refinery is idle. The Havemeyer and Elder refinery is working with nearly full force."

Mr. Havemeyer denied the reports of difference with other directors. He also denied having a conference with senators at the Fifth Avenue hotel.

Oregon Kidney Tea cures all kidney troubles. Trial size, 25 cents. All druggists.

Think They Have Been Swindled.

WASHINGTON, Dec. 4.—An equity bill for the appointment of a receiver and an injunction against the Fidelity Building and Loan and Investment association, the Columbia Building, Loan and Investment association, Harrison D. Ingman, Andrew Wall and others was filed in the district court today by stockholders. The bill charges fraud and mismanagement, that the corporations are insolvent, that shares are now worth but half the amounts paid on them, so that further payments would be useless, and asks for a receiver. Incidentally it crages that stockholders are kept in ignorance of the affairs of the corporation.

A STARTLING EXHIBIT

(Continued from Page.)

their particular session of 1891 paid for enough jacknives to entitle each member to six of the implements swear upon their honor that they never saw one. It is known that persons who did obtain knives drew them by means of requisitions made out by Eric Johnson, chief clerk of the house, and the secretary of the senate. It is not known what the result would be if this were followed up all along the line. There was a large army of employes, who are credited with assisting in consuming such stuff.

While unprecedented frugality has prevailed in all of the state's institutions in the past two years the large and expensive pay rolls would seem to justify the belief that material reductions might be brought about in the salaries without impairing the public service. The wages paid the state's servants are better than any other class of employes receive during these times, and especially is that true of those employed in the institutions which board the employes at the expense of the state. A conservative reduction of the pay where it can be done without injury to the service will result in an aggregate saving of many thousands annually.

FIRE INSURANCE.

During my incumbency I have sought to learn more of the affairs of the insurance companies transacting business in this state than is disclosed by their annual statements filed in this department, and I have caused practical and thorough examinations to be made of nineteen foreign and domestic companies, with very satisfactory results. In 1893 four fire insurance companies were admitted to the state, and the same number retired, and in this year two companies were admitted and fourteen either voluntarily withdrew or failed. In 1893 Six Farmers' Mutuals were admitted and ten in 1894. Four miscellaneous companies were admitted in 1893, one withdrawing, and one was admitted in 1894.

I am very thoroughly of the opinion that our present insurance laws should be repealed and a more comprehensive law enacted affecting all forms of underwriting. Our present law is too vague and uncertain. It is difficult to safely conduct this department with laws that are subject to diverse constructions and make it as effective as it should be. The penalties for violations of our insurance laws should be definite and severe, and the authority ought to be fully and certainly lodged in this office or somewhere else, to prosecute infractions of the law to a conviction. I have made strenuous efforts to prevent the Lloyds and other unauthorized alleged insurance associations, companies or corporations from soliciting or procuring business in our state, and have directed the attention of all concerned to the unreliability of that class of presumed insurance and the hazard they assume in dealing with any of these wildcat schemes that refuse to comply with our laws, and have also done all I could to apprehend some of these unlawful underwriters and bring them to justice. In view of the alarming increase of the loss rate, as compared with the premiums received since the enactment of sections 43 to 45, both inclusive, of chapter 43 of the Annotated Statutes of 1893, I am forced to the conclusion that equity and fair dealing as between the two parties to an insurance contract make it almost imperative that the sections referred to be repealed, and, if deemed necessary, substituted by a more rational and less partial act. I can't resist the conclusion that the effect of this act is to create an incentive for incendiarism, and thereby greatly increase the moral hazard of the risk written, as well as to jeopardize the property of the neighbor, which necessarily must result in advanced insurance rates for the honest insurer to pay or a withdrawal of the companies from the field. Were all men above the suspicion of availing themselves of the advantages they might gain financially by the valued policy law, its effects would be beneficent and there would be no reason to suppose that this or any other law would place a premium on arson.

LIFE INSURANCE.

Our life and accident insurance laws are quite as imperfect as those pertaining to fire insurance and should be replaced with new, crisp laws, free from all ambiguity and doubt as to their meaning. Our present laws are relics of our territorial days and wholly inadequate. They fail to enlighten either the companies or this office of the duties devolving upon each, as they should. In 1893 three life and accident insurance companies were admitted and one withdrew, and in 1894 five new companies were admitted and one withdrew. Nineteen fraternal orders have been admitted and six have withdrawn during the present biennium. I recommend the enactment of a rigid law for the guidance of soliciting and other agents of all manner of insurance companies, and making any misrepresentations on their part amenable to severe penalties, and until some such wholesome legislation is had the mad rush for business will be continued under a disadvantage by the really conscientious and truthful agent.

BONDS.

Bonds of all classes and forms, aggregating $1,935,067, have been registered in this office in the past two years. About $200,000 in bonds have been refused registration, owing to legal defects. I desire to call your especial attention to our existing laws governing the issuing if internal improvement bonds. Under section 9, chapter 93, page 647, Annotated Statutes of 1893, canals constructed for irrigating or water power purposes are declared to be works of internal improvement, and they are created under the provisions of chapter 45 of the same statute. Recently, for obvious reasons, large quantities of county, precinct and village bonds have been issued for irrigation purposes in the hope of getting relief for the agricultural districts of the state. I respectfully urge that section 9 of chapter 93, above cited, be repealed, and a special law enacted under which irrigation bonds shall be issued, prescribing the amount, rate and manner of voting, and requiring that the bonds so voted shall not be delivered to any company or corporation until it shall have entered into a contract and bond with the county, township or village so voting such aid to complete the canal and deliver the water therein within a stipulated time, according to the specifications to be filed in the office of the county clerk before the election is called.

BANKING DEPARTMENT.

I wish to especially emphasize the necessity of a vigorous law regarding bond investment companies. Nebraska has been flooded with circulars and representatives of so-called bond investment companies, offering alluring inducements to investors. The banking board has exerted all possible effort to rid the state of those swindlers, by resolution and otherwise, and a pungent law on this subject will be of great good to all. The banks of the state maintain excellent solvency in these depressing times and attest to the efficiency of the censorship given them by those who are charged with their control. Our laws governing building and loan associations should be made more specific and less cumbersome, the better to enable their correct interpretation and thereby enhance their usefulness. Very respectfully submitted.

EUGENE MOORE,
Auditor Public Accounts.

LEGISLATIVE SUPPLIES PURCHASED.

Secretary of State Allen Has Let the Contracts for the Season Already.

LINCOLN, Dec. 4.—(Special.)—To a representative of The Bee today, Secretary of State Allen said that he had already contracted for supplies for the coming state legislature, including the work of renovating the chambers of the senate and house of representatives, stationery, etc. On being asked to see these contracts he replied that he would not submit them for inspection until they were laid before the legislature at its opening next January. In regard to these contracts State Auditor Eugene Moore said that they would not come under his official observation until the bills were presented for his action on the same. As the matter now stands, the various contracts for next session's legislative supplies, amounts of same and prices, will not be given to the public save through the regular channels of the record of the legislative journals.

In section 4, chapter lxxxiii of the Compiled Statutes of Nebraska, the only authority for the purchase of these supplies given to the secretary of state is as follows:

It shall be the duty of the secretary of state to furnish the legislature and the officers thereof all necessary fuel and stationery when so directed by resolution of the legislature, or either branch thereof.

So far as has developed there has been no resolution of the legislature to this effect, as the old legislature is, practically, dead, and the new one cannot resolve until it has convened and ascertained what supplies are required for its service. But under article 12, chapter lxxxiii, section 2, board of supply proposals, it is provided that:

At least one month previous to the 1st of January, April, July and October, respectively, in each year, a board, consisting of governor, commissioner of public lands and buildings, secretary of state, treasurer and attorney general, shall meet with the warden of the state prison and the superintendents of each of the asylums or other institutions furnished by the state and determine the supplies that may be necessary for three months, except articles which may be perishable and cannot be kept. Said board shall designate clearly the quantity and quality of the articles, and shall then advertise for ten days in some newspaper published at the capital having general circulation in the state.

If Secretary of State Allen is acting under this provision, which in nowise affects legislative supplies, it would seem that an advertisement covering such ground should have been printed within the ten-day limit and incorporating in its provisions the coming session of the legislature.

MRS. RAMACCIOTTI'S WILL.

Effort Being Made to Knock it Out in District Court.

The disposition of the property of the late Mrs. Mary E. Ramacciotti is the subject of a law suit that is being tried before a jury in Judge Ambrose's court, the action being in the form of a contest of the will of the deceased.

Mrs. Ramacciotti was the wife of H. L. Ramacciotti, and was possessed of property valued at about $25,000, the result of careful investments made of money left her at the death of her first husband. Before her death Mrs. Ramacciotti and her husband had had much domestic trouble, and she had made at least one attempt upon his life, it is alleged, and they had practically separated. Mrs. Ramacciotti died suddenly, about a year ago, and left a will, by the terms of which her property was bequeathed to an adopted son, Harry E. Ogle, a foundling, who had been cared for by Mrs. Ramacciotti, but had never been formally adopted, according to law. Some of the property was also left to Mrs. Gibson, a sister of the deceased.

When the will was filed for probate the brother and sisters of Mrs. Ramacciotti commenced contest proceedings to have the will set aside, alleging that the deceased was not competent at the time of the making of the will, and alleging that her mind had been unbalanced by her domestic troubles. The case was taken to the district court on the question of admitting the will to probate. The trial of the case will last for several days.

Harry E. Ogle has been legally adopted by Dr. Ramacciotti since the death of Mrs. Ramacciotti.

The Note Meant Nothing.

In Judge Duffie's court the case of the Omaha Loan and Trust company against George B. Green is on trial. Green was a stock broker in South Omaha, and did business with Joseph J. Hunter of Chicago. After several years' transactions an accounting was had, which showed that Green was in Hunter's debt to the tune of $7,701. This was secured by a mortgage, which was sold to the Omaha Loan and Trust company by Hunter. Green offers a defense that the indebtedness to Hunter was in the shape of accommodation notes, and is resisting the collection of the claim.

Minor Legal Matters.

Henry Henderson was called for trial in the criminal section of the district court yesterday, but failed to put in an appearance, and his bond was declared forfeited. Henderson is a colored man who went to his home a few weeks ago and found another man, named Green, there talking to Mrs. Henderson. A fight ensued, and Green had an eye destroyed by a blow from Henderson, who had a big ring on his striking hand. He gave bonds for his appearance for trial, but weakened yesterday and skipped the town.

Little Mary Griffith is in Iowa, and the habeas corpus case commenced by her father for her possession is temporarily hung up in Judge Scott's court. Mrs. St. John, who has had possession of the child since its mother's death, sent the little one to Correctionville with a friend to spend Thanksgiving before the papers in the case were served upon her. She has been cited to appear in court this morning and account for the whereabouts of the child.

A Diphtheria Cure.

WASHINGTON, D. C., Dec. 3.—The notification to the Marine Hospital service that Parke Davis & Co., the Detroit chemists, were preparing to manufacture anti-toxine the new remedy for diphtheria, has been fully confirmed, and has awakened great interest here. Dr. Roux's discovery has created such a sensation in Europe that American physicians are anxious to put it to a thorough test.

Payment on Account Ordered.

MILWAUKEE, Dec. 4.—Judge Jenkins issued an order today requiring the Wisconsin Central receivers to pay the charge of the Northern Pacific receivers $110,000 on account.

The Chicago & Northern Pacific receivers were also ordered to intervene in the main suit and to answer the Northern Pacific petition concerning the matter of supplies.

Oregon Kidney Tea cures nervous headaches. Trial size, 25 cents. All druggists.

Navigation Employes in Court.

PORTLAND, Dec. 4.—In the United States court today a hearing began in the Oregon Railway and Navigation company wage schedule case, in which the engineers, firemen, conductors, brakemen and telegraph operators petition the court for an order restraining Receiver McNeill from reducing their wages.

Ivy Poisoning

Eight Years of Suffering

Perfect Cure by Hood's Sarsaparilla

"C. I. Hood & Co., Lowell, Mass.:

"Dear Sirs:—We have tried Hood's Sarsaparilla and find it to be all you claim for it. My wife was poisoned by ivy when a young woman, and for eight years was troubled every season with the breaking out and terrible itching and burning. I thought hers was as bad a case as anyone ever had. She was in this distressing condition every year until she began to take Hood's Sarsaparilla, which has effected a perfect cure, without leaving any scars, and she has had

No Sign of the Poison Since.

She is well and hearty. I have taken Hood's Sarsaparilla after the grip with good results, and have also given it to our four children