

NATION'S FINANCES

Annual Report of Secretary of the Treasury.

IT WAS SENT TO CONGRESS

Flourishing Condition of the Revenue—Effect of the New Banking Law—Loans and Current Internal Revenue.

WASHINGTON, Dec. 4.—The annual report of the Secretary of the Treasury was submitted to Congress today. It follows:

The revenues of the Government from all sources (by warrants) for the fiscal year ended June 30, 1900, were:

Table with 2 columns: Category and Amount. Includes Internal revenue, Customs, District of Columbia, etc.

Total receipts \$699,565,421 15

The expenditures for the same period were:

Table with 2 columns: Category and Amount. Includes Civil establishments, Military, Naval, etc.

Total estimated revenues \$697,723,252 90

Or a surplus of \$21,842,168 25

It is estimated that upon the basis of existing laws the revenues of the Government for the fiscal year 1902 will be:

Table with 2 columns: Category and Amount. Includes Customs, Internal revenue, etc.

Total estimated revenues \$718,028,042 00

Operations of the Treasury.

The Treasurer calls attention to the marked irregularity in the receipts and expenditures, pointing out that while in July, 1899, there was a deficiency of \$3,506,822 25, in June, 1900, a surplus of \$17,896,358 75 was realized.

The greatest difference between income and outlay on any one day was \$4,947,296 95 in favor of the Treasury.

The corresponding maximum deficiency was \$2,518,821 42. In the face of such wide fluctuations the necessity for ample available reserves is apparent, and the Treasurer names \$50,000,000 as a proper sum to keep in the Government vaults.

Receipts from the passage of the act of March 14, 1900, there were \$2,070,000, the divisions of issue and redemption of the records and accounts relating to the issue and redemption of the Government notes and certificates.

Up to and including November 15, 1900, there were received for exchange \$52,063,460 of the three classes of bonds in question, and an equal amount of the 2 per cent 30-year bonds issued in their place.

The saving in interest, the premium paid, and the net saving resulting from refunding operations up to and including November 15, 1900, are set forth in the following table:

Table with 2 columns: Description and Amount. Includes Loan of 1906-1915, Loan of 1907, Loan of 1909.

Note.—The "saving in interest" is computed upon average dates of redemption, and may differ slightly from the actual saving.

For a better understanding of the above tabulation it may be well to explain that by the payment of \$24,822,000, future payments of interest, which would have amounted to \$44,750,388, have been anticipated.

Another effect of the operation is to reduce the charge upon the Treasury for the payment of interest from the dates of refunding to February 1, 1904, by the sum of about \$7,000,000 annually.

From February 1, 1904, to July 1, 1907, the annual interest charge will be reduced by the sum of \$1,000,000, and for the 11 months ending August 1, 1908, by about \$1,000,000.

Of the \$52,063,460 bonds surrendered for exchange, \$24,822,000 were held by the Treasury and the United States as security for circulation of public deposits in national banks. The remaining \$27,241,460

bonds were surrendered by individuals and institutions other than national banks, but a considerable proportion of the 2 per cent bonds issued in their place were actually national bank bonds.

The amount held November 15, 1900, as security for circulating notes of national banks was \$23,750,388, and the amount held as security for public deposits in national bank depositories was \$2,525,250.

As a result there were left outstanding on November 15, 1900, of bonds admitted to the privilege of refunding by the act of March 14, the following:

Table with 2 columns: Description and Amount. Includes 5 per cent loan of 1904, 4 per cent loan of 1907, 3 per cent loan of 1909-15.

On November 21 the Secretary gave public notice of refunding bonds would indefinitely be suspended at the close of business on December 31, 1900.

The considerations which induced this action may be briefly stated:

First.—It will have elapsed since the passage of the refunding act. Thus the holders of bonds will have had abundant opportunity to make the exchange.

Second.—To leave the privilege open indefinitely is simply to give a continuing option to bondholders without any sufficient consideration to the Treasury.

This it may be assumed that with this privilege discontinued at the close of the year, refunding in the meantime will be stimulated, and that the total refunding to that date will approximate \$400,000,000.

Fourth.—The sinking fund law contemplates the retirement of the interest bearing public debt, either by payment or purchase of substantially \$3,000,000 per annum.

Fifth.—The refunding of \$400,000,000 will leave outstanding and maturing within the next eight years, say, \$450,000,000, or an average of something more than \$56,000,000 per year.

The Secretary believes that the suspension of the refunding process will put the maturing of the interest bearing bonds (the Government's interest alone considered) either for purchase from time to time or for payment when due.

It will, of course, remain open for the exchange and the maturing of the interest bearing bonds of the Government and the general conditions of finance make such a course desirable.

From the receipts of receipts and expenditures for the fiscal year 1902 there promises to be an excess of receipts to the amount of \$50,000,000. It is hardly necessary to point out that estimates are at best approximations.

Alaska.

Reports from the British Government, received through the Secretary of State, indicate that during the year 1899, 28 British vessels engaged in sealing on the coast of British Columbia and the Gulf of Alaska.

The spring catch of these vessels numbered 10,471; they took 69 seals in the vicinity of the Copper Islands and 25,284 in Behring Sea, and secured 892 skins taken by the natives of Alaska.

making a total catch of 35,346 seals at sea by the British fleet. Of this number the British authorities report 25 per cent were female seals, comprising 8,816 seals, during the year 1898, was 25,552.

The returns derived by the Government from the seal islands paid by the lessees under the call of committee, dated May 1, 1890, as interpreted by the Supreme Court, has amounted since that date to \$1,538,732 32, apportioned to the several years' operations as follows:

Table with 2 columns: Year and Amount. Includes 1891, 1892, 1893, 1894, 1895, 1896, 1897, 1898, 1899.

The catch of seals on the Pribilof Islands during the year 1900, as reported by the contract was as follows:

Table with 2 columns: Seal caught, Year, and Amount. Includes 1899, 1900, 1901, 1902, 1903, 1904, 1905, 1906, 1907, 1908, 1909, 1900.

On 5 per cent bonds of 1904, a loss of substantially one-half of 1 per cent.

On 4 per cent bonds of 1907, a profit of substantially twelve-hundredths of 1 per cent.

On 3 per cent bonds of 1909, a profit of about fifteen-hundredths of 1 per cent.

These figures show clearly enough that our currency system, under which the value of the bonds is determined responsive to the market price of government bonds than to the requirements of trade and industry, is not yet satisfactory.

Loans and Currency.

The interest-bearing debt July 1, 1900, included unamortized United States bonds outstanding amounting to \$1,923,443,200.

There having been a reduction since July 1, 1899, of \$1,000,000,000, brought about by the purchase, under authority of the Secretary of the Treasury, on November 15, 1900, of 4 per cent bonds, funded loan of 1891, continued at 2 per cent, and 5 per cent bonds of 1890, in the amount of \$4,900,000. There were also redeemed, under the Secretary's call of July 15, 1900, United States bonds of the funded loan of 1891, in the amount of \$1,840,000. The total reduction in these three loans up to July 1, 1900, was \$2,840,000, but the net reduction, as stated above, was \$2,850,000.

There having been issued during the year 3 per cent bonds, loan of 1906-1915, amounting to \$13,500,000, and \$250 in 4 per cent bonds, funded loan of 1907, in conversion of refunding certificates, of which \$140 were issued in payment of accrued interest on said certificates.

Internal Revenue.

The receipts from the several objects of taxation under the internal revenue laws for the fiscal years ended June 30, 1899 and 1900, were as follows:

RECEIPTS FROM INTERNAL REVENUE, 1899 AND 1900.

OBJECTS OF TAXATION

Table with 3 columns: Object of Taxation, 1899, and 1900. Includes Distilled spirits, Manufactured liquors, etc.

Government amounts to over \$24,000,000, while the Treasury holds more than \$200,000,000, against which certificates have been issued.

That provision of the act which liberalized the conditions of banknote issue was also wise and timely. Under it, as previously shown in this report, there has been an increase of some \$7,000,000 in banknote issues. To this fact may be chiefly attributed the freedom from stress

of conditions has, as previously noted, found response in a necessary increase of banknote issues, there is under our present system no assurance whatever that the volume of bank currency will be continuously responsive to the country's needs, either by expanding as such needs require or by contracting when superfluous in amount.

The truth is that, safe and desirable as is our currency system in many respects, it is not properly related. The supply of currency is but remotely, if at all, influenced by the ever-changing requirements of trade and industry.

It is related more largely, if not entirely, to the price of Government bonds in the market. Between the needs of trade and commerce for a medium of exchange and for instruments of credit, which a proper banknote currency, and the investment price or value of Government bonds, which is at present the most influential factor in determining the currency supply, there is no discernible relation whatever.

Down to Business.

The day did the Senate, at 1:35 P. M., held brief executive session, after which it adjourned.

In the House.

Real Work of That Body Will Begin Today.

WASHINGTON, Dec. 4.—The session of the House today was brief. The real work of that body will begin today.

Congratulations to the Oregonian.

Portland Chamber of Commerce Sends Felicitations to Its Owners on Its Semi-Centennial.

PORTLAND, Ore., Dec. 4, 1900.—H. L. Pittcock, Esq., Manager of the Oregonian, City-Dir. Sir: It is with much pleasure that the Chamber of Commerce extends to you and to Mr. Scott hearty congratulations on the 50th anniversary of the first issue of your paper, The Oregonian, in this morning's issue of which we find an interesting account of its career.

We would also express our confidence that The Oregonian will continue to stand as the champion of the Northwest in general, and of this city and state in particular; in watching their needs and interests; in urgently recommending such Congressional and other action as will secure the best results for their welfare; in denouncing and assisting to remedy all abuses and violations of law and order, and, in general, supporting every measure tending to the prosperity and advancement of this city and state.

We have wired today congratulations to Mr. Scott at Washington, D. C. With the best wishes for your continued success and that of The Oregonian, we are, sir, yours very truly,

I. N. FLEISCHNER, Secretary.

GEORGE TAYLOR, JR., President.

work will begin tomorrow, when the House will consider the Army reorganization bill, which Hull (Rep., Ia.), chairman of the committee on military affairs, reported today. It is believed that the measure will be passed by the House tomorrow.

The Standard—The excessive anxiety to re-establish trade with China is perhaps the real explanation of some points that are not altogether satisfactory in the recent policy of the United States. In the opinion of the Standard the Washington Government has acted as a drag on European diplomacy.

Daily Herald—Clearly the United States Government is able to boast of an aggregate of imports and exports exceeding two billions, and to propose a reduction of revenue taxation to the extent of thirty millions. The administration has a fair justification even if there be no very obvious need for encouraging further the American mercantile marine.

Pal Mail Gazette—Merchandise, not even the conscientious Reuter has called the full list of columns of President McKinley's message. This was wise, since no English newspaper possibly has printed it, to the necessary exclusion from its pages of arsenical beer and other things that really do stir the great heart of the people.

The most interesting section, however, China is given, fully, but it cannot be said that its length is equivalent to its strength.

The Globe airs the ultra-jingoistic opinions of which it has almost a monopoly. Taking for its text the reference to the Isthmian Canal, it declares that Washington is "not entitled to override our treaty-secured rights in any part of Central America, except with the consent of our treaty partners, the Isthmian Canal compromise goes farthest in extreme conciliation and represents this country's very last word, and the United States will not either accept the proposal as it stands, or abide by the ruling of the Clayton-Bulwer treaty, however embarrassing its provisions may be to American imperialism."

Regarding the Canal.

LONDON, Dec. 5.—The Times, referring to President McKinley's allusions to the Nicaragua Canal, says: "It is a fascinating scheme, but we have some doubts as to whether the canal would be commercially worth cutting. The analogy of the Suez Canal is very imperfect. The Isthmus of Suez lies along one of the greatest trade routes, and joins great trading communities. It has no rival railways. Nicaragua lacks all these advantages. It is rather sad to think that such a striking correction of nature may fall to pay its way, but the objections are serious, and they have not yet reached all the situation their merits."

"Great Britain cannot but view with satisfaction the cutting of the Nicaragua Canal," says the Morning Post, "provided it is free to all nations and charges equal rates in time of peace, and is treated as part of the open sea during war. This is the minimum of the British demand. We trust that our neighbors will see that it is just."

Berlin Press Comment.

Papers Complain of the Cool Tone Toward Germany.

BERLIN, Dec. 4.—The German Foreign Office and a section of the press will express a final expression of opinion upon President McKinley's message until the full text is at hand. A Foreign Office official said tonight: "The cabled abstract of the message is too meager to justify an expression as to its merits, but we can already derive satisfaction from the emphasis which President McKinley lays upon the good relations between the United States and Germany. We are ready to meet America half way."

Many of the papers believe they detect a cooler tone toward Germany than toward England and France. The Vossische Zeitung says: "The tone in which President McKinley speaks of the United States and Germany is strikingly cool. It is not to be imagined that America's relations with France and Great Britain are only formally declared to be friendly, while in speaking of her relations with Germany the President only says that good will prevail. Such a difference cannot be without design. Possibly an explanation is to be found in the situation of the message to the most important bill. As a high protectionist, Mr. McKinley is least justified in complaining of the hindrance to foreign imports upon which Germany has been so long insisting."

The Berliner News-Kurier finds the tone of the message toward Germany "in important contrast with that of the previous message, which said that the relations between the two powers con-

PRESIDENT'S MESSAGE

SOME OF THE COMMENT OF THE FOREIGN PRESS.

English Papers Refer to Chinese Policy and the Canal-As Viewed in France.

LONDON, Dec. 4.—Comment on President McKinley's message to Congress is chiefly devoted to the references to America's Chinese policy.

The Daily Graphic—the policy of the United States regarding China is not heroic, but it is certainly practical, and there is ample reason to believe that it will prevail.

The Times—the message makes it clear that on the vital point of insuring upon punishment for the outrages, Mr. McKinley remains firm. We are glad to see that on the subject of guarantees for Christian converts the President makes a new proposal in advance of any put forward elsewhere.

The French View.

PARIS, Dec. 4.—The Journal des Debats says: "We cannot complain of the manner in which President McKinley has treated the Chinese question. We are certainly not alone in being well treated in the message, but we head the list, and this flattering position, which is evidently intentional, shows that as much cordiality and co-operation as the Chinese references, and on this subject says: 'The message confirms what has been believed for some days past—that the United States will make Germany a most cordial and generous neighbor, when it should have been one of its principal pillars of strength.'"

The Journal des Debats, however, is displeased at the Chinese references, and on this subject says: "The message confirms what has been believed for some days past—that the United States will make Germany a most cordial and generous neighbor, when it should have been one of its principal pillars of strength.""

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