

STATE BANKERS IN CONVENTION

[Concluded from Page 3.]

Following this came the annual report of the treasurer, John J. Fulkrod of Philadelphia. The report is appended:

Philadelphia, Oct. 16, 1899. To the Pennsylvania Bankers' Ass'n. Gentlemen—Your treasurer presents the following report of the receipts and disbursements of the past year: Balance on hand Nov. 11, 1898, \$1,808,770 To dues from 285 members \$2,850.00 To dues from 115 members at \$5.00 each 575.00 Total dues 3,425.00 Total receipts 3,425.77 By payment as per accompanying vouchers 2,119.00 Balance on hand \$3,114.77 Respectfully submitted, JOHN J. FULKROD, Treasurer.

What was the feature of the convention, the address of Hon. Ellis H. Roberts, treasurer of the United States, next occupied and captivated the delegates. Mr. Roberts had as his theme, "The Treasury and the Currency," and he treated it in a most interesting and exhaustive manner. By many his address was viewed as an administration utterance. It is given here complete:

TREASURER ROBERTS' ADDRESS: Your vocation as bankers and my position in the treasury of the United States, determine the theme which we shall consider. Your invitation implied that I shall speak to you of the treasury and the currency. Plain as the topic is, it has its attractive side. The grass of the lawn, the meadow and the hillside are commonplace, yet shimmering in the sunshine it may rival the rugged and ugly rocks of the mountain. We are to make the best of the theme which the occasion sets before us. Certain relations exist between the treasury and the circulating medium, and these it may be well to define. The questions will follow whether these relations are such as they ought to be, and if they are not, what remedies are needed and how can they be applied?

The currency situation has some features of real and robust strength. In the first place, as the corner-stone of all our money rests a volume of gold in the treasury larger than ever before. It is also true that in the banks and the hands of the people the low metal is held beyond all precedent. The gold coin in circulation increased during the year ending September 30, by \$4,229,928, and during the year ending including gold certificates, by a further sum of \$3,612,566.

The tide of gold has flowed steadily into the treasury and the circulation through the mints and assay offices, through customs and the general receipts of the country. For many years until March 1898, the customs were paid almost wholly in paper, with many months showing not a fraction of gold. In the fiscal year 1898, the percentage of customs paid in New York in gold was 20.4, in the fiscal year 1899, it was 28.5, and from July 1 to October 1, 1899, was \$4.2 for all of September last past this percentage rose to 31.5.

The contrast in the use of gold in the general transactions of the government in the fiscal years 1898 and 1899, is noteworthy. In the fiscal year of receipts of \$2,075,735,587, 10.03 per cent. was in gold coin, and of \$2,135,973,013 disbursements, 11.83 per cent., while in the latter year, of receipts amounting to \$2,393,169,747, 37.6 per cent. was in gold coin, and of \$2,311,583,629 disbursements, 35.37 per cent. In the budget for the fiscal year of the current year, the percentages of gold were still larger.

SOME BIG FIGURES.

The result has been that the treasury held the first of October, 1899, in gold \$278,691,482, gross, and this became \$339,092,279 at the opening of the current month. On the 17th of October the gross amount stood at \$373,122,915, the largest sum before the maximum net was reached on October 12, at \$258,081,565. The gold certificates which explain the difference between gross and net had not been issued for several years and had long stood at over \$55,000,000 to \$38,000,000. Since August 7, when the issue was resumed, gold certificates have been put out to the amount of \$113,467,000 and stood October 17 at \$117,904,680.

Stalwart health is shown by the fact that of the total money in circulation at the beginning of the year, 60.4 per cent. was in gold, including gold certificates. The strength of government paper is proved by the guarantee held against the legal tender of 80.44 per cent. in gold, including gold certificates which stand dollar for dollar of the yellow metal.

Another factor of strength in the currency is the strict limitation in the volume of government paper. The statute prescribes that the United States notes shall not go beyond \$346,851,016. The silver certificates can not exceed the standard dollars against which they are issued. The treasury notes restricted to the amount of billion purchased for them, are retired when redeemed in silver dollars. The gold certificates can only stand dollar for dollar of gold coin. These limitations are like the dikes of Holland, a defense against a threatening sea which might otherwise sweep over land and city, farm and home.

While these factors endure the inflation in demand obligations other than gold is prevented, peril is kept at the minimum, and the whole volume of currency is maintained at a level, so that no dollar is worse than the best. But these limitations permit no elasticity. Under the practice of the treasury, demand obligations are not issued, small for large and the reverse, but not one kind of currency for another. In the absence of legal restrictions, government paper could only be put

A common expression is: "The human race is growing weaker and wiser." That we are growing weaker is proved by the large number of pale, thin and emaciated people.

That we are growing wiser may be proved by overcoming these disorders with the timely use of Scott's Emulsion of Cod-liver Oil with Hypophosphites which gives strength, enriches the blood, invigorates the nerves and forms fat.

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out in public disbursements and could return to the treasury only for customs, for taxes or miscellaneous receipts. The system does not provide for an ebb and flow according to the tides of business. The height of freedom fixes bounds within the field of safety, of necessity.

GOVERNMENT NOTES.

Although not strength itself, fitness for use in the direction of its faster brother. That quality government notes possess, because one denomination can readily be changed for smaller or greater, kind for kind. Exchange of one kind for another is prevented by the limitations of volume. Bankers well know the convenience of securing \$1, \$2 and \$5 notes for these large quantities that they do not serve the convenience of customers. By redemptions of unfit currency and direct exchange the denominations are adjusted to the varying demands of the different business seasons. This process causes a constant flow of notes in and out of the treasury. It affects every year at least one-half of all the government paper. A certain elasticity is thus produced, for the large notes are used more as reserve than for current payment, while the smaller denominations are active currency.

The treasury during the past two years has always held available denominations suitable either for redemption or concentration as business has required. The appeals for exchange of one class of notes into another of different denomination, and the constant advantage of such transactions kind for kind.

Weakness is fundamental in our currency from the very nature of unsecured demand obligations. The debtor must respond not at his pleasure but at the will of the creditor. In the case of government paper, the notes go out for disbursements, as they come in for redemption or exchange. The whirl is that of a merry-go-round. Except for this rapidity of movement, the currency would offer no other from bank notes or the obligations of individuals.

With banks the putting out of currency is a profession, a trade. It is practiced for direct profit or for indirect benefit in the service of the community. In the case of the government it can be justified only by such necessity as led to the original issue of the legal tenders. Borrowing on demand is a make-shift, outside of operations. Strong wise governments take time for their obligations and thus guard against the peril of pressure and panic.

DEBTS OF GOVERNMENT.

Plain words are best. We need to see clearly that government notes are debts of the government, payable on demand. Current names have become familiar to hide the meaning behind them. United States notes and treasury notes in spite of their legal tender quality, are blood kin to individual promises to pay on demand. Without resources immediately available, no person has a right to put out his demand notes. Governments are bound by the same principals as individuals. The government's obligations are not so far in the past as to be forgotten. It is the part not only of good government, but of common sense, to guard against their possible recurrence. The war in the Transvaal can hardly fail to cut off for awhile entirely the contribution from that source to the world's supply of the yellow metal, which was last year nearly \$80,000,000.

Two obvious steps are necessary to prevent the weakening of what is really a safety fund. First, the volume of unsecured demand obligations should be guarded against increase or even should be reduced, and second, a sufficient reserve of gold coin should be set aside for their redemption, to be used for no other purpose. Existing laws effectually limit the volume of paper currency.

THE IMMEDIATE NEED.

The immediate need is to set apart and fortify an adequate guarantee fund for both classes of legal tender notes. This is the best recommendation of President McKinley. Just now no convenient contraction would follow an increase of the gold reserve. A fund of \$150,000,000 could be spared, and that would provide a ratio of a little more than one-third of all outstanding United States and treasury notes. By definite statute this could be rendered as secure as by locks and bars. Without additional officers, or separate vaults in Washington or other treasury offices, this fund could be provided and preserved. The minimum of \$100,000,000 was treasured upon in past years on several occasions because no positive statute shielded it. The certificates of June 8, 1872, the gold certificates and the silver certificates have always had back of them every dollar of the funds pledged for them.

By simple, clear, positive words an increased reserve can be protected absolutely. It is the most self-sustaining by the requirement that notes once redeemed in gold shall never be paid out except for gold. That is President McKinley's suggestion, and it can not fail to be effectual.

As bankers, you have a right to say, that another problem arises: How shall more currency be provided in periods of acute demand, for the movement of the crops, for transactions concentrated into special seasons? This should be a question of public convenience and not merely of direct profit. Aside from considerations of immediate earnings, the door is wide open for the national banks to act in past years on several occasions because no positive statute shielded it. The certificates of June 8, 1872, the gold certificates and the silver certificates have always had back of them every dollar of the funds pledged for them.

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add \$29,181,650, while Chicago could add \$16,925,709.

This increase in bank notes could be made and is not, because the respecting institutions reckon that they can use their money to better advantage. The high price of bonds taken as security at only 90 per cent., and the tax on circulating notes lead to this conclusion. The pressure for more currency has then a money measure in the difference between the earnings from circulation and from loans in the several localities.

BANKS' OPPORTUNITY.

This is a statement of what the national banks might do, not what they ought to do, but opportunity rather than obligation. The officers of these institutions are the judges of their duty. Of the possible increase, the real addition to the volume of bank notes, based on bonds has been \$2,258,110 since September 30, 1898, to the beginning of the current month, and of this sum \$1,140,824 was during September.

Thus, under existing laws, there is practically no increase in bank notes. Except as the yellow metal flows into the treasury and goes out in disbursements, the government has no authority to add to the currency. The banks will not, the treasury can not, put out more notes.

Somewhere, somewhere should be lodged power to meet pressing demands for additional currency. The confession is inevitable that there is no general agreement how this can be done in the best way. The task invites students of finance and especially bankers to crystallize public opinion on this subject. They will be unanimous in declaring that there must not be any increase of unsecured government obligations. In all civilized nations industry and trade require the circulating notes of banks. The American people have become accustomed to them and will not dispense with them. For long years to come the national banks must continue to be a part of our currency system. Wisdom directs that unnecessary restrictions should be removed from them. The anomaly is patent, almost a scandal, that the laws permit government bonds bear a premium as high as 30 per cent to be used as security for bank notes at only 90 per cent of their face. This discredit should cease. By conceding the use of these bonds at par, the banks could and doubtless would add 10 per cent. to their circulation, which today would amount to \$22,111,000,000, and to the union. The concession could cost nothing to government or people. The prejudice against national banks which we can not fail to recognize, although it is so universal, is urged to stand in the way of a measure so much for the benefit of all classes of business.

TAX ON CIRCULATION.

It may be more difficult to secure legislative approval for a reduction of tax on bank circulation, which the government could well afford. With the high price of bonds no peril would be involved in granting to national banks the privilege of adding 20 per cent to the circulation, and in applying upon payment of a tax of 3 per cent to serve as a guarantee fund for all such emergency notes.

The proposal to authorize the issue of notes on the general assets of banks advocated so vigorously, does not carry with it the judgment of a majority of financiers or of the people. That in some cases it is the best way to increase circulation beyond the suggestions already considered and in the halcyon years when there shall be no government bonds.

With a gold standard established by law, with fair treatment of the national banks, all else will follow felicitously, upon frank discussion and judicious decisions.

Reports were heard from the various group retailers and the recommendations of the administration council were adopted, after which adjournment was made till 10 o'clock this morning.

Early in the afternoon the local reception committee welcomed by prompt invitation citizens interested in the bank, took the visitors for a drive over the Elmhurst boulevard and around Lake Scranton. Over thirty carriages were required to accommodate the party. Many of these were private turnouts. Upon returning from the mountains, the visitors were given a rub about the city. Some visited the Country Club and others the Correspondence Schools or like points of interest.

EVENING RECEPTION.

The Scranton club has been famed since its organization for the elegance of the large social functions which it has given. None, however, have been more entirely satisfactory in every respect than the beautiful reception last night in honor of our bankers. The handsome rooms of the club were all utilized and the board of trade rooms were also thrown open for dancing and for the pleasure of the guests. More than four hundred of whom thronged the two floors.

Perhaps never before so many out of town gentlemen attended a society affair in this city and every effort was made by the hosts and the reception committee to make the event most pleasant to the strangers. Many of the leading society people were present. There were lovely vocal solos, merry charades and a delightful supper served by Steward O'Neill of the club.

The ladies who received were Mrs. J. Benjamin Dimmick, Mrs. Henry Bellin, Jr., Mrs. Everett Warren and Mrs. H. W. Kingsbury. Mrs. Dimmick wore a rich gown of black lace over blue satin. Mrs. Bellin's costume was of handsome black lace and silk and Mrs. Warren and Kingsbury were attired in exquisite white gowns. Messrs. Thos. E. Jones, F. L. Phillips and A. H. Christy presented the guests to the ladies who received, while other members of the local committee and directors of the club assisted about the rooms.

Supper was served during the entire evening and the arrangements were so perfect in detail as to admit of no confusion at any time. The board of trade assembly room with its stately pillars and fine oil paintings made a picturesque setting for the dancers with the musicians' platform screened by an elaborate array of tropical plants as a background. The guests were loth to leave and the reception was thronged until well past midnight.

BANKERS' ASSOCIATION.

The Pennsylvania Bankers' association was organized at Philadelphia, December 15, 1898, its purpose is to promote the general welfare and usefulness of banks and banking institutions, and to secure uniformity of action together with the practical benefits to be derived from personal acquaintance and from the discussion of subjects of importance to the banking and commercial interests of the State of Pennsylvania, and

tonight

Just before retiring, if your liver is sluggish, out of tune, and you feel dull, bilious, constipated, take a dose of Hood's Pills

And you'll be all right in the morning.

especially in order to secure the proper consideration of questions regarding the financial and commercial usages, customs and laws which affect the banking interests of the state and the entire country, and for protection against loss by crime or otherwise. The membership of the association is composed of banking institutions and is divided into eight groups, composed of counties as follows:

- Group 1—Philadelphia. Group 2—Bucks, Montgomery, Delaware, Chester, Berks and Schuylkill. Group 3—Wayne, Pike, Monroe, Northampton, Lehigh, Susquehanna, Lackawanna, Carbon, Bradford, Wyoming and Luzerne. Group 4—Sullivan, Columbia, Montour, Northumberland, Tioga, Lycoming, Union, Snyder and Clinton. Group 5—Dauphin, Lebanon, Lancaster, York, Mifflin, Juniata, Perry, Cumberland, Adams, Franklin and Fulton. Group 6—Centre, Huntington, Clearfield, Blair, Bedford and Cambria. Group 7—Potter, McKean, Cameron, Elk, Warren, Forest, Erie, Crawford, Venango and Mercer. Group 8—Allegheny, Jefferson, Indiana, Westmoreland, Somerset, Clarion, Armstrong, Washington, Beaver, Washington, Greene and Fayette.

Philadelphia, Reading, Scranton, Williamsport, Harrisburg, Altoona, Erie and Pittsburg are the respective group centers. Quarterly meetings are held at each of these places on the first Wednesday in January, April, July and October. The groups meet jointly once a year. The present convention is one of these meetings.

ITS OFFICERS.

The association has a president, vice-president, secretary and treasurer and each group has a president and vice-president. The officers of the association constitute a council of administration in which is vested the full authority of the association in the interval between conventions.

The officers of the association and various groups are: President, C. A. Kunkel, cashier, Mechanics' Bank, Harrisburg, vice-president, S. R. Shumaker, cashier, First National Bank, Huntington; secretary, D. S. Kloss, cashier, First National Bank, Tyrone; treasurer, Bank Point, Clearfield; Manayunk National Bank, Philadelphia.

Officers of various groups: Group 1—John H. Hager, chairman, president Southwark National Bank, Philadelphia; C. S. Tyson, secretary, vice president National Bank, Germantown; Philadelphia; Group 2—John H. Maltberger, chairman, cashier Keystone National Bank, Reading; Wallace Guss, secretary, cashier First National Bank, Tanawana; Group 3—R. E. James, chairman, president Easton Trust Co., Easton; C. W. Gunster, secretary, cashier Merchants' and Mechanics' Bank, Scranton; Group 4—Otter Herch, chairman, president Susquehanna Trust and Safe Deposit Co., Williamsport; William H. Painter, secretary, cashier West Branch National Bank, Williamsport; Group 5—John D. Roberts, chairman, cashier First National Bank, Johnstown; E. E. Lindemuth, secretary, cashier Clearfield National Bank, Clearfield; Group 6—A. J. Hazeltine, chairman, president Warren Savings Bank, Warren; F. M. Wallace, secretary, vice president Second National Bank, Erie; Group 7—R. E. Jones, chairman, cashier Pittsburg Bank of Commerce, Pittsburg; R. J. Stoney, Jr., secretary, Banker and Broker, Pittsburg.

Special Low Rates to Philadelphia, Pa., National Export Exposition. October 25th, November 4th and 23d, the Delaware, Lackawanna & Western railroad company will sell round trip tickets to Philadelphia, Pa., at the one way fare plus fifty cents for the admission coupon to the exposition. Tickets will be good going on any regular train on the above dates, and for return within ten days from and including date of sale. Full information may be obtained on application to any ticket agent of the "Lackawanna" railroad.

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Now is the time to get a bargain at these prices. You cannot obtain them in the future. Call and see them.

Fine Diamond Rings at \$5.00, worth \$10.50. Solid Gold Band Rings at \$1.25, worth \$2.50. Solid Gold Band Rings at \$1.00, worth \$2.25. Gold Filled Cuff Buttons, 50c., worth \$1.25. Cuff Buttons, previous prices \$1.00, now 75c. Gent's Solid Silver Watch, Elgin movement, \$2.50. Ladies' Sterling Silver Watches, worth \$5.00, now \$3.75. Gent's Nickel Watches, S. W., price \$3.50, now \$1.75. Rogers Bros' Spoons, warranted, Sugar Spoons, Pickle Forks, Etc., previous price 75c. Ladies' Solid Gold Watch, Elgin movement, \$4.50. Ladies' Gold Filled Watches at \$5.00, worth \$15.00. We also have about three hundred Ladies' Solid Silver Rings, worth 50c. and 75c., will close them at 10c. each. Special sale now going on at Davidow Bros. Attend as we are offering goods at one-fourth their original value. Extra Heavy Solid Silver Thimbles at 15c.

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