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## INCIDENTAL SUGGESTIONS

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### THE CURRENCY SUCKHOLE.

Indianapolis, Ind., Dec. 7, 1910.

It is quite a common belief that the amount of money available for business is much greater now than it was during the latter part of 1896. This belief has been engendered very largely by the reports of the Treasury Department, which are made to show that the per capita circulation has been increased from less than \$23 at that time to over \$35 at this. There is no more deceptive thought than that the per capita circulation as reported by the Treasury Department gives any correct information of the amount of money in actual circulation and available for business.

The average business man is likely to express surprise, and not a few students of financial and commercial conditions may be incredulous, when it is asserted that, notwithstanding this large per capita increase since 1896, there is not now in actual circulation a dollar more money than there was then; that in all probability there is \$100,000,000, or more, less than there was at that time.

The Treasury Department, in its circulation statement, divides all money in existence into two classes, and reports one class under the head of "Held in the Treasury as Assets of the Government," and the other class under the head of "Money in Circulation." The Department does not regard money held as assets of the government as being in circulation; but all money outside of the treasury is reported as "in circulation" whether it belongs to the government or not. So far as the Department is concerned, this may be correct as a matter of bookkeeping, but as a basis for economic deductions it is of no value whatever.

How much difference is there, so far as economic results are concerned, between money in the treasury, held as assets of the government, and money in the banking institutions of the country, held in their reserves and out of circulation by force of law?

The cash reserves of banks so held are no more in actual circulation than the money assets of the government in the United States treasury. Neither can be used for business purposes.

If any one will take the trouble to examine the comptroller's abstracts of the condition of national banks, and ascertain the increase of deposits, and of loans and discounts, since 1896, and then add to this the estimated increase of other banking institutions on the basis of the reports received by the comptroller in 1906 from almost 75 per cent of such institutions, it will be found that the necessary cash reserves required as against such deposits, loans and discounts calculated at the very low reserve of 13½ per cent will exceed the increase of money of all kinds during the same time.

If this is true, and there can be no doubt about it, then the explanations, based upon the increased production of gold, or upon the increase of the volume of money in any other way, made by some gentleman of political and financial prominence, concerning commercial and financial conditions, must be revised or discarded.

The money in actual circulation is being "sucked" into bank reserves and taken out of circulation by the continued and alarming increase of bank credits.

If the financial interests are to have their ability to increase bank credits continued, they must have an unlimited paper currency manufactory, somehow and somewhere.

The central bank scheme will furnish it. What will be the probable effect of the enormous increase of credits that will follow, can only be imagined. Bank credits have already reached a volume that makes it impossible for them ever to be paid in the regular course of business. Shall we stop, go on, or go back, is a problem that sooner or later we must face,—and solve, if happily we are able to do so.

FLAVIUS J. VAN VORHIS.

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### SLEEPY MICHIGAN.

Grand Rapids, Mich.

When a State is bankrupt, when twenty-eight of its officials have been started or sent to the penitentiary during the past twelve years, when the majority party is owned by the mining and timber interests, when its leaders in Washington bear the Standpat stripe, when everywhere in our government there are evidences of extravagance and corruption, when the whole system of taxation needs reform, when two years ago an employe in the State government could not draw his salary because there were no funds in the treasury, when the same condition is apt to obtain again before the first of the new year, when a member of the State Prison Board is appointed because he has served a term for embezzlement and therefore knows the needs of the prison, the same man being a member of the State Central Committee of the Republican party, when there is not even a healthy agitation for radical reform—then I say an honest and patriotic citizen has a right to request that some attention be given these matters from without the State if it cannot come from within.

Michigan is asleep.

It claims to have elected a Progressive to represent it in the United States Senate in the person of Charles E. Townsend, when in reality he is merely a "near insurgent" and his speeches do not have the true Progressive ring. Michigan must be asleep, when conditions are so bad, yet unlike about every other State in the Union except Pennsylvania it elects to continue in the same old rut.

The first ballot I ever cast was for the Republican ticket three years ago. Since that time I have been voting with the minority party, having been convinced that the principles of Jefferson are just, and believing furthermore that a change would be the only means of awakening interest in the State's affairs. I have even had charge of the Democratic campaign in this county, a campaign not without its results as far as national legislation was concerned, but which bore no fruit in the State. It was this experience which opened my eyes to the seeming hopelessness of securing better conditions in this State, unless the magazines and weeklies of the country begin to turn the searchlight of publicity