SHAW'S REPORT SHOWS A DEFICIT

Last Fiscal Year the Government Ran Behind \$23,-004.228.60.

ELASTIC CURRENCY. FOR AN

Recessity For it Receives Fresh Emphasis-Silver Bullion is Exhausted.

Washington, D. C., Dec. 6 .- The annual report of Secy, of the Treasury Leslie M. Shaw, submitted to Congress today, shows that, compared with the fiscal year 1904, the government's receipts for 1905 increased \$12,886,896,21. and there was a decrease of \$5,879,447.10 n expenditures.

However, notwithstanding this large increase in receipts and decrease in expenditures, there is a balance of \$23,004,-228.60 on the wrong side of Uncle Sam's ledger-that is the size of the deficit for the year.

This feature of the report in detail is as follows:

REVENUES FOR THE YEAR. The revenues of the government from al sources (by warrants) for the fiscal year ended June 30, 1905, were: 5.613.257.474.809.49.80sale of public lands..... 4,419,593.99 deposits, eferments of loan reimbursements of loan omstana purchase expo-company fees-consular, letters t and huma pustts, etc

4,404,942.96

4.087, 361.88 atent and lanos and pales of Indian lands, proceeds of Indian labor, etc om navy pension, navy hos-tal, clothing, and deposit 3.965.087.32 2,845,334.032,054,600.852,034,501.90 ational banks 1,230,954.07 Prom playment of interest by Prom playment of interest by Practice ratiways prom miscellaneous Prom customs and navigation free, fines, penaltics, etc... Prom prize money From Soldiers' home perma-nent fund From sales of government property From juicial fees, fines penal-ties, etc.... From suite of lauds, build-ings, etc.... 1,000,007.59 922,985.48 749,005.20 743,792.25 578,266.94 472,077.23 458,673.93 ngs, etc..... om proceeds of dividends in Panama rairoad stock. 369,945.00 om deposits for surveying ublic lands om sales of ordnance ma-235, 198.25 219,545.05

terial contributions for river and harbor improvements... rom tax on scalskins rom depredations on public rom license fees, etc., Terri-tory of Alaska fund, act Jan. 1995. 7, 1995, rom Spanish indemnity rom part payment Central Pacific railroad indebted-

5.745.385.17 \$544.274.484.85 From postal revenues 152,826.585.10

YELLOW CRUSTON BABY Would Crack Open and Scab Causing Terrible Itching.

CURED BY CUTICURA

"Our baby had a yellow crust on his head which I could not keep away. When I thought I had suc-ceeded in getting his head clear, it would start again by the crown of his head, crack and scale, and cause ter-rible itching. I then got Cuticura Soap and Ointment, washing the scalp with the soap and then applying the with the soap and then applying the Ointment. A few treatments made a complete cure. I have advised a number of mothers to use Cuticura, when

I have been asked about the same ailment of their babies. Mrs. John Boyce, Pine Bush, N. Y." For deficiency in postal 24.390,944.16 revenues For postal service Total expenditures\$720,105,498.55

Showing a deficit of\$ 23,004,228,60 ESTIMATES CURRENT YEAR. The revenues of the government for the

current fiscal year are thus estimated upon the basis of existing laws:
 From customs
 \$286,000,000,00

 From internal revenue
 242,50,000,000

 From miscellaneous sources...
 40,000,000,00

 From postal revenues
 170,500,515,00

Total estimated revenues\$738.590,515.09 The expenditures for the same period are estimated as follows:

For public works

For postal service

Or a deficit of \$ 8,009,000.00 The report continues:

OPERATIONS OF TREASURY.

The ordinary revenues for 1905, as compared with 1904, show an increase of \$3,642,935.45, while the expenditures were less by \$15,123,407.86. The net result for the fiscal year was an excess expenditures over revenues of \$23.

For the past two years the expendi tures of the government have been in excess of the revenues to the aggregate amount of more than \$64,000,000. This, however, included the extraordinary expenditures in 1904 of \$50,000,000 on ac

count of the Panama canal. During the fiscal year 1995 there was an addition of \$990 to the interest-bearhad ceased since maturity and \$3,302,-146,30 in the debt bearing no interest.

477,491.89, a reduction for the year of \$26,574,076.13.

\$25,574,076.13. The revenues for the first quarter of 1804 were \$147,014,725.10, and the expen-ditures \$156,588,966.66, an excess of ex-penditures over receipts of \$9,574,241,56. In the first quarter of 1905 expenditures were \$17,856,615 in excess of receipts. United States notes to the amount of \$15,575,90 and trees notes to the amount of \$15,575,90 and trees notes to the field \$576 116,000.00 134,233,80 80,740,45 67,334.26

fund during the last fiscal year. The redeemed notes were immediately ex-changed for gold and the reserve way

thus kept intact. The trust funds at the close of the fiscal year 1905 amounted to \$992.467.969 a not increase for the year of \$14,723,400. The total amount of United States paper currency issued during the last fiscal year was \$537,750,000 and the redemptions were \$623,025,600. Gold cer-tificates twere reduced \$5,211,000 and treasury notes \$2,565,000. The annual cost of maintenance of the paper currency issued by the government aver-ages about two-tenths of 1 per cent of the amount outstanding. the amount outstanding. National bank notes to the amount of \$308,298,760 were presented for re-demption during the year. This was 65.84 per cent of the average amount of notes outstanding. The expenses in-curred were \$247,973.26, which have been accorded upon the banks at the state of

general fund at the close of the fiscal year 1905 was \$65.084.246.87. This withdrawal of public funds from the

banks was accomplished without dis-turbance to business.

The withdrawal of public moneys

DESERET EVENING NEWS: THURSDAY, DECEMBER 7, 1905.

from depository banks released a considerable amount of government bonds, which the banks have used largely as a basis for increasing their circulation. The bonds pledged to secure bank cir-culation have increased \$52,050,250 during the year, while those pledged to se-cure public deposits have decreased

cure public \$39,578,600. INCREASED CIRCULATION.

During the year \$68,739,793 was add-During the year \$68,739,793 was add-ed to the money in circulation. The per capita circulation advanced from \$30,77 July 1, 1904, to \$31,38 Nov. 1, 1904; then declined to \$30,86 April 1, 1905, and at the close of the year, June 30, 1905, stood at \$31,08. By Oct. 1, 1905, the total money in circulation had ad-vanced to \$2,624,230,391, a pd capita circulation of \$31,39, 43.8 per cent of which was gold. To maintain the present per capita

To maintain **the** present per capita circulation the increase in population of the country makes it necessary to add about \$56,000,000 to the monetary stock each year. The gold in the treasury, including

the reserve and trust funds, Oct. 9, 1905, amounted to \$739,898,600.36, a sum never equaled in our annals; no has any other government ever held so much of the precious metal.

The demand for small denominations of currency has been continuous throughout the year. The volume of United States paper currency of the denominations of \$10 and under has in-\$567,278,913.4 denominations of \$10 and under has in-creased \$167,186,321 since March 1. 1900, but only \$14,629,320 of this in-crease took place during the last fiscal year. Bills of the denomination of \$20 and over have been redeemed and re-issued in the smaller denominations in an effort to respond to the demands for small potes. The limit has mercifically small notes. The limit has practically been reached in making changes in

the denominations outstanding through the process of redemption and reissue In future the redemption of outstanding large United States notes and sil-ver certificates will be too slow to meet

the call for small bills. During the past year the usual facil-ities have been extended to aid in the movement of the crops. The deposits for transfer in the New York and Chicago subtreasuries were \$30,093,034, for which payments by telegraph were made at other points in the denomina-tions required to meet the demands of the locality in which the funds were to be used. Heretofore the treasury has been able to keep up this exchange by ... 24,000,000.00 ... 170,590,515.00 vigilance and forethought in the prep-arations of currency for the anticipated arations of currency for the anticipated needs. If these accommodations are to be continued, some action must soon be taken by Congress to enlarge the volume of small notes. The moneys received in the redemp-tion and exchange account during the fiscal year 1905 amounted to \$1,150,625,-722 and were some to \$1,150,625,-

763, and were equal to 44 per cent of the money in circulation at the close of The silver dollars in circulation June 30, 1898, were \$58,482,966. The amount of this coin distributed at government 004,228,60.

ing debt, while there were reductions of \$600,675 in the items on which interest

The net reduction was \$3,901,921.30. The available cash balance in the general fund June 30, 1905, was \$145.-

\$11,517,579 and treasury notes for \$340,675 were redeemed in gold from the reserve

actly, but, assuming that the loss on the unsettled trusts will not be greater than on those which have been fully wound up, this loss will not vary ma-terially from 22 per cent. The impetus given to the organiza-ion of national banking associations by

expense for transportation, from July

expense for transportation, from July 1, 1898, to June 30, 1905, was \$275,536,-512, but the amount in circulation on the latter date was only \$73,584,336. Subsidiary silver coin to the amount of \$27,606,185 was distributed to deposi-tors during the last fiscial year. The average rate for transporta § n on ship-ments of silver coin during the year was \$1.90 per \$10,000.

NATIONAL BANKS.

At the close of the year ending Sep-temb er 30,1905, 5,831 national banks, with authorized capital stock of \$810,-654,075 were in active operation. Since the national banking system was first authorized there have been 435 failures and 1661 yoluntary liquida-tions of national banks. As the approx-imate duration of an insulvant actional

imate duration of an insolvent national bank receivership is four years, the av-erage loss sustained by creditors of all failed banks can not now be stated ex-

the act of March 14, 1900, which author

ized the incorporation of national banks with minimum capital of \$25,000, per-mitted the issue of circulation to the par value of bonds deposited, and re-

At the close of the year ending Sep-

several mints, and at the assay offi in New York City, in exchange f gold coins at par, in sums not less that \$100."" Under this mandatory statu the mints are called upon to supply new coin, although there may be an abun-dance of coin in good condition for use in all the offices of the treasury. The purpose of the applicants is to obtain coin which has never been in circula-tion. Instances have been noted of banks and department stores which made a specialty for advertising pur-

made a specialty, for advertising puposes, of paying out only new col The manufacture and issue of ne coin by the mints, when the treasur already holds a stock ample to suppl all needs, involves useless exp causes a redundancy in the cirand forces an equal quantity treasury for redemption. It | that the system is wrong, f practise of obtaining new co mints continues to grow the will be unable to put out any coin a has been in circulation. The issue redemption of these coins should through the treasury and sub-uries only. I recommend the rep the provision quoted, which requires the provision quoted, which requires the minis and assay office. Section 3528, revised statutes, vides a minor coinage metal fund exceeding \$50,000, which the secret of the secret of the secret se

of the treasury may place at posal of the superintendent of at Philadelphia for the put metal for the one and fiv The total value of metal for this purpose, including that in stages of coinage, cannot, there exceed \$50,000. When this fund reated by the act of Feb. 25, amount was ample (the amount was ample (the total min colnage for that year was \$464,650); b last year the minor colnage amount to \$2,665,667.73, and in the month October alone to \$285,850. The fund inadequate to handle this volume business, and inconvenience perienced in consequence. T good reason why the making of min-coins should be restricted to the mi-at Philadelpaia. The secretary of it treasury should be authorized to u any of the mints for this coinage and to increase the minor coinage meta fund to a maximum of \$250,000.

GOLD BULLION FOR REDEMP. TION.

In my report of 1904 attention was called to the fact that the provision of the monetary act of March 14, 1900, re-quiring that whenever the gold coin in the redemption fund shall foll and re-main below \$100,000,000 the issue of gold certificates shall cease, virtually re-stricts the amount of bullion in the redemption fund to \$50,000,000. No good redemption rund to \$20,000,000. No good purpose is served by arbitrarily fixing the proportions of coin and bullion in this fund, and it was probably uninten-tional. The law in its first section ditional. The law in its first section di-rects the secretary of the treasury to maintain a reserve fund of \$150,000,000 "in gold coin and builton," apparently leaving the relative proportions to the discretion of the secretary. In another section, the purpose of which was to prevent the depletion of the fund below \$100,000,000, the provision referred to is made. The security and effective-ness of the fund would not be dimin ness of the fund would not be dimin ness of the fund would not be dimin-ished if this section was made to read that "whenever and so long as the gold coin and bullion held in the re-serve fund in the treasury for the re-demption of United States notes the treasury notes shall fall and remain below \$100,000,000," etc.

There is practical convenience and advantage in having a considerable share of the gold in the reserve fund in the form of bullion. No important demand upon the treasury for gold ever occurs except for export, and for the purpose bullion is always preferred by the shipper and is the most desir-able form of payment for the govern-ment, as it saves the cost of coinage The law as it stands has the practical effect of limiting the treasury holdings of bullion and of causing an unneces-sary amount of coinage. I recom-mend the amendment of section 6 of the act of March 14, 1900, to read as above above.

The production of gold in the United States for the calendar year 1904 is esti-mated at \$80,464,700, and the industrial onsumption at \$28,655,963, of which \$22. 930.036 was of new material. The orig-inal deposits of gold at the several mints and assay offices aggregated \$143,378,969.86



Every Catarrh sufferer dreads the return of cold weather, for at the first cold breath of the season this plague of Winter is fanned into life with all its miserable symptoms. The nostrils are stopped up, and a constant dropping of mucus back into the throat keeps up a continual hawking and spitting, the patient has dull headaches, ringing noises in the ears and a half sick, depressed feeling all the time. Every inner lining and tissue of the body becomes inflamed, and secretes an unhealthy matter which is absorbed into the blood and distributed to all parts of the body, and the disease becomes constitutional. The catarrhal poison brings on stomach troubles, affects the Kidneys and Biadder, attacks the soft bones of the throat and head and if not checked leads to Consumption. A disease so deep-seated and dangerous cannot be washed out, neither can it be smoked away. Sprays, washes, inhalations, etc., are useless, because they only reach the membranes and tissues, while the real cause of the disease is in the blood. S. S. S. cures Catarrh because it attacks it through the blood; it goes into the circulation and drives out all unhealthy accumulations and catarrhal matter, and when this is done every part of the system receives a supply of



rich, pure blood. Then the inflamed membranes and tissues heal, all discharge ceases the depressed feeling of the body is relieved, and every symptom passes away. S. S. S. goes to the very root of the trouble, and by purifying PURELY VEGETABLE, and enriching the blood and building up the entire system, cures Catarrh permanently. If you have Catarrh do not waste time with local remedies, but begin S. S. S.

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\$697, 101, 269, 95 Total receipts . GOVERNMENT EXPENDITURES. The expenditures for the same period

civil establishment. .\$131,887,201.65 of the war with and in the Philipspain and in the Philip-or the naval establishment, netuding construction of new vessels, machinery, armament, equipment, im-provement at navy yards, and expenses of the war with Spein and in the Phil-pointes 122, 175.074.24 $\begin{array}{c} 117,550,308,18\\ 14,236,073,71\\ 141,773,964,57 \end{array}$ Indian service interest on the public

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system. The capital of the banks organized in this period was \$157,502,800, and the amount of charter bonds deposited was \$38,930,550, the latter being less than one-fourth of the amount which might assessed upon the banks at the rate of \$0.80 993-1,000 per \$1,000 of their notes have been deposited as security for cir-culation. Of these banks, 1.727 with a

WITHDRAWALS FROM BANKS. total capital of \$45,060,000, were incor-porated under the act of March 14, 1900, The deposits in national banks to the credit of the general fund at the begin-ning of the year were \$102,290,863.64. and 939, with a capital of \$112,442,800, under the act of 1864. Of these charters, but the excess of expenditures over revenues in the early part of the year 294 were issued to state banks as a re. sult of conversions to the national banking system: 891 to banks organized soon made it apparent that the cash in the treasury vaults would be reduced to succeed state and private banks liquidated for the purpose, and 1.481 to below the limit required by prudence. Calls were therefore issued withdraw-ing from the depository banks a part of the public moneys held by them and the balance therein to the credit of the banks of primary organization. The conversions and successions represent

conversions and successions represent about 45 per cent of the banks chartered and approximately 50 per cent of the authorized capital stock. In the year ended Sept. 30, 1905, 513 banks were chartered with a capital of \$34,765,500. This includes 199 associa-tions with a capital of \$50,000 or over

and 314 of a smaller capitalization. The number of primary organizations was 75, with a capital of \$15.102,500; of rerganizations of state and private onks, 199, with \$16,243,000 capital, of onversions of state banks 48, with a apital of \$3,420,000. The domestic coinage of the "bts during the fiscal year amounted to 152, 422,302 pieces, of the value of \$91,172,-729.83. Of this \$79,983,691.50 was gold coin. The coinage of the standard silver dollars was \$310; of subsidiary silver, \$9,123,660,60, and af minor coin, \$2,065,067,73. The silver dollars were coined from bullion purchased under the act of July 14, 1890. Of the subsidiary silver, \$7,752,131.75 was likewise coined from this bullion.

SILVER BULLION EXHAUSTED.

The stock of billion purchased under The stock of July 14, 1890, became wholly exhausted during the past year. The coinage of silver dollars is necessarily discontinued, and no subsidiary silver coins are being made except by recoin-age of the abraded and uncurrent coins of the same denominations as they ac-cumulate in the treasury. It probably will be necessary during the coming year to draw on some other supply of silver to meet the constant demand for these coins, and I recommend that the

secretary of the treasury be authorized to cause the recoinage of abraded and uncurrent silver dollars, in amounts not exceeding \$5,000,000 per year, into the several denominations of subsidiary coins as they are required. These ab-raded dollars, unfit for circulation, are accumulating, and some provision for their recoinage should be made. They cannot be recoined into doilars without a loss which the secretary of the treas-ury is not authorized to incur.

As the subsidiary coins are of light-er proportionate weight than the dollar er proportionale weight than the dollar pleces the latter may be converted into them without loss to the treasury or to the circulation. In view of the enor-mous additions now being made to the country's monetary stock by the coln-age of gold, the objection sometimes suggested that the stock of full legal tender money would be reduced by such conversion seems unimportant. onversion seems unimportant.

I would invite your attention, also to feature of the law governing the issue of subsidiary coins which should be changed. Section 3527, revised statutes, provides that "silver coins other than the trade dollar shall be paid out at the

ELASTIC CURRENCY.

duced the tax on circulation, together with the generally prosperous business The necessity for an elastic currency conditions which have existed since the The necessity for an elastic currency has received fresh emphasis in the fin-ancial conditions of the last few months. Millions were doaned, ap-proximately at 7 per cent in midsum-mer, and call money reached 25 per cent in November. The exceedingly low rate was about as dangerous as the birds rate for the latter mer the condutions which have existed since its passage, has resulted in the organiza-tion of 2,656 national banks. This is, practically, one-third of the whole num-ber of national banks chartered during the existence of the national banking low rate was about as dangerous as the high rate, for the latter was the logical result of the former. Such ex-tremes can and should be rendered im-mosphile As a means to this end. I suggest the

advisability of permitting national banks to issue a volume of additional government guaranteed currency, equal in amount to 50 per cent of the bond-secured currency maintained by them, but subject to a tax of 5 or 6 per cent until redeemed by the deposit of a like amount in the treasury. By eliminat-ing the words "secured by United States bonds deposited with the treasuter of the United States" from nation-al bank notes now authorized, the additional currency would be identical in form with that based upon a deposit

form with that based upon a deposit of bonds, and its presence would not alarm, for it would not be known. No new and distinct or unguaranteed form of money should be injected into our system. The tax would be ample, and more than ample, to cover the risk to the government in guaranteeing re-demption. Manifestly, this additional currency would not sering into being currency would not spring into being until interest rates exceeded 6 per cent and it would as promptly retire when rates became normal. Under these or any similar provisions 10 per cent monwould be well-nigh impos and the treasury department would be sayed a most embarrassing responsibility This may not be the only means of adding an element of elasticity to our currency system, the need of which is universally recognized. I suggest it as the plan which to my mind seems most feasible, and one fraught with no dangrer.

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