

By Mr. APSLEY: Papers to accompany House bill No. 9828, granting a pension to Mary A. Caulfield—to the Committee on Invalid Pensions.

By Mr. ARNOLD of Rhode Island: Petition of citizens of Wickford, R. I., for the further improvement of Wickford Harbor—to the Committee on Rivers and Harbors.

By Mr. BARRETT: Petition of Damrell & Upham and 500 other booksellers and news dealers of the State of Massachusetts, remonstrating against the passage of House bill No. 4566, relating to second-class mail matter—to the Committee on the Post-Office and Post-Roads.

By Mr. BURTON of Ohio: Petition of the Ohio State Medical Society, in favor of House bill No. 8777, to provide for the examination of immigrants at ports of debarkation—to the Committee on Immigration and Naturalization.

By Mr. BULL: Petition of the Rhode Island Society, Sons of the Revolution, in favor of a law making June 14 flag day—to the Committee on the Judiciary.

Also, petition of the publishers of the Providence Journal of Commerce; also of publishers of the Triangle; also of Walter B. Frost, all of Providence, R. I.; also of T. S. Hammond, of Auburn, R. I.; also of news dealers and booksellers of Rhode Island, protesting against the passage of House bill No. 4566, relating to second-class mail matter—to the Committee on the Post-Office and Post-Roads.

By Mr. CANNON: Memorial of the Methodist Episcopal church of Catlin, Ill., urging that the Government immediately secure satisfaction for damages to American citizens and property in Turkey—to the Committee on Foreign Affairs.

By Mr. HENDERSON: Petition of the Honey Creek Quarterly Meeting of Friends, representing a membership of 1,258, held at New Providence, Iowa, praying that the sale of liquors be prohibited in buildings owned or controlled by the Government—to the Committee on Alcoholic Liquor Traffic.

Also, petition of the Honey Creek Quarterly Meeting of Friends, asking that the age of consent be raised to 18 in the District of Columbia and the Territories—to the Committee on the Judiciary.

Also, resolutions adopted by the citizens of Fonda, Iowa, urging the United States to take such action as it can to prevent the massacre of the Armenians—to the Committee on Foreign Affairs.

By Mr. HENRY of Indiana: Affidavits of James Harrison, Thomas J. Dragoo, and letter of the Pension Commissioner, in support of House bill No. 7305, granting an increase of pension to James Harrison—to the Committee on Invalid Pensions.

By Mr. HERMANN: Memorial of the Chamber of Commerce of Astoria, Oreg., asking for the construction of the Nicaragua Canal—to the Committee on Interstate and Foreign Commerce.

By Mr. KIEFER: Petition of news dealers of St. Paul, Minn.; also, petitions of A. L. Graves, Theo. A. Lienau, W. B. Brewster, and James A. Melady, all of St. Paul, Minn., against the passage of House bill No. 4566, relating to second-class mail matter—to the Committee on the Post-Office and Post-Roads.

By Mr. KENDALL: Petition and papers in support of the claim of Mrs. Rebecca Harrison, widow of a soldier in the Mexican war—to the Committee on Pensions.

By Mr. LAYTON: Papers in support of House bill for the relief of Levi M. Wells—to the Committee on Military Affairs.

By Mr. OTJEN: Protest of the Wisconsin News Company and others, against the passage of House bill No. 4566, relating to second-class mail matter—to the Committee on the Post-Office and Post-Roads.

By Mr. PITNEY: Petition of Victory Council, Junior Order United American Mechanics, of Frenchtown, N. J., concerning Cuba—to the Committee on Foreign Affairs.

By Mr. QUIGG: Sundry petitions of 88 news dealers and booksellers of New York City; the American Wheelman Publishing Company; publisher of the Independent; publishers of the Queen of Fashion; editor of the Rosary Magazine; Frank Leslie's Publishing House; publisher of the Treasury; Gunton's Magazine; the Insurance Critic; Leader & Bookstaver; William Wood & Co.; Typographical Union No. 6; the A. D. Porter Company; the Paulist Fathers; J. W. Plummer; Jenness Miller Monthly; Anthony's Photographic Bulletin; the New York Dispatch; F. M. Lupton; F. B. Warner; H. L. Saltonstall; Stationers' Board of Trade; W. C. Conant; E. B. Treat; the Trade News Publishing Company; the Metaphysical Magazine; Morris Phillips & Co.; Kirtland Bros. & Co.; Samuel S. Blood; Edward H. Fallows; H. B. Sutherland; Theo. H. Babcock, all of the city of New York; Forbes Lithograph Company and Pulsifer, Cook & Co., of Boston, Mass., and Mast, Crowell & Kirkpatrick, publishers, of Springfield, Ohio, protesting against the passage of House bill No. 4566, relating to second-class mail matter—to the Committee on the Post-Office and Post-Roads.

By Mr. RICHARDSON: Petition of Watts & Co., of South Berlin, Tenn.; also of the publisher of the Cumberland Presbyterian, of Fayette, Tenn., against the passage of House bill No. 4566,

relating to second-class mail matter—to the Committee on the Post-Office and Post-Roads.

By Mr. RUSSELL of Connecticut: Protest of news dealers of the State of Connecticut, against the passage of House bill No. 4566, changing postal rates on second-class matter—to the Committee on the Post-Office and Post-Roads.

By Mr. TERRY: Memorial of the Arkansas River Improvement Convention, held at Fort Smith, Ark., for the improvement of Sabine Pass—to the Committee on Rivers and Harbors.

Also, memorial of the Arkansas River Improvement Convention, held December 15, 1896, at Fort Smith, Ark., for the improvement of the channel of Arkansas River and the safety of the harbor at Van Buren, Ark.—to the Committee on Rivers and Harbors.

Also, resolution of the Fort Smith Commercial League, against the passage of a resolution recognizing the independence of Cuba—to the Committee on Foreign Affairs.

Also, resolutions of the Master Car Builders' Association, opposing the metric system—to the Committee on Coinage, Weights, and Measures.

By Mr. UPDEGRAFF: Petition of A. B. Stickney, of St. Paul, Minn., for extension of time in which to equip cars with certain patent couplers—to the Committee on Interstate and Foreign Commerce.

Also, petition of W. R. Mead, of Cisco; also of Dyke & Olds, of Charles City; also of B. F. Wright; also of S. R. Yager, of Colmar; also of C. H. Talmage, of West Union, all of the State of Iowa, protesting against the passage of House bill No. 4566, relating to second-class mail matter—to the Committee on the Post-Office and Post-Roads.

By Mr. WANGER: Resolutions of Colonel Croasdale Post, No. 256, Grand Army of the Republic, Department of Pennsylvania, favoring the recognition of Cuba—to the Committee on Foreign Affairs.

Also, petition of H. L. Everett, of Philadelphia; also of U. S. Stauffer, of Quakertown; also of W. F. Goettler, of Souderton; also of A. E. Damblay's estate, of Skeppock, all of the State of Pennsylvania, protesting against the passage of House bill No. 4566, relating to second-class mail matter—to the Committee on the Post-Office and Post-Roads.

## SENATE.

THURSDAY, January 7, 1897.

Prayer by Rev. HENRY N. COUDEN, Chaplain of the House of Representatives.

The Journal of yesterday's proceedings was read and approved.

### TREASURY SETTLEMENTS.

The VICE-PRESIDENT laid before the Senate a communication from the Secretary of the Treasury, transmitting, in response to a resolution of December 21, 1896, a report of the Auditor for the War Department showing that the allowance of claims to certain insurance companies for the loss of the steamer *Osceola* were of the same character as those heretofore made upon the steamer *Peerless*; which, with the accompanying papers, was referred to the Committee on Claims, and ordered to be printed.

### CERTIFICATION OF ELECTORS.

The VICE-PRESIDENT laid before the Senate a communication from the executive of the State of Nebraska, transmitting a copy of the final ascertainment of electors for President and Vice-President for that State; which was ordered to lie on the table.

### MESSAGE FROM THE HOUSE.

A message from the House of Representatives, by Mr. W. J. BROWNING, its Chief Clerk, announced that the House had passed the following bill and joint resolution; in which it requested the concurrence of the Senate:

A bill (H. R. 4566) to amend the postal laws relating to second-class mail matter; and

A joint resolution (H. Res. 205) authorizing the building of a telephone line in the District of Columbia.

### ENROLLED BILLS SIGNED.

The message also announced that the Speaker of the House had signed the following enrolled bills; and they were thereupon signed by the Vice-President:

A bill (H. R. 158) granting a pension to Mary Collins;

A bill (H. R. 1511) for the relief of Lydia Boynton Ferris;

A bill (H. R. 2320) for the relief of Samuel Burrell;

A bill (H. R. 3398) for the relief of Augusta Tuller;

A bill (H. R. 3890) granting a pension to George William Hodges;

A bill (H. R. 5710) granting a pension to Eleanor L. Curtiss;

A bill (H. R. 5782) granting a pension to Mrs. Anna Wedel;

A bill (H. R. 7127) granting a pension to Samuel D. Gilman; and

A bill (H. R. 7500) granting a pension to Mrs. Keturah Wilson, widow of James Wilson, deceased.

## PETITIONS AND MEMORIALS.

Mr. LODGE presented the memorials of J. W. Bowles, publisher of the Modern Art, of Boston; of E. W. Ellis, publisher of the City Press, of Malden; of F. A. D. Silva, publisher of Progresso, of New Bedford; of C. E. Twombly, publisher of the Pigeon News, of Boston, and of twelve firms of news dealers and booksellers of Springfield, all in the State of Massachusetts, remonstrating against the passage of the so-called Loud bill, relating to second-class mail matter; which were referred to the Committee on Post-Offices and Post-Roads.

Mr. SHERMAN presented the memorial of George T. Weeks, publisher of the Independent, of Edon, Ohio, remonstrating against the passage of the so-called Loud bill, relating to second-class mail matter; which was referred to the Committee on Post-Offices and Post-Roads.

He also presented resolutions adopted by Post No. 646, Department of Ohio, Grand Army of the Republic, of New Paris, Ohio, favoring recognition of the independence of Cuba; which were ordered to lie on the table.

He also presented a petition of the Methodist Ministers' Association, of Cleveland, Ohio, praying for the enactment of legislation to abolish the sale of liquor in the Capitol building; which was referred to the Committee on Public Buildings and Grounds.

Mr. GEAR presented the memorials of Oscar A. Hoffman, publisher of the Sioux City Volksfreund, Sioux City; of D. Bed, publisher of the Allamakee Journal, of Lansing, and of Thockley Bros. & Cook, publishers of the Saturday Globe, all in the State of Iowa, remonstrating against the passage of the so-called Loud bill, relating to second-class mail matter; which were referred to the Committee on Post-Offices and Post-Roads.

Mr. TURPIE (for Mr. VOORHEES) presented a petition of Samuel Reid Post, No. 87, Department of Indiana, Grand Army of the Republic, praying Congress to recognize the independence of Cuba, and expressing sympathy for the Cubans in their struggle for freedom; which was ordered to lie on the table.

Mr. BATE presented the memorials of Morrison Bros., publishers of the Dental Headlight, of Nashville; of Cayce & Turner, publishers of the Mail and the Primitive Baptist, of Martin; of William Carruthers, publisher of the Vidette, of Hartsville, and of W. D. Wheatley, publisher of the News, of Big Sandy, all in the State of Tennessee, remonstrating against the passage of the so-called Loud bill, relating to second-class mail matter; which were referred to the Committee on Post-Offices and Post-Roads.

Mr. MITCHELL of Wisconsin presented the memorial of Frank B. Gesler, publisher of the Independent, of Bangor, Wis., and the memorial of Power & Hovel Bros., publishers of the Daily Republic, of Baraboo, Wis., remonstrating against the passage of the so-called Loud bill, relating to second-class mail matter; which were referred to the Committee on Post-Offices and Post-Roads.

Mr. CULLOM presented petitions of the Crawford Lumber Company, of Raymond; of the Farmers' National Bank, of Knoxville; of G. L. Grant, of the American Florist, of Chicago; of James Peabody, of the Railway Review, of Illinois; of Dr. T. Y. Kayne, specialist, of Chicago; of J. M. Yeomans, of Chicago; of J. S. McDonald & Co., manufacturing stationers, of Chicago, all in the State of Illinois, and of C. H. E. Redding, secretary of the American Trade Press Association of New York City, and of the American Newspaper Publishers' Association of the United States, praying for the passage of the so-called Loud bill, relating to second-class mail matter; which were referred to the Committee on Post-Offices and Post-Roads.

He also presented the memorials of H. Webb Pemberton, publisher of the Galatia Journal, of Galatia; of T. O. Thompson, publisher of the Epicure, Confectioner, and Baker, of Chicago; of R. R. Fisher, publisher of the Poultry Tribune, of Freeport; of M. M. Rowley, publisher of the Clipper, of Biggsville; of J. E. Bangs, publisher of the Student, of Pontiac; of Nathan Collins, publisher of the Intelligencer, of Westfield; of Robert D. Sawyer, publisher of the American Pressman, of Chicago; of N. A. Reed, publisher of the Banner of Gold, of Chicago; of E. A. Shepler, manager of the Western News Company, of Chicago; of the Starchroom Publishing Company, publishers of the Starchroom, of Chicago; of Matheson & Allardyce, publishers of the Canadian American, of Chicago; of Edward E. Goff, of the Motorcycle Publishing Company, of Chicago; of A. Paessler, publisher of Der Beobachter, of Chicago; of F. W. Rice, publisher of the Daily National Hotel Reporter, of Chicago; of E. C. Hewett and George Brown, publishers of the Public School Journal, of Bloomington; of S. Harrison White, publisher of North Shore Suburban, of Chicago; of Albert H. Snyder, publisher of Everybody's Journal, of Chicago; of Sarah Pollock, publisher of Mission Studies, of Chicago; of G. W. Gaver, publisher of the Franklin Reporter, of Franklin Grove; of E. S. Kingsbury, publisher of the Republican, of Lawrenceville; of the Goodman & Dickerson Company, publishers of the Standard, of Chicago; of the National Stenographer Company, publishers of the National Stenographer, of Chicago; of H. W. De Jamatt, publisher of the Crete Citizen, of Crete; of

H. F. and A. E. Evans, publishers of the Highland Park News, of Highland Park; of T. O. Thompson, publisher of the Dairy World, of Chicago; of the Lanward Publishing Company, publishers of the General Manager, of Chicago; of C. E. Rouse, publisher of the Argus, of Chicago; of Frances L. Dusenberry, publisher of the Chicago Vegetarian, of Chicago; of O. L. Fox, publisher of the Indicator, of Chicago; of W. W. Burch, publisher of the American Sheep Breeder, of Chicago, and of Charles S. MacDonald and sundry other news dealers and booksellers of Chicago, all in the State of Illinois, remonstrating against the passage of the so-called Loud bill, relating to second-class mail matter; which were referred to the Committee on Post-Offices and Post-Roads.

He also presented resolutions adopted by Council No. 14, American Protective Association, of St. Louis, Mo., expressing sympathy for the Cubans in their struggle for freedom; which were ordered to lie on the table.

He also presented a petition of the Trades and Labor Assembly of Galesburg, Ill., and a petition of the Gulf City Farmers' Alliance, of Galveston, Tex., praying Congress to recognize the independence of Cuba; which were ordered to lie on the table.

He also presented a resolution of the Commercial Club, of Chicago, Ill., favoring the policy of the Administration in regard to Cuban affairs; which was ordered to lie on the table.

Mr. FRYE presented a petition of the Maine State Grange, praying for the passage of Senate bill No. 2005, to amend an act entitled "An act making appropriations for the service of the Post-Office Department for the fiscal year ending June 30, 1895," approved July 16, 1894; which was referred to the Committee on Post-Offices Post-Roads.

He also presented the memorials of Daniel H. Holmes and Fred H. Haley, publishers of the Chronicle, of Westbrook; of W. E. Lewis, publisher of the Pemaquid Messenger, of Bristol; of Joseph Wood, publisher of the Maine Coast Cottager, of Portland, all in the State of Maine, remonstrating against the passage of the so-called Loud bill, relating to second-class mail matter; which were referred to the Committee on Post-Offices and Post-Roads.

Mr. HOAR presented the memorial of C. E. Goldthwait and 13 other citizens of Springfield, Mass., and a memorial of sundry citizens of Massachusetts, remonstrating against the passage of the so-called Loud bill, relating to second-class mail matter; which were referred to the Committee on Post-Offices and Post-Roads.

Mr. BURROWS presented the memorials of John B. Penfield, of the Commercial, of Vicksburg; of J. H. Kellogg, of the Modern Medicine, of Battlecreek; of Herbert & T. Sawher, of the Evening News, of St. Clair; of Clement J. Strong, of the Sunfield Sentinel, of Sunfield; of Ihling Bros. & Everard, of Kalamazoo, and 3 other publishers of Michigan, and of the Detroit News Company and 12 other news dealers and booksellers of Detroit, all in the State of Michigan, remonstrating against the passage of the so-called Loud bill, relating to second-class mail matter; which were referred to the Committee on Post-Offices and Post-Roads.

Mr. STEWART presented the petition of Robert C. Blossom, publisher of the Central Nevadon, of Battle Mountain, Nev., praying for the passage of the so-called Loud bill, relating to second-class mail matter; which was referred to the Committee on Post-Offices and Post-Roads.

Mr. ALLEN. I present a petition and sundry letters from citizens of the State of Florida, relative to the Perrine land grant in that State. I move that the petition and accompanying papers be referred to the Committee on Public Lands.

The motion was agreed to.

Mr. CARTER presented a petition of sundry citizens of Madison County, Mont., and a petition of sundry citizens of Dawson County, Mont., praying for the passage of the so-called Dingle tariff bill; which were referred to the Committee on Finance.

Mr. CALL presented the memorial of Josephus Anderson, of the Florida Christian Advocate, of Leesburg, Fla., remonstrating against the passage of the so-called Loud bill, relating to second-class mail matter; which was referred to the Committee on Post-Offices and Post-Roads.

Mr. McMILLAN presented petitions of the Mount Pleasant Congregational Church; of the Union Methodist Episcopal Church; of the Central Union Mission; of the Concordia German Lutheran Church; of L. B. Wilson, presiding elder of the Washington district of the Baltimore Conference of the Methodist Episcopal Church; of Wesley Chapel Methodist Episcopal Church; of Emmanuel Protestant Episcopal Ladies' Society; of Dr. J. J. Muir, pastor of E Street Baptist Church; of the pastor and deacons of Calvary Baptist Church; of Mount Vernon Place Church, and of the Fifth Congregational Church, all in the city of Washington, D. C., praying for the passage of House bill No. 9515, to raise the age of protection for girls in the District of Columbia to 18 years; which were referred to the Committee on the District of Columbia.

He also presented memorials of C. J. Strong, of the Sentinel, of Sunfield; of John C. Van Duzer, of the Iron Port, of Escanaba; of the Wood Printing Company, of the Nonpareil, of Muskegon;

of H. C. Kudner, of the Lapeer County Democrat, of Lapeer; of Woessner & Marson, of the Menominee County Journal, of Stephenson; of Herbert Thomas Sawher, of the Evening News, of St. Clair; of B. F. Browne, of the Huron Times, of Sand Beach; of John B. Penfield, of the Commercial, of Vicksburg; of Wesley Emery, of the Corner Stone (monthly), of Lansing; of J. H. Kellogg, of the Modern Medicine, of Battlecreek, and of J. H. Kellogg, of Good Health, of Battlecreek, all in the State of Michigan, remonstrating against the passage of the so-called Loud bill, relating to second-class mail matter; which were referred to the Committee on Post-Offices and Post-Roads.

Mr. MILLS presented the memorials of S. A. Hayam, publisher of the Texas Baptist Herald, of Dallas; of Paulino Martinez, publisher of El Chinaco, of Laredo; of Justo Cardenas, publisher of El Correo de Laredo, Laredo; of the Stock Journal Publishing Company, publishers of the Texas Stock and Farm Journal, of Dallas; of L. A. Sanders, publisher of the Democrat, of Montague; of Clarence Ously, editor of the Tribune; of J. C. Cochran, publisher of the Texas Odd Fellow, of Austin; and of George H. Black, publisher of the Tioga North Texan, of Tioga, all in the State of Texas, remonstrating against the passage of the so-called Loud bill, relating to second-class mail matter; which were referred to the Committee on Post-Offices and Post-Roads.

Mr. MORGAN presented the petition of Benjamin B. Cox and sundry other citizens of Mobile, Ala., praying for the passage of House bill No. 8320, for the improvement of the public service by optional and compulsory retirement of certain Government employees, and for the creation of a fund for the benefit of such employees, and for other purposes; which was referred to the Committee on Civil Service and Retrenchment.

Mr. COCKRELL presented the memorial of J. A. Mann, publisher of the Times, of Kingfisher, Okla., remonstrating against the passage of the so-called Loud bill, relating to second-class mail matter; which was referred to the Committee on Post-Offices and Post-Roads.

Mr. BRICE presented a petition of the Methodist Ministers' Association of Cleveland, Ohio, praying for the passage of the so-called Morse bill, providing for the regulation of the sale of intoxicating liquor in the District of Columbia; which was referred to the Committee on the District of Columbia.

He also presented a petition of sundry citizens of Delhi, Home City, and Fernbank, all in the State of Ohio, praying for the enactment of legislation for the relief of the suffering Armenians in Turkey; which was referred to the Committee on Foreign Relations.

He also presented a petition of the Cleveland Christian Endeavor Union, of Cleveland, Ohio, and the petition of Rev. A. E. Winter, of Cleveland, Ohio, praying for the enactment of legislation prohibiting the sale of intoxicating liquors in the Capitol building; which were referred to the Committee on Public Buildings and Grounds.

He also presented a petition of the Ohio State Grange, Patrons of Husbandry, praying for the enactment of legislation providing for more restrictive immigration laws; which was referred to the Committee on Immigration.

He also presented a petition of the Ohio State Medical Society, praying for the passage of Senate bill No. 3127, providing for the examination of immigrants at ports of embarkation; which was referred to the Committee on Immigration.

He also presented a petition of sundry citizens of Bellefontaine, Ohio, and a petition of sundry citizens of Columbus, Ohio, praying Congress to recognize the independence of Cuba; which were ordered to lie on the table.

He also presented a memorial of the Ohio State Medical Society, remonstrating against the passage of Senate bill No. 1552, providing for the further prevention of cruelty to animals in the District of Columbia; which was referred to the Committee on the District of Columbia.

He also presented a petition of the McMicken Mutual Aid Association of Cincinnati, Ohio, praying for the passage of the resolution now pending in the Senate recognizing the independence of Cuba; which was ordered to lie on the table.

He also presented a petition of the Manufacturers' Club of Cincinnati, Ohio, praying for the establishment of a department of commerce and manufactures; which was referred to the Committee on Commerce.

He also presented petitions of the Dayton Gas Light and Coke Company; of the Cooper Insurance Company; of the Gem Shirt Company; of Messrs. Thresher & Co.; of the Fourth National Bank; of the Stillwell-Bierce & Smith-Vaile Company; of the Rike Dry Goods Company; of the Craig-Reynolds Foundry Company; of Messrs. Canby, Ach & Canby; of Messrs. C. W. Raymond & Co.; of the Royal Remedy and Extract Company; of the Cast Steel Plow Company; of Messrs. Elder & Johnston; of the Crawford, McGregor & Canby Company of Dayton, and of the Case Manufacturing Company, all in the State of Ohio, praying for the enactment of legislation providing for the readjustment

of the rates of postage; which were referred to the Committee on Post-Offices and Post-Roads.

He also presented the memorials of Keepers & Greenbaum, publishers of the Monroe Gazette, of Woodsfield; of 126 news dealers and booksellers of Cincinnati; of W. S. Richard, publisher of the Derrick, of Bloomdale; of the Cycling News, of Toledo; of the Advocate, of Plain City; of the publishers of the Church Life, of Cleveland, and of the publisher of the Beacon, of Akron; of the Ashtabula News, of Ashtabula; of the Toledo Daily News, of Toledo; of George T. Byland, of Hillsboro; of E. Wotwell, publisher of the Magnet, of New Waterford; of McClung & Hinkle, publishers of the Herald, of Jackson; of Jackson H. Cooke, publisher of the Market Review and Farm Journal, of Akron; of the Huron County News, of Norwalk; of A. E. Hough, editor of the Gazette, of Hillsboro; and of A. McLean, secretary of the Foreign Christian Missionary Society, of Cincinnati, all in the State of Ohio, remonstrating against the passage of the so-called Loud bill, relating to second-class mail matter; which were referred to the Committee on Post-Offices and Post-Roads.

He also presented the petitions of John Orr Sons, of Steubenville, Ohio; of the D. Q. Fox Company, of Springfield, and of Babcock, Hurd & Co., of Cleveland, praying for the passage of the so-called Loud bill, relating to second-class mail matter; which were referred to the Committee on Post-Offices and Post-Roads.

Mr. THURSTON presented a memorial of the Master Car Builders' Association, praying for the adoption of the metric system of weights and measures; which was referred to the Committee on Finance.

He also presented a petition of the Young People's Society of Christian Endeavor, of Hay Springs, Nebr., praying for the enactment of legislation prohibiting the sale of intoxicating liquor in the District of Columbia; which was referred to the Committee on the District of Columbia.

He also presented petitions of the American Trade Press Association, of New York, and of sundry citizens of Fremont, Nebr., praying for the passage of the so-called Loud bill, relating to second-class mail matter; which were referred to the Committee on Post-Offices and Post-Roads.

He also presented the memorials of C. D. Henry, publisher of the Christian News, of Bethany; of Moses H. Sydenham, publisher of the Central Star of Empire, of Kearney; of the Omaha and South Omaha news dealers; of M. O. Gentzke, publisher of the Nebraska Volksblatt and Cuming County Advertiser; of the Brock Champion, of Brock; of the Delnicke Listy Publishing Company, of Omaha; of Sinclair & Clements, publishers of the Bancroft Blade; of George F. Goodell, publisher of the Beemer Times; of the Western Cyclist; of A. J. Watrous, publisher of the Coleridge Blade; of A. L. Riggs, of Santee Agency; of F. H. Nagel, publisher of the Freie Presse, of Lincoln; of William Breed & Son, publishers of the Nebraska Volksfreund; of A. S. Evans, publisher of the Tribune, of Meadow Grove; of C. C. McHugh, publisher of the O'Neill Sun; and of E. C. Elving, publisher of the Svenska Journalen, all in the State of Nebraska; and the petition of Clara B. Colby, publisher of the Woman's Tribune, of Washington, D. C., remonstrating against the passage of the so-called Loud bill, relating to second-class mail matter; which were referred to the Committee on Post-Offices and Post-Roads.

#### THE CENTRAL PACIFIC RAILROAD DEBT.

Mr. WHITE. I hold in my hand a remonstrance from prominent citizens of California, and organizations, with reference to the Pacific Railroad funding bill. I do not wish to read it, but I should like to have it printed in the RECORD, and I make that request.

There being no objection, the memorial was ordered to lie on the table, and to be printed in the RECORD, as follows:

#### THE CENTRAL PACIFIC RAILROAD DEBT—CALIFORNIA'S REMONSTRANCE AGAINST REFUNDING IT.

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THE CENTRAL PACIFIC RAILROAD DEBT—CALIFORNIA'S REMONSTRANCE AGAINST REFUNDING IT.

To the Senate and House of Representatives of the United States.

GENTLEMEN: In again appearing in opposition to the passage by Congress of a measure for refunding or extending time on the debt of the Central Pacific Company, we beg to call to your recollection the many objections expressed in our memorial on behalf of the people of this State presented to the last session of Congress as well as to the following additional facts and considerations, some of which have been developed since that memorial was presented and others have been suggested by the course the discussion of the proposal has taken.

REVERSAL OF ESTABLISHED CONGRESSIONAL POLICY AS TO PACIFIC ROADS.

I. In granting aid to the Texas Pacific road, and to the Southern Pacific Railroad, it was undoubtedly the intention of Congress to create a southern route across the continent which would constitute a rival to the central route on that side, as the Northern Pacific road was designed to do on the north. The purpose was to give to the people of the whole country the advantage of competition in overland transportation. Without accurate knowledge of the extent to which extortion in charges was practiced on the Central line (since brought to light by the Pacific Railroad Commission), it was common knowledge that the charges were excessively high, and the creation and maintenance of competing roads were recognized as necessary. Therefore, to insure their construction and maintenance, aid was liberally granted by Congress. Independent of its enormous subvention in bonds, the Central Pacific Company received as a donation of land aggregating, after all deductions, 8,000,000 acres, worth at minimum Government price \$20,000,000, but estimated at more by themselves, their sales, down to December 31, 1882, having produced an average price of \$4.85 per acre. (Vid. report of December, 1882, pages 57, 59.) The Southern Pacific land grant in California amounted to 10,445,227 acres, worth at minimum Government price \$20,113,175, but of which their own report of December 31, 1882, says: "A very large portion of them is choice agricultural and timber land, and will command a much higher price." In fact, the subsequent table in same report shows the average price so far to have been \$4.38 per acre. (Annual report December 31, 1882, pages 43, 44, 51.)

This benevolent and well-considered policy of Congress in pursuit of which it has so bountifully endowed these two companies has been deliberately and formally set at naught by the managers, who, to prevent the competition designed by Congress, have leased the Central Pacific road for ninety-nine years, from April 1, 1885, to the owners of the whole stock of the Southern Pacific Railroad, and both roads are thus put into common management. The proposed refunding act distinctly confirms this lease, so far as Congress has the power to do so, and threatens penalties against the abused stockholders of the company should they seek to avoid it as a fraud on them. The chief objection to it on our part is its direct hostility to the deliberate and beneficial policy of Congress, which it distinctly reverses in the interest of private parties: a minor one, not, however, without weight, is that it aims to fasten on the stockholders of the company a lease by their trustees in fraud of their rights, which they are now preparing to vindicate by legal proceedings. This is unjust to them. The method by which the Central Pacific managers retained control of the company after parting with all their interest will be shown further on. What is important here is that the real parties in interest have at last awakened to the wrong done them, and are preparing to claim their rights and return to the policy of an independent existence and operation designed by Congress; and this is the moment at which it is proposed to enact, as in section 19 of the pending bill, Senate bill No. 2394, Fifty-fourth Congress, first session, that if this fraudulent and infamous lease be annulled or canceled, even by decree of a court, that act shall entail the immediate maturity of the whole debt due the United States at the option of the President. The Government is thus made to cast the sword and belt of Brennus into the scale wherein the defrauded stockholders are weighing the cost of obtaining justice against their dishonest trustees. Surely Congress will shrink from enacting a law to forbid people who have been defrauded from seeking redress under such a heavy penalty.

FALSE PRETENSES TO CONGRESS—CONCEALMENT OF MATERIAL FACTS.

II. The indulgence and extension of time here involved are asked under false pretenses the disengenuousness of which should forbid entertaining the proposal. The demand for time to pay is based on the suggestion of poverty on the part of the debtor, whose earning power, it is said, can not reach beyond the pittance proposed to be required by the pending bill, but the pretense of poverty is entirely false. The Central Pacific Railroad Company is paying dividends to its shareholders to-day, with promise to double them as soon as the bill passes, and it has very large means, money claims, which should be called in and applied to the payment of its debts. Some of these are as follows:

I. Claims against its former directors and managers, amounting to many millions, for misappropriation of its funds and property by means of fraudulent contracts and dealings with themselves through the disguise of construction companies—the Contract and Finance Company, the Western Development Company, etc.

II. Claims of great magnitude against the Southern Pacific Railroad Company, its successful rival in business, to be explained below.

III. Claims against its directors for fraudulent mismanagement, whereby its revenues have been impaired for their own benefit.

Of these claims in their order. The proof of the dividends paid, afterwards.

1. Claims against its directors for misappropriation of funds, etc. The report of the Pacific Railroad Commission shows that the assets and resources of the Central Pacific Railroad Company were diverted and appropriated to their own private gain and in fraud of the company by the original directors, Huntington, Stanford, Crocker, and Hopkins, through the instrumentality of construction companies, and gives approximately the amount stolen. These proceedings are now in their outline familiar to all well-informed persons, and altogether the frauds practiced in the construction of the Pacific railroads are generally regarded as the most disgraceful public scandal in the annals of the country. No public man has ever dared to defend them, though several were shown to have profited by them and were relegated by

public opinion to merited obscurity; they have never received even tacit condonation from Congress, and to pardon them now, by extending the time for payment, as if the liability were an ordinary debt, would be to affirm by act of Congress that in the judgment of that body the acts in question came up to the standard of morals properly applicable to the disbursement of public funds intrusted, in a moment of great public peril, to the honor of private citizens. Better by far lose the whole amount of the debt than affirm such doctrine. But the debt need not be lost; every dollar of profit gained by these dishonest directors can be yet recovered by the company or by a receiver appointed in a foreclosure representing the interests of creditors and stockholders. The company has never brought such suit because its management has ever been controlled by the perpetrators of the frauds or those deriving from them. Individual stockholders have from time to time sued on behalf of the corporation, but, though vigorously defended, not one of them has been allowed to proceed to judgment. They have all been compromised for amounts and on terms which implicitly admit guilt. "The allegations," says the friendly majority of the Pacific Railroad Commission in their report (page 75), "contained in these complaints were such as would compel men of honor, if these allegations were false, to defend themselves at any cost. It appears from the evidence that all these suits were settled, and that the stocks owned by the plaintiffs were bought at rates varying from \$400 a share to \$1,000 a share." None of these settlements, however, condone the wrongs done the company, and no statute of limitation has barred its right. That right is an asset of great value, for the responsibility of Mr. Huntington individually and of the Crocker estate are undoubted. The latter has, fortunately, kept undivided by transfer to a corporation composed of the heirs, and is distinctly recognizable in present hands.

II and III. Claims against the Southern Pacific Railroad Company, and claims against its own directors for fraudulent mismanagement of its business. These, for brevity, will be treated together, but to do so requires some preliminary explanations.

THE CALIFORNIA RAILROAD COMBINE—HOW COMPOSED—ITS CONTINUITY—THE SOUTHERN PACIFIC COMPANY.

It must then be premised that the management of the Central Pacific road has been substantially unchanged from its organization to the present day. When the personnel has varied, the transfer has been from brother to brother, from father to son, from uncle to nephew, or from deceased to surviving partners. There has been an absolute continuity of design, system, policy, methods, and practices from the beginning, so that we may speak of the management at all times as continuous. The form of the combine remained unchanged down to 1884, when it took a corporate shape, as to the "Southern Pacific Company."

The original Central Pacific combination consisted of Collis P. Huntington, Leland Stanford, Mark Hopkins, Charles Crocker, and E. B. Crocker. They undertook the building and financing of the Central Pacific road, and shared the profits equally. Whether they were technically partners is disputed and not here material. The last-named associate died first, and, as was natural, the survivors bought up his interest. Mark Hopkins died next, intestate and childless; his widow retained his interest and took his place. The others were now growing old, and to husband their energies the survivors sought a younger associate to share their labors. They sold an interest of one-fifth to David D. Colton and took him in. By this time they had branched out into extensions of the Central Pacific road, northward up the Sacramento Valley, and southward through that of the San Joaquin, and building the Southern Pacific road. Colton was very active in the management. He died, however, quite suddenly, from an accident, and as he had not been long enough in the concern to become an essential part of it, and left no representative who could contribute the services that he had rendered, it became necessary to buy his interest. This was done quite promptly, but in a manner and under circumstances that led to a subsequent action by Mrs. Colton to set aside the sale and have an account taken of the affairs of the concern. In the course of this trial, which was contested with great obstinacy, was brought to light the correspondence between Huntington and his associates which has since become so famous (or infamous). It forms a part of the transcript on appeal.

The Colton incident drew the attention of the surviving parties to the danger that menaced them, as their numbers continued to grow less. If each successive death were to involve a purchase of the deceased's interest by the survivors, what would be the lot of the longest liver? Mr. Huntington is credited with the invention of the idea of obtaining a charter of incorporation for themselves; surrendering to such corporation the shares of stock held by the individuals in the various railroad companies they had formed, and taking, in exchange for it, stock in the new company. This plan was adopted, and a legislative charter was obtained from the State of Kentucky for the Southern Pacific Company. The original proposal was to have the stock of the new company held equally by the four remaining associates, viz., one-quarter each by Stanford, Crocker, Huntington, and Mrs. Hopkins; but at the last moment Mr. Huntington recurred to the annoyance they had previously experienced from their inability to deny that the Southern Pacific and Central Pacific Companies were in fact composed of the same individuals (referred to in his letters to Colton), and suggested taking in an additional associate and selling him a small interest. This was acceded to and a fifth shareholder taken in, but he presently tired of his purchase and sold his shares to Huntington, or fell under his control, and thus it came about that Mr. Huntington united with any one of the other parties controls the action of the Southern Pacific Company. Mrs. Hopkins having remarried in her old age, on her death left a will in favor of her youthful husband, a Mr. Searles. This gentleman, having other tastes, has not taken personal part in the railroad management, and thus Mr. Huntington, by his acquiescent cooperation, has come to wield the whole power of the Southern Pacific Company, and his single will reverses the deliberate policy of Congress, in pursuance of which it has granted away over a hundred million acres of the public domain, 10,445,227 thereof to the Southern Pacific Railroad Company, of which he then was and practically still remains the controlling owner. Being a Kentucky corporation, the Southern Pacific Company organization is not governed by the laws of this State wherein its business lies, and the proportional representation of stockholders in the direction allowed by California law has no place. The other parties in interest are therefore indebted to the consideration of Mr. Huntington for their positions in the board, and must dance to such music as he sees fit to play. He is the president of the company and is no "King Log!" He controls everything, and is to all intents and purposes the company.

WHAT PROPERTY THE SOUTHERN PACIFIC COMPANY OWNS.

It never had any cash capital. The stocks held by the organizers were transferred to it at some agreed prices bearing no relation to their actual value, and its stock issued in payment therefor. Thus it owns the stocks of all the other railroad and transportation companies which its managers have from time to time built or purchased, except the Central Pacific, and nothing more. A few shares of each are placed in the names of dummies in their employ, or under their control, to qualify them as directors of the various companies, and thus the doings of these corporations are dictated and controlled by the single will which controls the Southern Pacific Company. As every road whereof it owns the stock is mortgaged for far beyond its value or cost, the value of the stocks which constitute its whole capital is obviously

but nominal. Whenever additional property is acquired it is at once duly mortgaged for all it will possibly bear, and subject to such mortgage transferred to or held by the Southern Pacific Company.

The Southern Pacific Company chooses the directors and controls the management of all these roads of which it is the lessee, besides owning the stock. It finances them all, gets all their cash into a common purse, manages their sinking funds, lending the money of one to the other, and that of the other to a third, and so round the circle till it comes back to where it started, and the whole thing becomes a mere matter of bookkeeping, needing no unnecessary and inconvenient payments of cash. The lease of the various roads other than the Central Pacific is styled the "Omnibus lease." It has been lauded as a method of insuring unity and economy of management, etc. The principal feature, however, which a studious reader will be apt to recognize in it is a clause which, reversing the old rule of reserving a rent to be paid by the lessee to the lessor, provides that the lessees shall have 10 per cent of the proceeds of the business for managing and taking care of the property of the company whereof they own the whole stock. While the lessees continue to own all the stock this may be harmless; but whenever they shall put any of those stocks on the market and succeed in making sales of them, the purchasers may be expected to discover its radical dishonesty when they find a portion of the stockholders, in their capacity of lessees, absorbing 10 per cent of the proceeds of the business before leaving a cent for them.

Members of Congress should also be informed that the Pacific Improvement Company (commonly written P. I. Co.) is another of the protean corporate forms under which these railroad managers mask their operations, just as the Western Development Company was before it, and the Contract and Finance Company before it, in turn; continually changing in name, ever the same in fact.

Returning from this necessary introduction of the characters, we come to the gigantic fraud on the Central Pacific Company perpetrated by its managers in 1880. It consisted essentially in using the credit and means of that company to build, for their own benefit, the Southern Pacific road as a rival line, designed and calculated to destroy the value of the Central. The process of this was as follows:

#### THE SITUATION IN 1870—COMMENCEMENT OF THE SOUTHERN PACIFIC ROAD.

What is now called the Southern Pacific Railroad began with the construction of a road from San Francisco 80 miles south to Gilroy. It was completed in 1869. Mr. Huntington intimates—in fact asserts—that it was done by his Southern Pacific Railroad Company; but this is one of those curious lapses of memory to which some persons are subject, by which they not only forget what occurred, but remember exactly what did not! The fact is, neither he nor any company he was connected with built a single mile of it. It was built by Peter Donahue, Henry M. Newhall, and Charles B. Polhemus (the last named is still living), under the corporate name of the San Francisco and San Jose Railroad Company, and that of the Santa Clara and Pajaro Valley Railroad Company; to build and equip it cost about \$1,300,000, and it was in use as a local road. In 1865 a company was organized in San Francisco by eight or ten gentlemen—William T. Coleman, Timothy Guy Phelps, Charles N. Fox, and others, under the name of "The Southern Pacific Railroad Company," but it had no actual capital and built no road; was in fact a mere paper organization. There was another company organized in 1870 called the California Southern Railroad Company, which was in similar plight. By this time some progress had been made in selling the shares of the Central Pacific Company, though Mr. Huntington and his associates continued to retain its management. They decided on building another road which by its more advantageous location, more favorable grades, and preferable approach to the city of San Francisco direct, would be able to successfully rival it in business. With this view they purchased from Messrs. Newhall, Donahue, and Polhemus the stock of the two roads first above mentioned (from San Francisco to Gilroy) and from the organizers of the second two companies named their good will and corporate names, and in October, 1870, consolidated the four companies into one, under the name of "The Southern Pacific Railroad Company." The route designated was from San Francisco southward through the Santa Clara and Salinas valleys, across the Coast Range of mountains into the San Joaquin, and up that valley and over the Tehachapi Pass to the Colorado River. Its nominal capital was \$30,000,000; its actual capital, the road from San Francisco to Gilroy and its equipment, nothing more, and that mortgaged for \$968,000.

Meantime the Central Pacific Company had constructed a branch of its road extending southward from Stockton up the San Joaquin Valley, some 150 miles, to a place called Goshen, a mere hamlet, but the point at which the projected Southern Pacific road would intersect the Central. During the winter months succeeding the purchases above mentioned, the parties succeeded in procuring the insertion in the act of Congress of March, 1871, of a land grant in favor of the Southern Pacific Railroad Company, and soon thereafter began to build from Goshen onward toward the Colorado River and the State line.

There was no bona fide subscription to the stock of the Southern Pacific Railroad Company, nor any contribution of cash capital. The whole business was managed through the instrumentality of a construction company composed of the managers of the road itself, who were also the trustees and managers of the Central Pacific. This construction company contracted with the Southern Pacific Railroad Company to build and equip its road for all the stock of the company and all its bonds. The original intention was to issue \$40,000 of stock and an equal amount of bonds for every mile of road built, but this excessive capitalization seems to have been afterwards reconsidered and made somewhat less.

They began building the Southern Pacific road from Goshen, above named, southward, in 1872, and in that year constructed, say, 21 miles. In 1873 they built about 20 more, and in 1874 some 34 additional, making 75 in all in that valley. During the same period they added some 81 miles to the length of the road from San Francisco to Gilroy. This was the situation at the commencement of 1875.

#### THE FRAUD.

In July, 1875, the Southern Pacific Railroad Company executed a mortgage for \$40,000,000 to trustees, dated April 1 of that year, covering the whole of their road existing and contemplated (being, as described, 1,150 miles in length, or at the rate of \$40,000 per mile of road). A large amount of these bonds was issued to the construction company, and the problem before Mr. Huntington and his associates was to sell these bonds, and, until sales could be effected, to give them an apparent or prospective value, which might meantime render them available as collateral security.

People investing in railroad bonds naturally look at the earnings of the road as a guide to estimate values, and as the San Joaquin Valley south of Goshen was then quite unsettled, and could furnish neither freight nor passengers to the new road, they determined to make a show of business over it by using the credit of the Central Pacific Company. For this purpose they made a lease, dated September 1, 1876, to the latter company of the branch of the Southern Pacific Railroad extending from Goshen southward to the Colorado River, constructed and to be constructed, for \$6,000 per annum for every mile thereof built and ready for operation. The rent would thus increase by six thousand per annum with every additional mile of road built. From this rent, however, the lessees were permitted to deduct \$3,000 per mile per annum for operating expenses. And, probably to divert the attention of the Central Pacific stockholders from the importance as well as the dishonesty

of this lease, it was made terminable by a notice of sixty days, as if it were a mere temporary arrangement. The very circuitous mode here resorted to of reaching a rent of \$3,000 per mile per annum naturally suggests a sinister design, and there was one, quite in harmony with the whole knavish proceeding of which it formed part. The object was to enable the Southern Pacific Railroad to appear in the financial publications of the day as earning from this branch of its road, while yet unfinished and without a terminus at either end, \$3,000 per mile per annum, and being operated at 50 per cent of its gross earnings. Obviously a road through a new country which, while yet in an unfinished condition—running, in fact, from no place to no place—could make such a showing as that, had before it the brightest of prospects. The terms of this fraudulent lease, therefore, were arranged for the purpose of deceiving the public, by holding out false and delusive prospects of earning the capacity of the road, and thus rendering the disposal of the bonds more easy. The making of this lease, and the particular form of reservation of rent in it, were both parts of a dishonest contrivance to bolster up the credit of the Southern Pacific Railroad Company at the expense of the Central, and to enable Messrs. Huntington and associates, while acting as directors and trustees of the latter company, to hypothecate and afterwards sell the bonds of the former. It need scarcely be said that this constituted a gross fraud on the Central Pacific Company and its stockholders, and that under our law, as under that of all civilized countries, the last-named company is entitled to recover from its dishonest trustees all gains and profits of every kind derived from it, and this without any participation in or allowance for their labor or risk in the venture.

The disgraceful history of this issue of bonds of the Southern Pacific Railroad Company is not yet all told, nor the published evidence of the fraudulent design exhausted. They were inscribed on the stock list and offered on the New York exchange; bids, offers, washed sales, and all means (even down to a fictitious sale of a lot of them under an execution) were resorted to to give them currency, but without success; the gudgeons of Wall Street refused to bite; and down to March, 1880, the bonds remained in the hands of the construction company, unsold and practically unsalable.

After the period last mentioned Messrs. Speyer & Co., a firm of bankers in New York, pointed out the weak spot in Mr. Huntington's case to him; it consisted in the right to terminate the lease by sixty days' notice, and they offered if that defect were remedied to their satisfaction to take up the loan and float the first ten millions of the bonds at a price agreed on. They agreed to take two millions of them at 90, and got an option of eight more. As if to emphasize the fraud on the Central Pacific Company, and illustrate it, if possible, more clearly, the bankers insisted on, and Messrs. Huntington & Co. consented to, a modification of the lease to the Central Pacific Company, whereby it was made to continue in force absolutely for five years, and thereafter until the Southern Pacific should have extended its road so far as to connect directly by rail with the railroad system of the Atlantic side, not exceeding ten years in all. This modification of the lease was made and executed early in 1880, and the preliminaries having all been arranged and the comedy fully rehearsed, there appeared on the morning of March 9, 1880, and the three following days, in the New York Tribune, an advertisement announcing that subscriptions would be opened on the 11th of that month and closed on the 12th in New York, Boston, Frankfort-on-Main, London, Amsterdam, and Berlin, for \$10,000,000 of 6 per cent first-mortgage bonds of the Southern Pacific Railroad Company (describing them), offers to be made to certain banking houses of those cities respectively. This advertisement was conspicuously displayed, and among the inducements offered were that the bonds "were secured by a first mortgage on the railroad and telegraph line, rolling stock, fixtures, land, and franchises of the Southern Pacific Railroad of California." That the total length of the projected road was 1,150 miles (specifying how made up), "of which 712 miles were completed and in operation," divided into the northern and southern divisions, the former extending from San Francisco to Soledad, and from Carnaradero to Tres Pinos, in all 181 miles, and the latter from Huron to Yuma (with a branch of the road from Los Angeles to Wilmington), in all 551 miles, and intersected at Goshen by the San Joaquin branch of the Central Pacific road. That the net earnings of the southern division (through rental to Central Pacific Railroad Company) were—

In 1878	\$1,656,360.00
In 1878	1,635,554.93

that the San Joaquin Valley Branch of the Central Pacific Railroad furnished the Southern Division with an outlet both to San Francisco and eastward over the main line of the Central Pacific Railroad, and that "in view of common interests the Central Pacific Railroad Company had taken a lease of the Southern Division of the Southern Pacific Railroad of California, for a period of not less than five years, from January, 1880, and by the terms of the lease if railroad is not completed in five years from that date, so that there is a connection of the Southern Pacific Railroad of California with the eastern system of railroads on what is known as the thirty-second parallel line, the lease shall be extended until such connection is made; provided such extension does not exceed five years longer, or ten years in all from January, 1880. That by the terms of the lease the net rental agreed to be paid during the continuance of this lease and any extension thereof shall be \$250 per month, or \$3,000 per year per mile (being at present on about 551 miles, equal about \$1,650,000 annual rental), and if for any cause, it shall be reduced by mutual consent of the parties, that the annual amount of such rental reduced shall at least be sufficient to pay all the interest that has been or may be agreed to be paid in any one year on any bonds of the Southern Pacific Railroad Company of California, outstanding during the continuance of this lease."

The modifications in the terms of the lease indicated in this advertisement seem to have been all that was required by the bankers, and promptly after the time for closing the bids, without waiting to hear from London, Frankfort-on-Main, Amsterdam, or Berlin, it was announced that the whole block of bonds had been taken by Messrs. Speyer & Co., and thereafter they were gradually peddled out on the New York market and ultimately found buyers. The sales of these bonds thus introduced in the stock exchange by the credit of the Central Pacific Company aggregated over \$32,000,000, and at an (estimated) average price of about 95 per cent. The sales from the land grant obtained by the building of the road have amounted to over \$10,000,000, and much remains unsold. All these large sums should be accounted for to the Central Pacific Company as the fruits of the fraud. Thus the dishonest directors of the Central Pacific road procured the means for constructing the Southern Pacific, which by its shorter mileage between the oceans, its easier grades, and the preference given it in the routing of freight, has been almost the ruin of the Central Pacific. To insure the disastrous result, however, the managers determined to cut off its local freights also, and to this end constructed (in the names of companies ultimately consolidated with the Southern Pacific) a substantially parallel road through the San Joaquin Valley on each side of the Central, ready to intercept every pound of freight approaching it on either side!

#### OTHER FRAUDS IN CENTRAL PACIFIC MANAGEMENT.

1. We have already mentioned the ninety-nine-year lease of the Central Pacific road to the Southern Pacific Company (of Kentucky). Considering the relative positions of the several parties, the ownership by the lessees of the whole stock of the rival road and that of the Southern Pacific Company's

stock by those managing the Central Pacific direction, it can not be doubted that this lease would be pronounced by any court of equity a gross fraud on the Central Pacific Company. Its ruinous character is obvious.

We will not dwell on the diversion of traffic from the Central to the Southern route, though the loss of revenue by the former from that cause must have been enormous. Owning all the stock of the one road and having no interest in the other, while they managed both, it was perhaps but natural for such parties to favor their own road at the expense of the other. The power to do so was obviously a principal motive for the ninety-nine year lease, the terms of which, it may be remarked, left them at liberty to change the rent from time to time practically at discretion. To assert that they exercised with impartiality great powers so dishonestly obtained would be to invite derision, not belief. The Kentucky corporation, as lessee of both roads, did the carrying, issued the bills of lading, etc., so that unless the shipper took special pains (for which there was rarely a motive) to expressly direct his freight sent over the Central route, it was at the discretion of the carriers, and naturally went by the Southern. The arrangement of time schedules, greater promptness in delivering freight, adjusting reclamations, and like considerations helped to determine the choice of shippers in the same direction. The revenues of the Central Pacific road rapidly fell off, and its dividends went down to 3 and 2 per cent, and finally to zero.

2. For many years after the completion of the Central Pacific road its managers were the largest borrowers of money in the San Francisco market, and large borrowers wherever they could obtain it. Any person having a sum of any magnitude to loan could have from them the note or the indorsement of the Central Pacific Railroad Company. None of this money was for the use of the Central Pacific Company, but for that of the managers; yet the credit of the Central Pacific Company was strained to the utmost to procure it. An ordinary broker's commission on these loans of credit would amount to a large fortune.

It would be difficult to put a limit to the recovery which the Central Pacific Company is entitled to from its dishonest managers and its rivals for these frauds, which are probably but specimens, of which there are plenty more to be brought to light by a proper investigation. This seems to be the most appropriate place to account the latest chapter of Central Pacific history, which has indeed something of the grotesque about it.

IV. The appeal to Congress to refund the debt at a low interest is made on the suggestion of inability to pay. Hon. GROVER L. JOHNSON, of the House of Representatives, published during the recess of Congress a long letter defending the pending measure substantially on that ground. He thought that at any higher rate of interest than 2 per cent the company could not pay the debt without rates of freight that would be ruinous to California shippers. He could not have been aware when he did this—in fact, few would listen with patience to such an argument if they were aware—that at the very time Mr. Huntington is posing the company before Congress in *forma pauperis* he has been paying the stockholders dividends on their shares and is under promise to double the same as soon as the refunding bill has been passed. The payment of this dividend has not had any publicity—has in fact been practically a secret—but it is the fact, and the history and proof of it are about as follows:

#### THE SECRET DIVIDENDS OF 1885, 1896, AND HOW BROUGHT ABOUT.

It is known that the great bulk of the Central Pacific stock is held in England. It was sold to English purchasers between 1875 and 1890 by the device of paying large dividends on it, while at the same time the sellers were building the Southern Pacific road to take away its business, as above related. The Englishmen were deterred from transferring their shares to their own names by the artful suggestion of individual liability for corporate debts, and more especially for the Government subsidy bonds under California law. Their holdings were therefore represented by certificates in the names of former holders, indorsed in blank. To facilitate concealment of ownership a form of certificates was invented, with dividend coupons attached; so that the holder need not have a receipt for his dividends or even present himself to get them. No one could know his identity except the banker with whom he deposited his coupons. These former holders were employees of the company, to whom the managers had transferred their shares in lots of 10, 20, 30, 50, 100, 200, 300, and 500 shares, which, being indorsed, passed from hand to hand by delivery only. Proxies for voting were taken in all cases from these employee shareholders, which, as the stock remained on the companies' books in their names, have enabled the sellers ever since to elect the directors and control the management of the company. Dividends paid under a former arrangement ceased some two years since, and after a period of waiting the Englishmen became dissatisfied with the management, and after meetings and consultations dispatched to this country Sir Rivers Wilson to investigate, threaten, and get what he could for them from the directors of the company. Sir Rivers came to California, interviewed the officers of the company, made his examinations, etc., and was reported in the papers after his return to the East as having arrived at a compromise with Mr. Huntington, the president of the Southern Pacific Company. After this settlement, he was reported in the press as proceeding to Washington and there contributing his effort in favor of the refunding bill of last session. On his return to England, the results of his mission was communicated to his constituents, with the recommendation that they transfer their shares to their own names and take the control of their own property. The substance of his negotiation soon became known on the London stock exchange, where the shares were dealt in, and the London Economist, a financial journal of high standing, noticed the matter as one of public interest, in its issue of March 23, 1895, in the following terms:

[From the Economist (London), March 23, 1895, page 385.]

#### THE POSITION OF THE CENTRAL PACIFIC.

Some slight compensation, it appears, Mr. C. P. Huntington is willing to make to the Central Pacific shareholders, since he has stated, through Sir Rivers Wilson, that he will undertake to pay 1 per cent per annum in the shape of dividends until "satisfactory legislation has been obtained for the adjustment of the company's debt to the Government," after which rather vague date 2 per cent per annum is to be paid for the period of two years, during which the shareholders will have time to review their position and to consider the advisability of endeavoring to effect an arrangement of a more permanent and more profitable character. Sir Rivers Wilson takes the same view of the position of the company as that of the Economist, and, indeed, that of most of those who have considered the facts. The Central Pacific is at present in the grasp of the Southern Pacific, which is virtually Mr. Huntington in what may be termed a corporate form. It would have remained a profitable undertaking if the present lessees had not worked its ruin. In the future, probably it can be best worked in connection with the Southern Pacific, provided equitable terms can be arranged; and finally, as there is nothing really to fear in the theoretical liability on the shares, holders should at once, without delay, register, so as to make their voting power efficient. If that be done, and if terms can be made with the Government, English investors may ultimately suffer less loss than once appeared probable. They will, however, have to be very careful in approaching Congress. They must remember that they have no claim to anything save that which is given by the strict letter of the law. If they have been swindled by the "bosses" in control of the company, which is often alleged, not only have many others suffered in the

same way, but few have been guilty of so much contributory negligence. It has also to be remembered that if the shareholders have not fared well, the United States Government made a bad bargain over the subsidy which it granted to the Central and Union Pacific companies. And, of course, it is scarcely necessary to assert that the fact of the credit of the United States having so greatly improved is no reason whatever why one of its debtors whose credit has not improved, to put it mildly, should get free from the obligation. As a matter of fact, the American Government does not, we think, want to foreclose, for simply as a question of expediency that would be unadvisable, and therefore if the company sues, as it is bound to do in *forma pauperis*, Congress will probably come to some fair arrangement, despite the apparently hostile position which it has recently assumed.

Four weeks after the publication of this article, Mr. Huntington replied to it under his own signature, as follows:

*Mr. Huntington's reply.*

[From the Economist of April 20, 1895, page 519.]

#### MR. HUNTINGTON AND THE CENTRAL PACIFIC RAILROAD.

To the Editor of the Economist.

SIR: Some one has sent me a clipping from your issue of March 23. The Economist has been sent to me occasionally for years, and I have heretofore considered it one of the best financial papers published in England. That being so, I do not think its editor would knowingly do any individual or corporation wrong.

I was the principal factor in building the Central Pacific road; that is, I organized the company, and sold all the securities, I believe. I intended to deal fairly with all people having dealings with the company, and I believe I have done so.

The Government, as you know, granted aid to two other lines—the Northern Pacific and Atlantic and Pacific (Atchison, Topeka and Santa Fe)—which not only divided the tonnage, but cut down the rates; and later other roads were built, so that there are now substantially seven roads crossing the continent when one double-track railroad could do all the business that is being done, and much more, without any particular inconvenience.

If anybody has any charge to make of any particular thing that I have done that was unfair, I would like to have him tell me what it is. No one up to this time has told me, or intimated that there was any particular charge, but in a general way some of the California newspapers and some of the discharged employees have been wildly throwing words into the air to the effect that something had been done somewhere or at some time, but they do not state where or how.

The Central Pacific should have cost twice as much to build as any other road did, as the physical obstructions to overcome were much greater, and all the cost of construction, for grading, timber work, such as the bridges, ties, etc.—in fact, everything that was furnished in the building of the road, excepting rails, fastenings, and rolling stock—was paid for in gold in the sixties, when gold was at a high premium. The coal we had to use as fuel cost us for many years an average of over \$8 a ton, which is immensely more than it cost the other aided roads, and still the Northern Pacific is in the hands of a receiver, I believe for the second time, the Atchison, Topeka and Santa Fe (Atlantic and Pacific) is in the hands of receivers for the second time, and the Texas Pacific, I think, has been in the hands of the receiver three times; whilst the Central and Southern, I believe, have paid all their debts, and I have no doubt will be able to do so in the future, with the exception of the debt owing to the Government, upon which it is hoped Congress will grant an extension at a low rate of interest, such as the companies can meet and still pay something to the shareholders.

I am, very truly yours,

C. P. HUNTINGTON.

NEW YORK, April 3, 1895.

Mr. Huntington, it will be seen, does not deny the correctness of the Economist's statement of the agreement, but pleads in confession and avoidance, that he was the chief factor in building the road and sold all its securities, and that he has not put it in the hands of a receiver; he adds that he has not been informed of any specific charges of misconduct against himself. This defense, so far as it goes, is partly true. Mr. Huntington has not put the road into the hands of a receiver, probably because he preferred to receive himself. But he does, by his eloquent silence, distinctly confess that to pacify the English stockholders, represented by Sir Rivers Wilson, he agreed with that gentleman that they should be paid, in the shape of dividends on their stock, 1 per cent per annum until satisfactory legislation had been obtained for the adjustment of the company's debt to the Government, "after which 2 per cent per annum should be paid for two years more," to permit the shareholders to review their position and consider the advisability of endeavoring to effect an arrangement of a more permanent and profitable character. These statements can leave no doubt of the agreement with Sir Rivers Wilson, but they are at the moment of writing confirmed, if confirmation were needed, by an interview with Col. C. F. Crocker, vice-president of the Southern Pacific Company, published in the San Francisco Chronicle of December 2, 1896, wherein he says: "The Central Pacific is not on velvet, but it is not in the depths of despair into which the Northern Pacific has fallen, and the stockholders have been receiving a small dividend every year." The payment of this secret dividend is then established.

#### AMOUNT OF THIS LARGESS—BY WHOM PAID, AND WHY—FALSIFYING ANNUAL REPORTS TO CONCEAL IT.

To pay a dividend of 1 per cent on the stock of the Central Pacific Company requires \$672,000, an amount too large to be overlooked by a slip in book-keeping, or to be easily concealed under some general head. And the question whence comes the money wherewith they are paid is not without importance; for these great railroad companies, whether we regard them as quasi-public corporations, or as organized solely for private gain, are certainly exercising great public franchises and trusts which affect large numbers of people. They publish annual reports of their dealings and business, on the truth of which millions of dollars are invested, frequently the funds of unprotected and helpless people, and even legislation is predicated. The publication of falsehood or the suppression of truth in such reports is, therefore, an offense against public morals of the gravest sort, which not even the most devoted partisan would venture to defend, or propose to condone. We have searched the annual reports of the Southern Pacific Company and of the Central, both those made under oath and laid before the State Railroad Commissioners, and those printed by themselves for public information, without being able to find one word on these dividends or any allusion to them; the inference seems inevitable of an intent to conceal them from Congress and the public. Surely the Congress of the United States will exact from applicants for its bounty, at least the homage of respect for truth, in the representations on which it is called to act! The payment or amount of these dividends is not of so much importance as the duplicity and falsehood of the managers which it reveals. And the question comes right home to Mr. Huntington, personally, for the bargain was made with, and the promises made by him, and the reports from which it is suppressed bear his signature, and are distributed by himself and with his sanction. Failing to disclose the truth in a matter so material, their statements and those of their authors must be justly discredited in everything.

Denied authoritative information as to the motives for or the source of this extraordinary dividend, which was paid to the stockholders without being earned by the company, declared by the board of directors, or shown on the books of account, we are driven to conjecture; and the suggestion arises that they may be paid by one or more of the guilty directors or other persons interested in placating the dissatisfied stockholders and passing the refunding bill. This conjecture is not without probability, and if accepted, public opinion will not be apt to hesitate long as to the name of the distributor of such lavish largess or in conjecturing its motive. A settlement made with the United States, embodied in an act of Congress, which at the same time condones so many and such monstrous frauds, insures his Southern Pacific road for eighty-eight years to come against the competition of the Central Pacific road, and gives to his dishonest ninety-nine-year lease the sanction of the law of the land, may well be worth double or treble the sum required to pay these dividends—say \$4,032,000.

Another probable conjecture is that the arrangement is designed to permit the English stockholders to sell out their holdings and shift the loss on other victims, which perhaps two years' time with dividends meantime at 2 per cent per annum may enable them to do. Such a course may seem to them preferable to litigation with an adversary whom they have been led to believe the only man capable of handling the United States Congress, and who, if this measure passes, will readily be credited with like power to "handle" the President, and thus capable of calling down on them the thunders of Olympus Jove in the shape of an Executive option to call in the debt the instant they dare to attack the lease which has been their ruin.

In any case for Congress, in face of the revelations here made, to pass a refunding act based, as all such propositions are, on the supposed inability of the company to pay its debt—without a previous clear explanation and understanding of this transaction, whether it represents dividends or hush money, would be to put itself in the position of appearing as either the dupe of designing men or their instrument in deceiving others, neither position very desirable, or consistent with its own honor and dignity.

#### OTHER ASSETS OF THE CENTRAL PACIFIC COMPANY.

There are other assets of the Central Pacific Company which, though not of such magnitude as those mentioned, should not be lost sight of. Among these there is a mortgage made April, 1889, for \$16,000,000 under which the latest report shows \$12,233,000 bonds issued. This mortgage covers a variety of scattered properties, the most important being the land in Mission Bay, San Francisco, 30 acres, granted by the legislature in 1868 for terminal purposes, and since enlarged by the closing of streets to nearly 50. The variety of properties included in the mortgage suggests the intent to cover everything the company had left not specifically and safely covered before. These bonds have never made their appearance on the stock exchange nor been dealt in by the public. The fact that an action was commenced by the Attorney-General to vacate the patent for the Mission Bay lands, soon after its issue, which has been pending ever since, would be quite sufficient to prevent their sale to real investors, and hence it is perfectly safe to assume that these \$12,233,000 bonds are in the hands of the old directors, under the name of some one of their numerous companies. There is no probability that they could pass an investigation as to their origin or consideration (issued in all probability to themselves under the name of a construction company, in their usual way), and investigation should be made, that the terminal grounds may be preserved to the company for the uses designed, not converted to private uses for warehouse property on which it will hereafter have to pay rent to its former directors and their heirs and assigns forever.

Another item, of much less amount than that last mentioned, which might be profitably investigated, rather perhaps as illustrative of the methods of these people and the character of these annual reports, on the presumption of the accuracy of which Congress is asked to act, relates to one of the sinking funds of the Central Pacific Company, and the story, as derived from the reports themselves, is as follows:

When Messrs. Huntington and associates commenced the railroad business, being somewhat inexperienced, they appointed trustees to manage their sinking funds, and for the Central Pacific land-grant mortgage of 1870 two gentlemen were named of known responsibility and wealth. Probably requiring some little time to attend to their own affairs, and as the accounts of the land sales, bonds, redemptions, etc., were kept in the railroad company's office, and everything ran smoothly, they appear to have imitated the great Grecian poet and to have nodded—just for a moment. During this moment of somnolence some one, more vigilant than they, got away with no less than \$2,500,000 of the money belonging to the sinking fund. The trustees of course awoke in time, and there was probably a disturbance or at least an éclaircissement. Of these particulars we are not informed, but the published reports disclose that a settlement was reached in pursuance of which the Central Pacific Company gave to the trustees of the land-grant mortgage its five notes for five hundred thousand each, payable in one, two, three, four, and five years, with interest at 4 per cent per annum, to supply the deficit. (Vid. Report of 1891, page 100.) These notes were sacredly "pledged the redemption of the bonds," as the money they represent was pledged before it was eloigné; and as the bonds drew 6 per cent interest, and the notes but 4, the equitable consideration extended by the creditors to the gentlemen who had taken their money, and the profit made by the latter by the transaction, may be readily calculated. What is unexplained about the settlement is that the notes were executed by the Central Pacific Company, yet the next page informs us (and subsequent reports confirm the statement) that the interest on these notes is paid by the Southern Pacific Company. If the Central Pacific Company did not get the two and a half millions of principal taken, why did that company give its notes for the amount? And if it did get the principal, why does the Southern Pacific (which is not strictly a benevolent institution) pay the interest? These are queries which probably none but Mr. Huntington himself can answer. The facts indicate crookedness.

Other objections to the proposed extension of time, which time forbids us to dwell on, are:

V. The fact that such course necessarily involves a prolongation of the life of the Central Pacific Railroad Company, which is a California corporation, for many years beyond the legal term of its existence, without reasonable necessity for such action, and distinctly against the will and protest of the people of the State, from which it derives its life and being. We are not disputing the power of Congress for Federal purposes to do such an act if in its judgment necessary, but without necessity it should not be done. Independent of the overriding of the authority of the State government over its own creature, such an act will create a body politic without any defined limitations on its corporate powers, or any law governing its methods of proceeding, its rights with regard to its shareholders or their liabilities, and the charter of which could not be forfeited by any court, State or Federal, no matter how gross its offenses. No State court could interfere, because the concern would be a Federal corporation; and no Federal court could act, because the United States have no statute on the subject.

VI. This Central Pacific Company under its past and present management has come to be the most odious and detested corporation that has probably ever been known, and this "for reasons, capital, confessed, and proved." It has invented and put in force more and more different modes of vexations in transportation than probably any other in the world, and we have always been the sufferers. At one time goods ordered from Eastern points for the

interior of California or Nevada, on the line of the road, had to be hauled to San Francisco and back to destination, to swell the cost. By special favor and on payment of the whole freight both ways, the interior merchant might obtain permission to have his goods delivered as they passed his door. At another time they imposed a protective duty of a cent a pound on refined sugars coming here from the east, and, as believed, for a consideration of \$100,000 paid by parties interested. The charge was publicly made\* at the time by responsible parties and never denied. Silence under such circumstances amounted to an admission. At another they introduced here a system of special contracts to be enforced by boycotting,† which if long continued would infallibly have given our community into two hostile factions. This infamous and doubtless illegal special-contract system was broken up by the construction of competing roads, but by their system of leases they undoubtedly aim to revive it. By their omnibus lease and the lease of the Central Pacific road, they have united practically all the roads in the State under the management of a foreign corporation, which in turn is under the control of a single individual, whose greed has no limits and who avows that he has no other or higher standard of right than his own opinion. He has never made public his general code of morals, if he has any, but in letters to his former associate he exhibits his ideas on procuring Congressional legislation to be in brief to bribe those who will accept and vilify those who will not.

By this combination they for years simultaneously withheld payment of railroad taxes, unhinging the machinery of the State government and throwing the public service out of gear. Public schools closed, supervisors, legislators, and executive officers bribed, injunctions defied, and all this under the pretense of ascertaining the constitutionality of an enactment procured by themselves and passed for their benefit. When, however, the opportunity of a decision presented itself, fleeing from the ordeal. A history of all these offenses would unduly expand this memorial, and they must be passed over with mere mention. But the tax litigation was so grievous an injustice to the State, and the dishonorable and collusive manner in which it was managed are so susceptible of record proof, that we give it briefly, as follows:

#### THIRTEEN YEARS' LITIGATION OVER A SCHEME OF TAXATION ENACTED AT THEIR OWN SUGGESTION AND FOR THEIR BENEFIT—COLLUSIVE SUIT—IMPOSITIONS PRACTICED ON UNITED STATES COURTS, ETC.

In 1879 a provision was incorporated in our State constitution excepting railroad mortgage bonds from the general rule for taxing moneys invested on mortgage. It was done at the instance of the railroad people themselves, to enable them to sell their Southern Pacific bonds, which, if subject to local taxation in California, would obviously have been impossible. The measure was introduced in the convention by Mr. Henry Edgerton, one of their standing counsel, stated by him to be satisfactory to his clients, and passed without amendment, *nem. con.* The taxes of 1880 having been levied under it, the companies refused to pay, and when suits were brought they removed them to the Federal court, claiming that the exception thus enacted at their own instance was in conflict with the fourteenth amendment of the United States Constitution. They affected a wish to waive all other controversy and try this constitutional question only. To secure control of the litigation they procured a collusive suit to be brought by the supervisors of San Mateo County (to whom they loaned the amount of the county taxes, on terms evidently corrupt on their face), in which the facts were admitted by demurrer, in a shape presenting apparently a case of hardship so great as to lead the circuit court of the United States to decide in their favor. The false coloring given to the facts was then exposed in the press, and attracted the notice of the judges of the Supreme Court, who, when the case came before them, declined to decide it in the shape presented, and desired the facts developed by a trial and proofs. Several other cases were then tried contradictorily and appealed, all of which were determined on other grounds, petty quibbles of a trifling character, and without touching the great constitutional question which had been made the pretext for their removal from the speedier adjudication of the State court.

Finally, years having gone by, and the Supreme Court, having in the course of this experience become acquainted with the whole matter, intimated its readiness to decide the San Mateo County case, if the parties would resubmit it. But, as may be seen from the opinions of the court below and the argument of Mr. Roscoe Conkling on the appeal, their main reliance in the support of the constitutional objection was the extreme hardship of the case, as presented on demurrer, and that mask having been torn off by the development of the actual facts, decision by the Supreme Court became the last thing the railroad people wanted. The adversary which had been so obliging as to commence and prosecute the suit with the money in its own treasury, and lose it, was equally obliging and compliant in the matter of the appeal. The San Mateo supervisors promptly telegraphed to Washington a dismissal of the writ of error, which the Supreme Court allowed. Then the State itself brought a suit wherein this constitutional question was presented alone. It also went to the United States Supreme Court on appeal; but again they frustrated a decision by paying the tax and penalties in full, just in time to oust the court of jurisdiction by destroying the subject of controversy. There is no honesty or good faith in them. The controversy lasted in various forms from 1880 to 1888, when the legislature, after an appeal by joint resolution to the Supreme Court to advance the pending case, finally, from mere weariness and despair of decision on the merits, passed an act for reassessing the roads. The railroad combination was stronger than the State; they now ask Congress to strengthen them still further by a Congressional charter with undefined (and therefore unlimited) powers, and by reserving its whole policy on Pacific roads for a century to come. (See *San Mateo County vs. Railroad Company*, 8 Sawyer's C. C. Repts., 228; *San Mateo County vs. Railroad Company*, 116 U. S. Rep., 136; *San Bernardino County vs. Railroad Company*, 118 id. 417; *Santa Clara County vs. Railroad Company*, id. ib., 394; *S. P. R. R. Company vs. California*, id. ib., 109; *Laws of California*, 1893, pp. 290 and 618; *California vs. Railroad Company*, 149 U. S. Rep., 308; *Railroad vs. California*, 162 U. S. Rep., 91-167; *California vs. Railroad*, 105 Cal., 576.)

The detailed history of this episode is presented for the information of any interested in an appendix hereto.

Goaded by provocations such as those here adverted to—and they are but specimen cases to which similar ones are of constant occurrence—the people of California have long looked forward to the expiration of the charter of the Central Pacific road for delivery from this body of iniquity, at least for their children; and on their behalf we respectfully and earnestly entreat Congress not to pass any act which will continue down to the coming generation any part of the offense, outrage, and oppression which we have endured from this iniquitous combination now called the Southern Pacific Company. Deprived of the management and power to continue to plunder the Central Pacific road, it can hardly fail to go to pieces and relax its grasp on the vitals of our State.

It may almost be said that all the known operations of the Pacific railroad management in this State are saturated with fraud and dishonesty which recur at every turn of their proceedings.

\* See the Nation, New York, December 8, 1881, pages 452, 453.

† For details, see the Nation, New York, August 11, 1884, pages 113, 114. See this pamphlet, pages 25-29.

## DEFRAUDING THE GOVERNMENT AND THE PUBLIC BY FAILURE TO BUILD THE ROAD CONTRACTED FOR—THE CONTRACTS ENTIRE.

Take for example the construction of the Southern Pacific road, of which we have spoken above. Its map, which preceded construction, showed a road from San Francisco southward through the Santa Clara Valley to a point where it was to commence the ascent of the pass over the Coast Range, after crossing which chain of mountains it was to extend through the upper San Joaquin Valley, and so on to the State line on the Colorado River. To aid in the building of this road they obtained a land grant of over 10,000,000 acres. The road was designed by Congress to be a competing line to the Mississippi River and to connect the two richest valleys of the Pacific Coast and its finest seaport, by an independent and continuous line of rail, with the waters of the Gulf of Mexico. No object less important could justify the extravagant bounty of Congress, and evidently, from the nature of the object and the means adopted, the contract was an entire one. The whole road mentioned was to be built for the whole subsidy. Of the road to be furnished about a hundred to a hundred and fifty miles were devoted to crossing the pass in the Coast Range and thus connecting the two valleys, and five hundred or so ran through them, over a soil as rich as possible and as level as the beds of the rivers that drained them. It was not for building through this valley country that Congress offered its bounty; that constituted no part of the inducement, for these very parties had already built a hundred and fifty miles of road up the San Joaquin for the profit derived from building it at \$20,000 a mile and bonding it for \$40,000, and they were going farther. The consideration for the land grant was the construction of the road over the mountain pass which was highly important from military as well as commercial considerations. For this the bounty was offered and the difficult character of the work was its justification. What did those honest gentlemen do? They built the valley parts of the road on both sides of the pass, and drew and alienated the rich land fronting on it, leaving the connecting road from Tres Pinos to Alcalde (some 100 miles) unbuilt, and it so remains to-day. And this omission was no accident or afterthought, but intended from the first. Charles Crocker writes to Colton, his partner, under date of February 12, 1873 (Colton Transcript, page 1821), and after referring to a suggestion of Colton to "build 20 or 40 miles on the east side of the San Benito Pass, and then go to Congress for a change of line" says: "We intend to build from Goshen to Los Gatos close up to and into the eastern base of the mountain to a coal mine there; and we have never intended anything else and no portion of the old line will remain unbuilt, except that through the mountains, about 50 miles," etc. (it is in fact 100 miles). \* \* \* "I had supposed that you fully understood this; Huntington does understand it."

This being so, on their own confession, made as early as 1873, what sort of faith were they practicing when they solicited and accepted from Congress a land grant of over 10,000,000 acres of rich valley land as the price of doing this work, which they confess they never intended to do? Is this the sort of good faith Mr. Huntington is using in treating with Congress to-day? Are his present representations and promises to be measured by it? It certainly appears to satisfy the standard of morals he proposes for his conduct in his sworn examination before the Senate committee, shown in Senator MORGAN's report, page 173.

Out of one wickedness proverbially springs another, and "bad begun makes strong itself by ill." This truth is illustrated in the present instance by an imposition on the financial public as wicked as that practiced on the Government. In building the Southern Pacific road mortgage preceded construction, as already shown, and the mortgage of 1875 covered, as we have said, the whole road in this State, existing and contemplated, from San Francisco to the Colorado River.

The route being afterwards opened for through traffic, the holders of Southern Pacific sixes of 1875 placidly repose in the belief that their bonds are a lien on the continuous traveled road, the "through line." This is a mere dream; their mortgage is on two distinct roads—the one from San Francisco to San Miguel, the other from Alcalde to Fort Yuma—and these are separated from one another by the mountain chain above mentioned, the pass over which rises to 1,934 feet above tide, to build over which will cost not less than six millions! Without such connection the two separate roads are of but trifling value compared to the amount of the mortgage bonds, and the latter are a fraud on the public. There are about thirty-two millions of them outstanding!

In nearly similar plight are the bonds of the same concern last issued, called "first consolidated fives of 1893." That mortgage is a first lien on fragmentary roads leading practically from no place to no place, and useless without other roads which are otherwise mortgaged. These are practical examples of Mr. Huntington's moral standard.

Again, take the matter of terminals, one of extreme importance to every railroad, and especially so to one of considerable length. The State twenty-eight years ago (1868) granted 60 acres in the city of San Francisco to the two Pacific roads for terminal purposes, and by the closing of streets this area has since been enlarged to a hundred acres. The only use to which in these twenty-eight years they have put these terminal grounds is to mortgage them for \$16,000,000. The real terminus in San Francisco is and has been for twenty years past at the corner of Third and Townsend streets, on a block of ground 225 by 550 feet, belonging to the Southern Pacific Company (of Kentucky). The same concern owns the adjoining blocks used for the receipt and delivery of freight. Not a square foot is owned by either of the railroad companies that use it. No rent is found charged for these premises in their reports, or anything to indicate that they do not own the land, a fact the knowledge of which might alarm bondholders. But whenever the mortgagees foreclose and make title to the railroad entering San Francisco, the purchasers will succeed only to the right of way and track along the public streets as far as the corner of Fourth and Townsend streets, where a gate on the line of the Southern Pacific Company's property will shut them out of the terminal grounds and compel them to discharge their freight and passengers on the public street, and then back the train a mile or two to the nearest turn-table to enable them to reverse the locomotive.

These are specimens of the way things are managed and financed by this concern, and the repeated occurrence of the like has caused those who know it best to doubt whether this Southern Pacific Company of Kentucky has ever been party to a single honest transaction.

## THE CENTRAL PACIFIC CAN BE REORGANIZED ON SAFE AND SOLVENT BASES, BY CALLING IN THE SUMS DUE IT FROM SOLVENT DEBTORS.

The exigencies of space forbid further enlargement on this branch of the subject. Enough has been said to show the need of a thorough investigation of the relations of the Central Pacific Company to the parties who have so long held it in their grasp, and the enforcement of its just claims against them. This done, it will be found that so far from being insolvent, the company can easily be reorganized as a great trunk line to the Pacific Coast, competing fairly with all others, and, on the basis of solvency and honest management, manifestly to the advantage of the Government as a creditor and of its own stockholders. In any event the property, if it has to be sold, can be then offered with knowledge of what it consists of and what its earning capacity is—things at present absolutely unknown to anyone but the Southern Pacific combination, who have for so many years past managed its affairs to its own destruction. It must not be forgotten to extend the payment or refund this debt as proposed is practically to sell the road to its present man-

agement on a credit of a hundred years, taking their promise to pay in small installments. Congress does not, nor does any of its members, or any executive officer of the United States, or indeed anybody, know what property you are selling. No inventory of it exists; and this ignorance shuts off all competitive bidding. It is now fairly established and undeniable that for numerous important purposes the Central route has decided advantages for through business over all others. All the products of this coast destined for Eastern points, valuable enough to pay for transportation by rail, give it the preference for climatic reasons. For passenger traffic, which is 40 per cent of the whole business,\* it has the call over all the others—the Southern (Sunset) line is, in fact, discontinued during summer. It does not admit of doubt that each of the great trunk lines would be prompt to compete for the Central Pacific property, if offered at auction, with inventory. Without such it would not probably elicit any reasonable bids, for however large or valuable the property, no purchaser would be likely to count on receiving from the tenants delivery of anything beyond the road itself, with a wretched skeleton equipment incapable of doing the business.

The stockholders of the road, who appear to have at last awakened to the necessity of inquiry into the wrongs perpetrated by their agents the directors, are organizing in defense of their property, and if they have an opportunity will scarcely permit the trunk lines to be the only competitors at such sale. As indicated by their published proceedings, they are making intelligent efforts to help themselves and resume control of their property. They will probably effect a reorganization of the company. The people of California, so far from offering factious opposition to a reorganization which shall preserve the Central road as an independent and competing line of transportation, managed by its actual owners as designed by Congress, will heartily welcome it.

We believe that all these desired ends can be obtained by means of a foreclosure of the Government lien on the road. For this purpose, as the property lies in several different States, complete jurisdiction should be conferred on some one of the courts of the United States, and the ordinary powers of the court enlarged so as to enable it to ascertain and redress in the foreclosure suit all frauds practiced on the company or its shareholders by the management or by their tools or confederates and the application of any moneys recovered from such parties to the sinking fund in the United States Treasury. We therefore respectfully pray Congress to instruct its appropriate committees to prepare and report a bill to that effect.

We here resume briefly the grounds of our opposition to the pending measure to refund the debt of the Central Pacific Railroad Company to the United States (Senate bill No. 284, House bill No. 8189).

1. The recognition and confirmation of the ninety-nine-year lease to the Southern Pacific Company reverses the settled policy of the United States with respect to these Pacific railroads as established by previous acts of Congress and promoted by grants of the public domain of many million acres. It substitutes consolidation and monopoly for competition and freedom of trade; it gives over the Central road to the management of its great competitor in business, depriving the people of the West of the advantages of competition in transportation for which they have paid these people liberally and Congress has subsidized them munificently.

The proposal is quite new; has never been publicly discussed, advocated, or even mentioned. It is furtively introduced in the ninth and nineteenth sections of the pending bill under the disguise of an advantage to the United States. In fact, it can serve no purpose but to confirm the grasp of the Southern Pacific Company on the Central road and enable it by routing freight to starve the Union Pacific into obedience to its commands.

2. The proposed guaranty of the Southern Pacific Company is worthless; a mere illusion. That company owns no property worth speaking of which is not already mortgaged for vastly beyond its cost or value.

The Southern Pacific Company is a fraudulent and predacious concern, got up to perpetuate the control of dishonest directors of the Central Pacific Railroad Company over the road after they had sold their interest in it, and of absorbing the profits of that and other companies by means of fraudulent leases. So plain was this at its origin that its original charter from the State of Kentucky forbade it to build or operate railroads within that Commonwealth.

3. The relief asked for the Central Pacific road is based on false suggestions and concealment of material facts. So far from being unable to provide for the payment of its debt to the Government, it is possessed of assets of enormous value—collectible claims against its former directors for moneys and credits misappropriated by them amounting to many millions. These should be called in and applied to the sinking fund. Asking indulgence here on the ground of poverty, its stockholders are receiving dividends on their shares to-day, and have the promise of their lessee and advocate that they shall be doubled as soon as the bill passes. The secrecy of this dividend, the fact that it has not been earned by the road, declared by the directors, if such be the facts, and that it is not shown on the books of the company, so far from redeeming it from the imputation of fraud, renders it more conspicuously objectionable. If this be the case, it is evidently "hush money" paid by the guilty parties to secure Congressional confirmation of the ninety-nine-year lease; and the sum agreed to be paid for it (which is essentially a bribe to silence opposition) bespeaks the nefariousness of the transaction and the value attached to a condonation of it.

4. By passing this bill, Congress will prolong the life of this railroad company for some seventy years beyond the limit fixed for its existence by the law of the State that created it. To do this without the consent or against the unanimous protest of the State would be not only an act of gross disloyalty to the State of California, but a grave injury and outrage to her people, who have for the past twenty-eight years suffered at the hands of these managers outrage and wrong past all endurance, rendering it justly odious and detested of all men.

\* The Central Pacific road used to furnish statements of details of through and local business, and of the amounts derived from freight, express, passengers, and baggage, but since the year 1884 has withheld such information. From the printed report of December 31, 1884, we learn that

The total earnings of the year were.....	\$2,166,106.00
Of which 74 per cent was from local business.....	\$16,216,902.00
And 26 per cent from through business, or.....	5,949,204.00
22,166,106.00	

Of the through earnings—

The receipts from passengers and baggage were.....	\$2,383,066.00 or 40 per cent.
And from freight and express.....	3,560,066.00 or 60 per cent.

The local business shows the same proportions between freight and passengers.

† One per cent for 1895 (paid).....	\$672,000
Same for 1896 (paid).....	672,000
Two per cent each for 1897 and 1898.....	2,688,000
Total.....	4,063,000

5. The management of the road has been continuous from the beginning; they have shown themselves by their published correspondence among themselves to be corruptionists of the worst kind.

6. They have broken faith with Congress, by soliciting and accepting a land grant as the consideration for building the whole Southern Pacific road, a hundred or more miles of which was over a mountain pass. They have taken and appropriated the valuable part of the grant, and left the difficult mountain part of the road unbuilt. Their correspondence shows the breach of faith was intended from the beginning.

7. They have broken faith with the public in the same way as with the Government; borrowed \$32,000,000 on the undertaking to build a continuous line of rail from San Francisco to the Colorado River, and left a mountain gap of a hundred miles of it unbuilt, and have even renounced the building of it.

8. Similar frauds in the matter of terminals. They are unreliable.

9. Refunding the Central Pacific debt is wholly unnecessary. The company can be reorganized on the basis of solvency if Congress will but authorize a receiver appointed in foreclosure to avoid all fraudulent conveyances; get in the assets of the company and apply such as are not needed for transportation purposes to the sinking fund in the United States Treasury.

10. As 75 per cent of the revenues of the Central Pacific road are derived from local traffic, and from 15 to 18 per cent more from California products seeking a market abroad, and goods brought from abroad for consumption for sale here, on all of which we pay the freight, the people of California feel that all of the plunder which its former directors are permitted by Congress to retain will be saddled on them. There is little doubt that as much as from twenty-five to thirty millions can be recovered from the sinking fund from Huntington and the Crocker estate. Why should they be abandoned without an effort and saddled on the people of this State?

SAN FRANCISCO, CAL., December 26, 1890.

On behalf of the people of California.

Chas. Ashton, Joseph Britton, W. M. Bunker, J. H. Barry, E. S. Barney, J. M. Bassett, T. V. Cator, N. P. Cole, Dr. Frank Cornwell, W. M. Coward, H. Y. Cowell, H. L. Dodge, J. T. Doyle, Hon. J. L. Davie, B. F. Dunham, L. R. Ellert, Geo. K. Fitch, J. Richard Frend, Geo. T. Gaden, Adam Grant, H. E. Highton, N. C. Hawks, W. W. Thompson, L. J. Truman, J. C. Jens, Wm. Johns, J. C. Jordan, J. Leggett, Oscar Lewis, Stewart Menzies, C. A. Murdock, M. McGlynn, P. R. Martin, A. Miller, Jas. Madison, W. L. Merry, G. W. Montieth, Max. Popper, E. A. Phelps, Taylor Rogers, G. M. Reynolds, C. A. Sumner, J. E. Scott, C. M. Shortridge, F. J. Sullivan, L. Strauss, I. Upham, Hon. Adolph Sutro (the committee of fifty appointed by the monster meeting at Metropolitan Temple, December 7, 1895).

ADOLPH SUTRO,  
Mayor of San Francisco, Chairman.

TAYLOR ROGERS, Secretary.

SUBCOMMITTEE ON MEMORIAL.

JOHN A. STANLEY.  
THOS. F. BARRY.  
JAS. M. BASSETT.  
JAS. D. PHELAN.  
E. W. MCKINSTRY.  
TAYLOR ROGERS.  
JOHN T. DOYLE, Chairman.

Extracts from the Nation referred to above.

[The Nation, August 11, 1881, pages 113, 114.]

OVERLAND RAILROAD RATES.

To the Editor of the Nation.

SIR: Two paragraphs in the Nation of July 14 (No. 837, pp. 22, 23) indicate that you are but imperfectly informed as to abuses on the overland railroads. As you appear willing to aid in remedying them, I give you some of the facts. The system of unlawful freight discriminations alluded to has not been recently revived; it has never for a moment been suspended since its formal introduction in the summer of 1878, but has been constantly enlarged and extended down to the present time, when it is more stringent and oppressive than ever before. The modus operandi is this: By arrangement between the Central and Union Pacific railroad companies the rates of western-bound freights are fixed by the Union and those of eastern-bound by the Central Company. This arrangement is supposed to be nominal only; a sort of legal fiction to enable each concern to refer complaining parties to a "Mr. Jorkins," 2,000 miles off; but that is the form of it. The Union Pacific Company has a printed classification of merchandise, and printed rates of freight for each class from New York and other Eastern points to San Francisco, ranging from \$6 per 100 pounds for first-class to \$1.50 per 100 pounds for class D. These are declared to be the regular rates. But the company enters into contracts with the merchants here to carry for them at special rates, much reduced from these regular ones, on condition that the merchant shall import all his goods by their line; not only such as are usually sent by rail or via the Isthmus, but also such as have heretofore, and naturally, come by sea around Cape Horn; and they make him bind himself to ship by their road, and by such connecting roads as their general freight agent shall from time to time designate, all goods purchased by or for him, or shipped by or consigned to him, by his procurement, directly or indirectly, or with his knowledge and assent. The contracts declare that their object is to give to the Union Pacific Company the transportation of all goods bought, sold, dealt in, or handled by the merchant; and any act of his tending to defeat this object constitutes a breach, so that he can not even buy in open market goods imported otherwise than by rail; and this rule is enforced. They also provide that these special rates are for his own exclusive benefit, and he must not allow the use of his name or shipping marks by anyone else. The freight must all be forwarded to Omaha by such carriers as are designated by the Union Pacific Railroad Company. They reserve the option (which is always exercised) of waybilling the goods and collecting freights according to the printed rates, agreeing to return the difference on presentation of vouchers to the Central Pacific freight agent at San Francisco, after the lapse of a reasonable time—say thirty days—for transmission, verification, etc.

All our leading merchants have been forced to enter into contracts of this description; the man who attempts to import his coarse goods by sea, relying on the rail for such as need more rapid transportation, has to pay such rates on the latter that he can not compete with his neighbors. He can not even buy his coarse goods in open market here if they shall have come round the Horn, for that would defeat the "bought, sold, dealt in, or handled by" clause. Such goods and their importers are tabooed and "boycotted," and the merchant who touches them without leave of the railroad company can have no freight transported overland except at ruinous rates; even at such he is liable to casual delays, difficulties, and obstructions which, being unable to account for, his unregenerate nature attributes to malicious design.

The result is that ships obtain little or no freights from Eastern ports here; they have to come here in ballast, or half full, to load wheat for Europe, and our people are compelled to pay on their produce sent abroad a freight to

cover the expense of the round trip. The standing forced loan exacted from our merchants, without interest, by collecting and after thirty days repaying the difference between printed and contract rates, may amount to half a million dollars; it operates oppressively to individuals, but to the community is of minor importance. But the tax levied on our exports in the form of enhanced freights to Europe is a monstrous and shocking wrong. In the absence of full statistics it is impossible to compute its amount, but it is probably equivalent to about \$4 per ton on the exportable crop of the State. San Francisco, under this nefarious system, has degenerated from the rank and position of a maritime city open to the commerce of the world to that of an interior town some 2,000 miles west of St. Louis, approachable only over deserts and mountains.

With these facts before you, which are known to every well-informed man in San Francisco (except, of course, the railroad commissioners), you can understand why the tide of prosperity which has spread over the rest of the Union during the last few years has never yet reached California, why all business has been depressed and real estate has been steadily falling in value ever since the overland railroad was completed. Perhaps, too, you will regard with more leniency the mistaken hostility to corporations (especially railroads) which has found expression in some of our recent legislation. Grant that it is unphilosophical, ill directed, stupid, and in some respects unjust—that was not its intention; but people who have been so long and sorely oppressed as ours have been by the present monopoly can not always reason coolly or justly as to the remedy, and in their anger seize any weapon at hand, careless whom else they may hurt provided they can inflict a blow on their chief enemy.

You suggest an appeal to the courts—at least, so I understand your words "proceed against with all vigor." But who can proceed against them, and how? I defy any lawyer to point out a remedy, under existing laws, of the slightest value to the individual aggrieved. Our railroad commissioners, if so disposed, could doubtless do much on behalf of the public, if not to break up, at least to expose the wrong. But the eyes of justice, you know, are bandaged, and they can only know what is officially communicated to them and duly proved by witnesses, and their governing majority has just completed a set of rules for proceedings before them well calculated to aid them in remaining ignorant of all public abuses of the kind. No individual merchant dare sue, complain, or even let it be known that he is dissatisfied, lest he should be straightway put at a ruinous disadvantage with his competitors in trade. His business would be broken up before he could get his first case set for trial, and his family might starve while he was awaiting the result of new trials and appeals. The way of a man who enters into litigation with a company that keeps all the leading law firms under standing retainers, most of the leading journals by some means quieted, and which finds in legislators, railroad commissioners, and auditors of railroad accounts its serviceable friends, is too hard to be voluntarily pursued by any man in business.

There is but one remedy for this monster grievance which oppresses the whole Pacific Coast. The power so to oppose must be absolutely taken from the companies. For this purpose it is not necessary to establish rates of freight by law; but the law should lay down a rule for their establishment by the companies, and, once established, they should be made public, and no deviation permitted. The organization of the roads in all their departments should be kept under constant and vigilant supervision by Government, and any violation of law by railroad officials should be punished as a public offense. Actions for damages and like private remedies are wholly inefficient. Congress has ample power to remedy all evils in the overland system of transportation, for it is all built on Congressional legislation; and its just control of that system, judiciously exercised, could not fail to be attended with most beneficial results in the whole system of connecting roads.

The first thing needed is a Congressional committee of investigation, with ample powers and means to examine thoroughly into all existing abuses in the management of the Union and Central Pacific roads and their leased and associated lines. The Nation can not do a better public service than by aiding and enforcing through its columns the demand for such an investigation.

JOHN T. DOYLE.

SAN FRANCISCO, July 28, 1881.

[The Nation, December 8, 1881.]

OVERLAND RAILROAD RATES.

To the Editor of the Nation.

SIR: Since the publication of my letter on overland railroad rates in the Nation of August 11, Mr. Charles F. Adams, Jr., has called my attention to the origin of the system of special freight contracts and unlawful discrimination in freight charges, as set forth in the report of the Government directors of the Union Pacific Railroad for the year ending June 30, 1878. I quote from page 15 of the document:

"In the month of July last, a sudden announcement was made that the tariffs on through-freighting business over the Pacific roads had been altered, and that, while the classification of certain articles had been changed, the rates upon others had been advanced from 50 to 100 per cent. The reason of this movement, which naturally excited surprise as well as indignation among those affected by it, was not at first apparent. It was, however, soon learned. It was purely strategic. The company did not really propose to raise its tariff rates; on the contrary, it was ready to slightly reduce them; but it did propose to take full advantage of its position to secure as much as possible of the transcontinental business. As a first step toward this, it practically did away with its open tariff, by the very simple process referred to. Under the open tariff, at the old rates, the larger business firms dealing between the two coasts had a choice of routes—that by water and that by rail. They, in practice, availed themselves of this option by sending their coarser freights, or those in regard to which time in delivery was immaterial, by water, at the lower rates; while the more costly wares, or those requiring immediate delivery, were forwarded overland. The object of the Union Pacific was to put a stop to this practice. This they did by largely raising their freights, which put an effectual stop to shipments under the open tariff, while, at the same time, they offered to all the large firms which would contract to make their shipments wholly by land special rates at a reduction even from those in force before the change. It was thus a distinct step backward, for it amounted to the abandonment of a published and open tariff in favor of a system of private special contracts.

"This move was, therefore, not only one of great importance, but it was open to serious objections. It was made, not by a petty local road, nor by a competing trunk line, but by a great, subsidized, continental thoroughfare. As such it might naturally be inferred that it was made only after ample consideration, and with the authority of the full board of directors. It is, however, a fact singularly illustrative of the absence of that sense of public responsibility in which the policy of the Union Pacific is now shaped, that this measure, which practically put in irons the transcontinental business of the country, was devised by two freight agents, was never, before being publicly announced, submitted for consideration even to the executive committee of the board of directors, much less to the full board, and was finally put in force, to the utter surprise of the public, on the verbal authority, so far as can be ascertained, of the president and a single director.

"It is unnecessary to comment on such a method of corporate management. It speaks for itself. Meanwhile, so far as the measure is concerned, the objections to it are apparent. The through business over the Union Pacific is mainly done by large houses. This is natural enough, for such houses can, of course, do it most cheaply. The measure under discussion, however, made it impossible that this business should be done by any but the large houses. They have special contracts covering it at less than the published tariff rates. More than this, it locks up, in secrecy, transactions which more than all others should be public. The special contracts may be equal as between shippers, or they may not. The directors have every reason to believe that they are, but they none the less are lacking in that element of publicity which in such matters will always remain the one real safeguard against discrimination."

The contract here referred to, and so justly condemned, did not contain the "boycotting" clause quoted in my former letter; they merely bound the merchant to transport all his freight by rail, viz., "all goods purchased by or for and shipped or consigned to him by his procurement, directly or indirectly, or with his previous knowledge or consent;" he was still free to deal in goods which had reached him by sea, though he could not import them so himself. Next year, or the year following, the "bought, sold, dealt in, or handled by" clause was introduced, which "boycotted" all goods not imported by rail, so far as the railroad companies' customers were concerned. They were forbidden to buy, sell, deal in, or handle them. Last January the railroad companies gave another turn to the screw and introduced a clause which boycotts not only the goods but the importers. The merchant who holds a freight contract with this company is "firmly bound" not to sell or deliver goods to anyone who is in the habit of importing otherwise than by rail. To show that there is no mistake about this humiliating exaction, I inclose on a separate slip the text of the covenant, as well as that of the corresponding clause in the contracts of the preceding year. They are clipped from the columns of the *Grocer and Country Merchant*, a local trade journal, which published them, with a vigorous protest, at the time they were forced upon our merchants. The space of the Nation is too valuable to insert them in extenso here, but let them go into your advertising columns with a note of reference. They divide the importing merchants of the whole Pacific Coast into two classes, viz., those who bind themselves to import exclusively by rail and those who refuse to do so. These two classes are forbidden by the railroad company to have any dealings with one another.

I make no comment on this proceeding, for I have no language equal to it, but I hope that the Nation will do so, for I have reason to believe that it will not be without effect. I pass to another item of railroad management.

Sugar refining was introduced here in 1855, and soon grew to be a large and important industry. Even paying duty on raw stocks imported from Manila, it was found possible to manufacture here at a profit and compete with Eastern goods to the extent of the refined sugars and sirups consumed on this coast. The price was, of course, regulated by the cost of laying down New York sugars here. The Hawaiian treaty removed the duty from our raw stocks and gave our refiners a clear advantage of 2½ cents per pound over their Eastern rivals. Still, Eastern crushed sugar had a slight preference, and could always be found in our market and at substantially the same price as domestic. Last January all this suddenly changed, and Eastern sugars disappeared from the market. The reason assigned was that the railroad companies had raised the freight on refined sugar from 1 cent per pound to 2—a rate which forbade importations. The reader may be surprised that they should thus impose a protective duty (for that is evidently what it is) so high as to cut off their own revenue from the trade; but, though strong protectionists, they are not such fools as that. It now comes out that they received a full consideration for their action. The *Chronicle*, of this city, has brought out the fact, and it is uncontested, that the advance in freight is the result of a bargain with the principal refiner here, thinly disguised under the form of a transportation contract,\* whereby, for a consideration of \$100,000, they consent to impose this prohibitory duty on Eastern sugars for the current year. The *Chronicle* publishes statistics of sugar imported from the islands, etc., to show that through the operation of the treaty the Government loses about \$2,000,000 per annum, while by the action of the railroad companies the people of this coast are mulcted about eight hundred thousand more in the enhanced cost of sugar. Its attack is mainly on the treaty and the refiner. Papers in the opposite interest defend the action of the railroad companies by the usual protectionist arguments, encouragement of home industry, etc. The whole public is, however, as it seems to me, more interested in a question back of this, and which I venture to think lies at the bottom of the whole railroad problem, viz.: What right has any railroad company to impose a protective duty on sugar or any other commodity imported from one State into another? And what is the system of classification adopted by all our railroad companies as the basis of freight charges but a system of protective duties under another name? The overland companies, by their scandalous imposition of this duty on sugar, have brought this question squarely to the front, and incidentally suggested the true remedy for such abuses. The latter, if you will permit, I should like to discuss hereafter.

JOHN T. DOYLE.

SAN FRANCISCO, November 22, 1891.

#### REPORTS OF COMMITTEES.

Mr. BERRY, from the Committee on Commerce, to whom was referred the bill (S. 3375) authorizing the construction of a bridge across the Columbia River, in the State of Washington, reported it without amendment.

Mr. PASCO, from the Committee on Commerce, to whom was referred the bill (H. R. 6750) to authorize the mayor and city council of Monroe, and the police jury of the parish of Ouachita, La., to construct a traffic bridge across the Ouachita River opposite said city, reported it without amendment.

Mr. PETTIGREW, from the Committee on Indian Affairs, to whom was referred the amendment submitted by Mr. SQUIRE December 21, 1896, intended to be proposed to the general deficiency appropriation bill, submitted a favorable report thereon.

Mr. McMILLAN, from the Committee on Commerce, to whom was referred the bill (H. R. 6776) to provide an American register for the bark *Vila*, reported it without amendment, and submitted a report thereon.

Mr. FRYE, from the Committee on Commerce, to whom the subject was referred, reported a bill (S. 3494) providing for an

\* The transaction is alleged to be in the shape of a contract to transport for the refiner 5,000,000 pounds of sugar at 2 cents per pound. Of course they could not charge any dealer a less rate than that voluntarily paid by so large a customer who pays his freight and is not at all particular as to the transportation of the goods.

examination of the improvements at the Pass of Aransas, Texas; which was read twice by its title.

He also, from the same committee, to whom was referred the bill (S. 3089) to provide an American register for the steamship *Southerly*, reported adversely thereon, and the bill was postponed indefinitely.

He also, from the same committee, to whom was referred the bill (S. 2973) to amend section 4488 of the Revised Statutes, relating to life-saving appliances on shipboard, reported adversely thereon, and the bill was postponed indefinitely.

He also, from the same committee, to whom was referred the bill (S. 3398) to provide an American register for the bark *E. C. Mowatt*, of Philadelphia, Pa., reported it without amendment, and submitted a report thereon.

Mr. PLATT. From the Committee on Indian Affairs, I report back favorably an amendment to be proposed to the deficiency bill. I ask that it may be referred to the Committee on Appropriations. I submit a written report with it, which I ask may also be printed and referred to the Committee on Appropriations.

The PRESIDING OFFICER (Mr. PASCO in the chair). It will be so ordered, in the absence of objection.

Mr. BRICE, from the Committee on Pensions, to whom was referred the bill (H. R. 5938) for the relief of Priscilla R. Burns, reported it without amendment, and submitted a report thereon.

#### THE NATIONAL ACADEMY OF SCIENCES.

Mr. HAWLEY. The act constituting the National Academy of Sciences requires the association to make an annual report, and a permanent statute provides for the printing of that report. I do not know that anything more is necessary than merely to present it. It will follow the usual course and the matter will be printed.

The VICE-PRESIDENT. It will be so ordered.

#### CHANGE OF REFERENCE.

Mr. DAVIS. I desire to have the bill (S. 3385) to refer certain claims for Indian depredations to the Court of Claims, which was introduced by me on December 15, 1896, referred to the Committee on Indian Affairs instead of to the Committee on Indian Depredations. By the indorsement on the original bill it was to be referred to the Committee on Indian Affairs, but by mistake it went to the wrong committee.

The VICE-PRESIDENT. The change of reference will be made.

#### BILLS INTRODUCED.

Mr. MORGAN introduced a bill (S. 3487) relating to the jurisdiction of the court of appeals of the District of Columbia; which was read twice by its title, and referred to the Committee on Pacific Railroads.

He also introduced a bill (S. 3488) to create a board of trustees of the Union Pacific Railroad Company and the Central Pacific Railroad Company, and to fund the bond debts thereof, and for other purposes; which was read twice by its title, and referred to the Committee on Pacific Railroads.

Mr. ALLEN introduced a bill (S. 3489) to amend an act entitled "An act to authorize and encourage the holding of a trans-mississippi and international exposition at the city of Omaha, in the State of Nebraska, in the year 1898," approved June 10, 1896, to repeal certain portions thereof, and for other purposes; which was read twice by its title, and, with the accompanying paper, referred to the Select Committee on International Expositions.

Mr. GEAR introduced a bill (S. 3490) for the relief of Alanson D. Gaston, late of Company M, First Regiment Iowa Cavalry Volunteers; which was read twice by its title, and, with the accompanying papers, referred to the Committee on Military Affairs.

Mr. TURPIE introduced a bill (S. 3491) granting an increase of pension to Capt. John W. Dodd; which was read twice by its title, and, with the accompanying papers, referred to the Committee on Pensions.

Mr. HALE introduced a bill (S. 3492) for the relief of Paymaster James E. Tolfree, United States Navy; which was read twice by its title, and referred to the Committee on Naval Affairs.

He also introduced a bill (S. 3493) for the relief of Pay Clerk Charles Blake, United States Navy; which was read twice by its title, and referred to the Committee on Naval Affairs.

Mr. COCKRELL (for Mr. SMITH) introduced a bill (S. 3495) to remit the time penalties on the light-house tender *Rose*; which was read twice by its title, and referred to the Committee on Commerce.

Mr. THURSTON introduced a bill (S. 3496) to promote the safety of employees and shippers upon railroads by compelling common carriers to equip their freight cars with safety appliances to protect such persons from injury resulting from falling between freight cars; which was read twice by its title, and referred to the Committee on Interstate Commerce.

#### INDEPENDENCE OF CUBA.

Mr. MILLS. I introduce a joint resolution, which I ask may be read and laid on the table. I shall wish to-morrow morning to submit some remarks upon it.

The joint resolution (S. R. 188) in reference to the recognition of the independence of foreign governments was read the first time by its title, and the second time at length, and ordered to lie on the table, as follows:

*Resolved by the Senate and the House of Representatives of the United States of America in Congress assembled, That the expediency of recognizing the independence of a foreign government belongs to Congress, and when Congress shall so determine, the Executive should act in harmony with the legislative department of the Government.*

SEC. 2. That the independence of the Republic of Cuba ought to be, and hereby is, recognized, and the sum of \$10,000 is hereby appropriated for salary and expenses of a minister to that Government whenever such minister shall be appointed by the President.

Mr. MILLS subsequently said: I introduced a joint resolution and gave notice that I would submit some remarks on it in the morning. As the Senate has agreed to adjourn over until Monday, I give notice that I shall claim the attention of the Senate on Monday morning.

AMENDMENT TO SUNDRY CIVIL APPROPRIATION BILL.

Mr. ALLEN submitted an amendment intended to be proposed by him to the sundry civil appropriation bill; which was referred to the Committee on International Expositions, and ordered to be printed.

CLASSIFICATION AND GRADING OF CEREALS.

Mr. SHERMAN. I have in my hand a bill which I think will command the attention of the Senate and its unanimous approval. A similar bill has already passed the Senate in the last Congress. It is now reported from the Committee on Agriculture and Forestry. It is a bill to provide for fixing a uniform standard of classification and grading of wheat, corn, oats, barley, and rye, and for other purposes. All the leading farming associations in the country have petitioned for the passage of the bill, and there can be no possible objection to it. The Committee on Agriculture and Forestry recommended it with some slight amendments. I hope it will pass. Let it be read.

The VICE-PRESIDENT. The Senator from Ohio asks for the present consideration of a bill, which will be read for information.

The SECRETARY. A bill (S. 853) to provide for fixing a uniform standard of classification and grading of wheat, corn, oats, barley, and rye, and for other purposes.

Mr. CULLOM. Mr. President—

Mr. TELLER. I should like to inquire what committee that bill comes from?

Mr. CULLOM. That is what I myself should like to know.

Mr. SHERMAN. The bill comes from the Committee on Agriculture and Forestry.

Mr. CULLOM. It is evidently a bill that affects the commerce of the country, and if there is any bill that properly belongs to the Committee on Interstate Commerce, I think this bill does. I never heard of the measure before.

Mr. SHERMAN. It was reported from the Committee on Agriculture and Forestry.

Mr. CULLOM. And not from our committee. I do not think the bill ought to be considered until some proper committee that has control of the subject has dealt with it.

Mr. CHANDLER. I suggest to the Senator that, in order to ascertain whether it is a classification for transportation by railroads, we have the text of the bill read.

Mr. TELLER. I wish to inquire whether the bill is now reported for the first time or whether it is on the Calendar.

Mr. SHERMAN. I have already stated that the bill was reported from the Committee on Agriculture and Forestry, and that a similar bill was passed in the last Congress, I think by unanimous consent; but it was not acted upon in the other House. It is still pending in the other House. I am told the measure is supported by every farmers' organization from the highest to the lowest. It simply provides for a uniform classification of the grains raised by them. I can see no objection to it. However, the Senator from Iowa [Mr. GEAR] can state definitely in regard to the bill.

Mr. CULLOM. I simply want to say that the question of the classification of freights is now under consideration by the Committee on Interstate Commerce.

Mr. SHERMAN. The bill does not concern freight at all, but the quality of wheat, the grades of wheat. That is all.

Mr. CULLOM. I have no objection to the bill being read, so that we can see what it provides.

Mr. SHERMAN. It does not deal with the question of freight.

Mr. GEAR. I will state that the bill simply relates to the classification of grain, and provides that, in the absence of a regular agreed classification by any board of trade or city, there shall be a classification of such grain, subject to the inspection of the Secretary of Agriculture. It has nothing to do with fixing the rate.

Mr. CULLOM. The bill ought to be read at any rate.

Mr. GEAR. It has nothing to do with any interstate-commerce matter. It does not infringe on the rights of that committee at all.

Mr. CHANDLER. If it is a proposed national law to classify grain—that is the point I am trying to get at—perhaps the bill will

show for what purpose a law of Congress shall classify farm products.

Mr. GEAR. It simply authorizes a classification under the direction of the Secretary of Agriculture.

Mr. CHANDLER. For what purpose? Why is it to be done?

Mr. GEAR. Suppose the gentleman orders a carload of grain from Chicago, or a shipload of grain from abroad to this country by steamer. There is nothing said about the classification, whether it shall be the Chicago classification or the New York classification. In the absence of such a classification, the bill provides that the purchaser shall be bound by the classification made under the bill, under the direction of the Secretary of Agriculture.

Mr. CHANDLER. If our States-rights friends are willing to vote for that, I am.

Mr. HOAR. Let us hear the bill read.

Mr. SHERMAN. It is a short bill.

Mr. CULLOM. Let us hear it read.

The VICE-PRESIDENT. The bill will be read.

The Secretary read the bill, as follows:

*Be it enacted, etc. That the Secretary of Agriculture be, and he is hereby authorized and required, as soon as may be after the enactment hereof, to determine and fix, according to such standard as he may prescribe, such classification and grading of wheat, corn, rye, oats, and barley as in his judgment the usages of trade warrant and permit, having reference to the standard, classification, and grades now recognized by the several chambers of commerce and boards of trade of the United States: Provided, however, That reference to such various classifications and grades shall serve only as a guide and suggestion in the matter of determining and fixing by the Secretary the United States standard herein provided for; but he shall not be controlled thereby, but shall determine and fix such standard and such classifications and grades as will, in his judgment, best subserve the interest of the public in the conduct of interstate trade and commerce in grain.*

SEC. 2. That when such standard is fixed and the classification and grades determined upon, the same shall be made matter of permanent record in the Agricultural Department, and public notice thereof shall be given in such manner as the Secretary shall direct, and thereafter such classifications and grades shall be known as the United States standard. All persons interested shall have access to said record at such convenient times and under such reasonable regulations as the Secretary may prescribe; and on payment of such proper charge as the Secretary may fix a certified copy of the classification and grades shall be supplied to those who may apply for the same.

SEC. 3. That from and after thirty days after such classifications and grades have been determined upon and fixed, and duly placed on record as herein provided, such classification and grading shall be taken and held to be the standard in all interstate trade and commerce in grain in all cases when no other standard is agreed upon: Provided, however, That in interstate trade or commerce in grain, if the consignor thereof, or his authorized agent, shall so direct, public inspection, classification, or grading shall not be required nor made when said grain is consigned to the owner thereof or to his authorized agent, or to a mill or private storehouse; or to a public warehouse for deposit in a special bin; or, the purchaser consenting, to a purchaser thereof; or, if consigned to a market where the usages of trade recognize sales of grain by sample, when the consignor shall direct its sale by sample.

Mr. HALE. That seems to me to be a very sweeping bill. It appears to be an assumption of great power on the part of the General Government. I did not discover in listening to the reading anything in the bill that reserves any classification that may have been made by a State or by any other authority. The only reservation is the sweeping enactment of the bill in favor of private contracts or agreements where a classification has been made. I do not suppose that would apply in hardly any case. It proposes to confer upon the Secretary of Agriculture the enormous power of fixing absolutely classifications touching these great subjects of trade.

I do not think that a bill of this kind ought to pass without Senators having an opportunity to examine it, and without debate, which, it seems to me, will certainly arise whenever it is put upon its passage.

Mr. SHERMAN. The bill was passed by the Senate at the last Congress.

Mr. HALE. The Senator from Ohio says it was passed at the last Congress. The truth is, we passed a great many bills where requests are made for unanimous consent without Senators considering the subjects-matter, and they never get the illumination that only comes by debate. I do not think this is one of a class of bills that ought to go through without discussion.

Mr. ALLEN. Did the bill pass the Senate in the last Congress?

Mr. HALE. I understand the Senator from Ohio to say it did. But was there a discussion of it? I did not know it.

Mr. ALLEN. This is the first I ever heard of the bill.

Mr. HALE. The Senator from Ohio says it was passed. Was it discussed?

Mr. CULLOM. The Senator from Nebraska says it is the first time he ever heard of it.

Mr. ALLEN. I understand the Senator from Maine to object to the consideration of the bill.

Mr. HALE. Yes, I think it had better go over.

Mr. ALLEN. I think it ought to go over by all means. It is certainly destructive of the interests of the producer of grain to put all his rights in the hands of the Agricultural Department.

Mr. BATE. Has the bill been printed and laid on our tables, I should like to inquire?

The VICE-PRESIDENT. The bill is on the Calendar.

Mr. SHERMAN. It was printed long ago.

**THE VICE-PRESIDENT.** It is Order of Business 950 on the Calendar.

**MR. BATE.** It is certainly a very important bill, and needs attention. I think it ought to be laid on our tables.

**MR. GEAR.** Mr. President—

**THE VICE-PRESIDENT.** The Chair will state that objection is interposed to the present consideration of the bill.

**MR. GEAR.** I will just state that the passage of the bill is desired by many boards of trade and by the agricultural societies of this country. It is indorsed, I believe, in a certain degree by the Secretary of Agriculture, and is asked by our farmer friends.

I will only state in one moment that the classification referred to simply relates to a case where there is no other classification agreed upon. If you or I order a carload or shipload of grain sent at the classification of the Chicago Board of Trade, this measure does not interfere, but where no agreement has been made the parties shall have a right to demand a national classification.

**MR. ALLEN.** I do not know anything about who has petitioned for the passage of this bill. I can not say anything respecting that matter. But we all know that the producers of grain in this country sell without any special contract. They have practically nothing to do whatever with classifying their grain. Here the power to classify their grain is taken entirely out of their hands by the bill, and the classification made by the Secretary of Agriculture, which will be usually the classification made by boards of trade, becomes a legal classification, binding upon the producer of grain in the courts of the country, which he can not dispute, notwithstanding the grain may grade higher than it has been classified by the Secretary of Agriculture or by his agent.

**MR. SHERMAN.** I should like to say a word. I have been requested to favor the measure by the farming associations in my State and I have also received communications from other States. I introduced the bill at their request at this session, and in the last Congress I know it was passed by the Senate. I do not know whether there was any debate upon it or not. But I have read the bill very carefully and I do not find that it imposes any restriction whatever except such as will tend to protect not only the purchasers, but the consumers and producers, and by which a classification of the different kinds of grain may be fixed by some standard. It does not make so much difference what the standard is, so that we can have a standard, and wheat can be bought or sold according to a certain standard. This proposed law does not take away the right from anyone to make a contract for any standard he chooses, but it expressly reserves that right.

So far as the bill is concerned, I have done my duty. It was referred to the proper committee, the Committee on Agriculture and Forestry, and reported with some slight amendments. The bill was passed by the Senate, as I said, in the last Congress. I do not recall whether there was any debate upon it or not, but at any rate I think it is a bill that if Senators will read they will favor, especially those who represent agricultural States, like my friend from Nebraska [Mr. ALLEN]. With these remarks, I am perfectly willing to leave the matter to the Senate.

**MR. CULLOM.** When I rose before in reference to this bill, from the reading of the title I supposed it was a bill affecting the question of transportation.

**MR. SHERMAN.** Oh, no; not at all.

**MR. CULLOM.** Therefore I made the remark that it ought to be referred to the Committee on Interstate Commerce, having charge generally of that subject. But I find that it does not affect the question of transportation, and so far as I am concerned, while I should like to have an opportunity to read the bill over before it is put upon its passage, I do not desire to move to refer it to any other committee, unless the Senate seems to think it ought to be done. I think, though, the bill ought to go over until morning, so that we may see what there is in it.

**MR. ALLEN.** Has the bill been reported from a committee?

**MR. CULLOM.** It was reported from the Committee on Agriculture and Forestry, I understand.

**MR. ALLEN.** I want to make a suggestion in answer to the Senator from Ohio. The Senator seems to think that it is something in favor of the bill that it has preserved the right of contracts. I submit to the Senator from Ohio that Congress has not the power to trench upon the right of contracts; that they must be preserved regardless of your law. But the trouble with this bill is that an arbitrary grade established by the Secretary of Agriculture becomes binding, in case of litigation, upon the seller of wheat or cereals of any kind who may come under its provisions.

**MR. SHERMAN.** It applies only in cases where there is no contract as to grain.

**MR. ALLEN.** Exactly.

**MR. SHERMAN.** The right of private contract is preserved.

**MR. ALLEN.** But we must legislate in the light of the fact that 99 per cent of the producers of grain make no contracts for their product.

**MR. HALE.** And never make any.

**MR. ALLEN.** And never make any contracts. Now, in consequence of a failure to make a special contract, are they to suffer an arbitrary grading of their grain, which may, as a matter of fact, be far below its actual standard, but which is to be binding upon them in the courts of this country? The farmers of my State, for instance, do not follow their grain 600 miles to Chicago and have a contract for a specific grade.

**MR. CHANDLER.** I am inclined to think from listening to the language of the bill that it is an entirely proper one to pass a State legislature. I was endeavoring to work in a suggestion in behalf of the Constitution of the United States. A bill classifying grain for the purposes of commerce may or may not be within the powers of Congress. I am not certain that it is not, because I myself attach great weight to the general-welfare clause of the Constitution. Possibly this bill may be based upon the right of Congress to regulate weights and measures, or it may be a legitimate exercise of the power to regulate commerce between the States.

What I should like to know is, upon which specific clause in the Constitution the bill is based, or whether, if not based upon any specific clause, it is based upon the general-welfare clause? Let us have an understanding on this subject. If bills of this kind, that could be passed under the exercise of the police power of the States, are to be brought into the National Legislature and passed under the paternal powers given to Congress under the general-welfare clause, let that be understood. I should like to ask the Senator from Ohio, who I see is rising, to tell me under what clause in the Constitution this bill emanates from the Committee on Agriculture and Forestry.

**MR. SHERMAN.** I do not myself care to go into the constitutional question, although it is very easily answered. There is a full and able report accompanying the bill. I have read it partially, and I have it with me here. This report, made by the Committee on Agriculture and Forestry, covers these different points. I presume it was prepared by the Senator from Iowa [Mr. GEAR]. At all events, there is ample information upon the record to show exactly the tenor of the bill, the nature of it, and the ground upon which it can be defended.

**MR. CHANDLER.** Does the report state under what clause in the Constitution of the United States the Congress has power to pass the bill?

**MR. SHERMAN.** It may be done under the power to regulate commerce. Now, this is not a small matter.

**MR. CHANDLER.** So I understand.

**MR. SHERMAN.** It is a matter amounting to hundreds of millions of bushels of grain. We produce seventeen hundred or two thousand million bushels of corn; we produce, say, three or four hundred million bushels of wheat. There is now no fixed way of grading the wheat, and we all know there is a great difference in the value of wheat. Sometimes it is worth considerably more than at other times. Somebody should fix a grade on the wheat so as to describe it—so as to say grade No. 1 shall have such and such qualities, etc. It is sold in that way now by private contract, but those contracts differ. It may be one thing in Chicago, and it may be another in New York. The result is a complication of difficulties.

This bill emanates from the farmers. The farming organizations sent the bill to me for its introduction. That was at this session. It was introduced in the previous Congress by some other Senator.

**MR. ALLEN.** I should like to submit to the Senator from Ohio a perplexing question, for the Senator is a great constitutional lawyer and is familiar with all its details and its history. Many of the States of the Union have laws by which their grains are graded.

**MR. CULLOM.** That is true of Illinois.

**MR. ALLEN.** By those State laws the grains are inspected and graded.

**MR. HALE.** In almost all the States.

**MR. ALLEN.** What will you do, for instance, under a law such as the bill before the Senate, with grain where it has been inspected and properly graded according to the law of the State before it was shipped from that State?

**MR. SHERMAN.** I understand that the bill provides for that very thing. It only provides for the grading of wheat that is not otherwise provided for by contract or by law.

**MR. HALE.** If the Senator will excuse me, that is not the provision of the bill. The bill provides that the Secretary of Agriculture shall consider what regulations already exist by boards of trade or by law, and in terms declares that he shall not be governed by those, but shall establish an absolute standard unless in case of private contract. So it sweeps away every regulation, either by States or by boards of trade, and substitutes the authority of the Secretary of Agriculture, unless the parties have made a private contract, which, as the Senator from Nebraska says, is seldom the case.

**MR. ALLEN.** But the Secretary of Agriculture may be guided altogether, if he sees fit, by the wishes of the boards of trade.

Mr. HALE. The bill provides that he may consult, but he shall not be governed thereby.

Mr. ALLEN. That is, he may, however.

Mr. HALE. He may consult.

Mr. ALLEN. He may. Then, suppose he is controlled by the action of boards of trade. There is no remedy, is there, to the producer of grain?

Mr. HALE. Not the least.

Mr. ALLEN. So the producer of grain is then really at the mercy of the board of trade.

Mr. HALE. He is at the mercy of the Secretary of Agriculture.

Mr. DAVIS. Mr. President—

Mr. BATE. As the debate has been going on for some time, I rise to a point of order. I understand that an objection was made to the consideration of the bill. Its consideration requires unanimous consent, and I make that objection.

The VICE-PRESIDENT. The debate has been proceeding only by unanimous consent. Objection being interposed, the Chair recognizes the Senator from Minnesota.

Mr. DAVIS. I wished to submit a word on the bill. If objection is made, I will refrain.

HOUSE BILL REFERRED.

The bill (H. R. 4560) to amend the postal laws relating to second-class mail matter was read twice by its title, and referred to the Committee on Post-Offices and Post-Roads.

DISTRICT TELEPHONE LINE.

The joint resolution (H. Res. 205) authorizing the building of a telephone line in the District of Columbia was read the first time by its title.

Mr. McMILLAN. I ask unanimous consent that the joint resolution may be put upon its passage.

The VICE-PRESIDENT. The joint resolution will be read at length for information.

The joint resolution was read the second time at length, as follows:

*Resolved, etc.*, That authority is hereby granted to William J. Browning, Chief Clerk of the House of Representatives, to build a telephone line from the House folding room to the new annex folding room in the McDowell Building, corner of North Capitol street and Massachusetts avenue, using the Government poles now on North Capitol street.

Mr. McMILLAN. The joint resolution has just passed the other House, and it is a matter of importance.

The VICE-PRESIDENT. Is there objection to the present consideration of the joint resolution?

There being no objection, the joint resolution was considered as in Committee of the Whole.

The joint resolution was reported to the Senate without amendment, ordered to a third reading, read the third time, and passed.

WESTERN JUDICIAL DISTRICT OF SOUTH CAROLINA.

The VICE-PRESIDENT. The morning business is closed, and the Calendar under Rule VIII is in order. The first case on the Calendar will be stated.

The bill (S. 811) to provide a district attorney and a marshal for the western judicial district of the State of South Carolina was announced as first in order, and the Senate, as in Committee of the Whole, proceeded to its consideration.

Mr. CULLOM. I inquire if that bill comes from the Judiciary Committee?

The VICE-PRESIDENT. It has been reported from the Judiciary Committee, the Chair understands.

Mr. PLATT. I should like to inquire of the chairman of the Judiciary Committee about this bill, for, although a member of the committee, I do not remember about it. Does it involve the salaries of two sets of officers in South Carolina when there is now only one set? If so, as to the district attorney and marshal for the district of South Carolina, their salaries being fixed with reference to the performance of all the duties in the State, will their salaries go on at the same figure at which they now are, and then will there be other salaries for these new officers? I do not think I understand the matter.

Mr. HOAR. This bill was considered by the Judiciary Committee and reported at the last session. It had the support of the Senators from South Carolina and also support from the legal profession in the State. Of course the Senate is familiar with the condition of South Carolina. There have been two judicial districts there for a good while, but the marshal and the district attorney for one of the districts have performed the duties for the other. This bill provides for a separate marshal and a separate district attorney.

If this bill should pass, then, of course, it will be necessary to have in the proper appropriation bill a new regulation as to the matter of the salary, which was regulated in the last appropriation bill with reference to one district alone; but it is not customary to make a new regulation of salaries until the law providing the salary has been first dealt with.

If this bill shall pass both Houses of the present Congress and

be signed by the President, then it will be necessary to insert in the proper appropriation bill such diminution of the salaries of the officials who now perform the duties of both districts as is proper; but it never has been the custom, in creating new districts or providing new duties of this kind, to put such a provision into the special bill passed for the purpose.

Mr. CULLOM. If the Senator will allow me, I think that in the adjustment of salaries for the marshals of that State, with all the others, there was a reference in the statute to the peculiar condition of affairs in that State; but whether additional legislation would not be required in order to specify the duties of the marshal and the district attorney, I am not sure. The Senator from South Carolina perhaps has before him the statute which was passed at the last session; and if so, I should like to hear what it is.

Mr. TILLMAN. I have not the statute before me, but I know the substance of it. It provided that the duties of marshal and district attorney of the eastern district should be performed and their salaries fixed under it, but it provided for a division of the salaries—I have forgotten the exact amount—I think it was \$2,500 for the western district and \$1,500 for the eastern district. They are already differentiated or separated by the last statute fixing the salaries of the district attorneys and marshals of the various districts.

Mr. CULLOM. I hope the Senator will allow the bill to go over for a minute, in order that we may see what the exact language of the statute is.

Mr. HOAR. If the Senator will allow me, this bill was reported from the Judiciary Committee on full consultation, as I have stated. That committee also reported as to the matter of salaries in a general salary bill for all the district attorneys in the country. That was referred to the Appropriations Committee and put on an appropriation bill and was settled after going into conference. I met that conference committee—indeed, I think I was one of the conferees—but the final action of the two Houses on the conference report took place after I left for Europe. So I am not prepared to answer precisely how that matter was arranged, but I am quite sure that is was arranged.

Mr. TILLMAN. If the Senator will allow me, it recognizes a difference in the districts, and fixes the salary for each district separately.

Mr. CULLOM. I will suggest, if the Senator will allow it, that the bill be passed over for the time being, so that we can examine it and see if the statute does not already provide for just such a situation as will exist if this bill shall become a law.

Mr. HOAR. No; the statute does not provide for new courts.

Mr. TILLMAN. I should like the Senator to let the bill go through to-day, and then if any change is found necessary it can be attended to in the other House. The time is very short, and unless we get the bill across we are not very likely to get it through at this session.

Mr. CULLOM. I have no objection to the consideration of the bill as soon as we can find the provision of the law which we are looking for at this moment.

The VICE-PRESIDENT. If there be no objection, the bill will lie over temporarily.

Mr. CULLOM. I believe I have the provision of the law here.

Mr. HOAR. I can give it to the Senator. It is just as I stated. The provision is:

For the eastern and western districts of the district of South Carolina, \$4,500, \$2,500 of which shall be for the performance of the duties of district attorney for the western district.

Mr. CULLOM. That is all there is of it?

Mr. PLATT. The salary is also divided.

Mr. TILLMAN. The salaries are separated.

Mr. CULLOM. That is the point I wanted settled before the bill passed, so as to be able to determine whether any additional legislation was necessary. I have no objection to the passage of the bill.

The bill was reported to the Senate without amendment, ordered to be engrossed for a third reading, read the third time, and passed.

PUBLIC LANDS IN GREER COUNTY, OKLA.

Mr. BERRY. I ask unanimous consent, out of order, for the consideration at this time of the bill (H. R. 7845) to provide for the entry of lands in Greer County, Okla., to give preference rights to settlers, and for other purposes. I will state it is important that legislation shall be had immediately. I therefore make this request.

By unanimous consent, the Senate, as in Committee of the Whole, proceeded to consider the bill.

The bill was reported to the Senate without amendment, ordered to a third reading, read the third time, and passed.

PRIVATE ARMED BRIG GENERAL ARMSTRONG.

The VICE-PRESIDENT. The next case on the Calendar will be stated.

The bill (S. 687) to apply the unexpended balance of the amount

heretofore appropriated for the relief of the captain, owners, officers, and crew of the late United States private armed brig *General Armstrong*, their heirs, executors, administrators, agents, or assigns, was announced as next in order; and the Senate, as in Committee of the Whole, proceeded to its consideration.

Mr. HAWLEY. Has that bill been called up for consideration?

The VICE-PRESIDENT. It has been reached in regular order on the Calendar.

Mr. HAWLEY. From what committee is it reported?

The VICE-PRESIDENT. The Committee on the Judiciary.

Mr. HAWLEY. I have no doubt the bill is all right, and I suppose the Senator from Massachusetts [Mr. HOAR] is familiar with it. I know there was something due to a number of people in connection with this matter, and I suppose the bill is properly guarded as to any future claims for any unexpended portion of this appropriation.

Mr. HOAR. As the Senator appeals to me, I can not say that I have now in my memory all the details of the case. The Senator from Alabama [Mr. PUGH] who reported the bill undoubtedly will remember them.

Mr. CULLOM. I suggest that the report be read.

Mr. HOAR. I will, however, make the general statement about the bill that, on very full debate, both Houses of Congress passed a bill for the relief of this claimant, in which the Secretary of State was authorized to pay him out of a certain fund in the State Department. That was misdescribed in some way in the law. The consequence was that the Secretary of State said he did not think he was authorized to make payment unless Congress amended the law and made the description of the fund more accurate, which he thought they ought to do. This bill is practically covered by the old law, and the bill is made necessary by an error of description in that law.

Mr. HAWLEY. As I remember the case, I think a considerable portion of that appropriation has been paid out, and there has been some little controversy as to the persons to whom it should be paid; but I have forgotten exactly what the details are. I have great admiration for the gallant action in which the *General Armstrong* participated, as I believe everybody has who knows anything about that extraordinary affair. The Senator from Alabama will probably be able to give us the facts regarding the case.

Mr. CULLOM. I think the report should be read; it is not a long one, will not take much time, and will enable us to understand the history of the case.

Mr. PUGH. The report contains a letter from Solicitor-General Conrad which gives the history of this claim, with which he is perfectly familiar, and it is set forth in full in the report of the Judiciary Committee. I hope there will be no objection to the consideration of this claim. It is an old one, and Congress has made two attempts to take this unexpended balance of the appropriation and pay it over to the claimants, and it has passed two acts, which have failed of execution for reasons stated in the letter of the Solicitor-General and in the report of the Judiciary Committee.

Mr. HAWLEY. I think that all the claims have been satisfied, as the matter now stands, and the only question is as to the unexpended balance.

Mr. CULLOM. If they are all satisfied, why dispose of this balance by giving it to somebody? We had better have a little money in the Treasury.

Mr. PUGH. I think we had better have the report read.

Mr. HAWLEY. I mean the claims aside from those of Mr. Reid have been satisfied. That is what I meant. Is that not so?

Mr. CULLOM. I should like to have the report read, Mr. President, in order that we may know the history of the case.

The VICE-PRESIDENT. The Senator from Illinois calls for the reading of the report, which will be read.

The Secretary read the following report, submitted by Mr. PUGH March 23, 1896:

The Committee on the Judiciary have had under consideration the bill (S. 687) to apply the unexpended balance of the amount heretofore appropriated for the relief of the captain, owners, officers, and crew of the late United States private armed brig *General Armstrong*, their heirs, executors, administrators, agents, or assigns, and make the following report thereon:

On May 1, 1882, Congress passed an act "authorizing and directing the Secretary of State to examine and adjust the claims of the captain, owners, officers, and crew of the late United States private brig *General Armstrong*, growing out of the destruction of said brig by a British force in the neutral port of Fayal in September, 1881, upon the evidence established before the Court of Claims, and to settle the same upon the principles of justice and equity."

On March 21, 1895, Congress passed another act entitled "An act making appropriations for the fiscal year ending June 30, 1895, and for prior years, and for other purposes," in which it is provided "that the unexpended balance made by the act of May 1, 1882, for the relief of the captain, owners, officers, and crew of the United States brig of war *General Armstrong*, their heirs, administrators, agents, or assigns, now under the control of the Department of State, shall be applied for the liquidation and settlement of the claim of Samuel C. Reid according to the vouchers now on file in said Department."

On the 3d of April, 1895, the Secretary of State submitted to the Solicitor-General the foregoing acts of 1882 and 1895, together with eighteen inclosures, asking the Solicitor-General to advise him as to what amount, if any, he was authorized to pay to Mr. Samuel C. Reid from the unexpended balance of the appropriation made by the said acts of 1882 and 1895.

On April 9, 1895, the Solicitor-General answered the communication of the Secretary of State as follows:

"That under the authority of the act of 1882 the Secretary of State, Mr. Frelinghuysen, ascertained that the amount originally appropriated for the payment of these claims was \$70,739.

"That by instrument of writing dated the 12th of September, 1885, the owners of the vessel, comprising fifteen persons and firms, assigned, transferred, and set over unto the said Samuel C. Reid, his heirs and assigns forever, all our right, title, and interest in the late private armed brig *General Armstrong*, subject to the payment of each of us of the one-half of any moneys that he may recover for or on account of said vessel.

"That \$43,000 was the amount awarded by the Court of Claims as indemnity for the losses of the owners of the vessel.

"That the said Capt. Samuel C. Reid, by an instrument executed by him dated October 31, 1851, assigned to Samuel C. Reid, Jr., 'all my right, title, and interest to and in the undivided half of sixteen shares of stock in the late private armed brig *General Armstrong*.'

"That by a further instrument in writing, dated the 12th of December, 1856, the said Capt. Samuel C. Reid assigned to Samuel C. Reid, Jr., 'all my rights, title, and interest whatsoever to and in the late private armed brig *General Armstrong*, as assigned to me by the stockholders and owners of said brig, in addition to the shares of stock in said brig made over by me to the said Samuel C. Reid, Jr., by deed dated October 31, 1851, and also all moneys in virtue thereof which shall or may be recovered from the Government of the United States, or the payment of which may be provided for by the Congress of the United States in virtue of the claim of the brig *General Armstrong* now pending before the Court of Claims of the United States.'

"That the award made by the Court of Claims for the losses of the owners, officers, and crew was \$27,739, which, when added to the award made as indemnity for the losses of the owners of the vessel of \$43,000, made the sum of the appropriation \$70,739.

"Upon these facts the Secretary of State ascertained and determined that Samuel C. Reid, Jr., was entitled to recover 50 per cent of the amount awarded the owners of the vessel and 40 per cent awarded to officers and crew, making \$33,619.80 which Samuel C. Reid, Jr., was entitled to receive from the appropriation of \$70,739.

"It appears that Samuel C. Reid, Jr., the present claimant, has made assignments to various persons, and that payments have been made to the assignees, and payment has also been made to Samuel C. Reid, Jr., himself, aggregating the amount appearing in the tabulated statement in Senate Executive Document No. 164, first session Forty-ninth Congress, of \$54,342.48, leaving the balance of the appropriation unexpended \$16,396.52."

The Solicitor-General, in his communication to the Secretary of State, held that the act of Congress approved March 2, 1895, was the only authority under which the Secretary of State was authorized to disburse the unexpended balance; that this act expressly provided that it "shall be applied for the liquidation and settlement of the claim of Samuel C. Reid, according to the vouchers now on file in said Department."

The Solicitor-General further held that the claim of the officers and crew of the brig, as well as those of the owners, have been recognized by the Court of Claims and by Congress, and that if the Secretary of State now, without further authority than that conferred upon him by the act of March 2, 1895, apply the unexpended balance to the payment of the claim of Samuel C. Reid, Jr., the Government would still remain liable to the officers and crew and the owners of the brig whose recognized claims have not yet been paid out of the amount appropriated, and the Solicitor-General expressed the opinion that any balance left remaining of the amount appropriated should be "reserved for further disposition by Congress."

The committee present the history of the case, which shows the necessity for the passage of the bill which they have had under consideration.

The only cloud upon the claim of Samuel C. Reid, Jr., to the unexpended balance of the appropriation is that suggested in the opinion of the Solicitor-General as appearing out of the claims of the officers and crew of the brig, as well as the owners, which have been recognized by the Court of Claims and by Congress.

The sole question, therefore, is, Shall Congress withhold the unexpended balance of \$16,396.52 to await the claims of all the officers and crew of the brig, as well as those of the owners, which have been recognized as now outstanding?

The bill under consideration was submitted by the Judiciary Committee to Solicitor-General Conrad, who had fully considered the whole subject, and his opinion was asked in regard to the subject-matter of the bill, and in response to the request of the committee, in a letter dated February 4, 1896, the Solicitor-General stated that—

"The matter of the disposition of this fund by the Secretary of State was made the subject of an opinion given by me to the Secretary of State April 9, 1895, from which it will be seen that I was of opinion that the Secretary of State, without further authority than that conferred upon him by act of March 2, 1895, could not, for reasons stated, safely or properly pay over the unexpended balance in his hands to Mr. Samuel C. Reid, Jr.

"It is true that under the assignment of the 12th of September, 1885, from the owners of the vessel to Capt. Samuel C. Reid, he was required to bear all the expenses and charges and perform all necessary services for the collection of the demand hereafter mentioned. It is also true that the claims of all the officers and crew of the brig, as well as those of the owners, have been recognized by the Court of Claims and by Congress; but it is equally true that sixty years have passed since the assignment was made, and no claimant in that time appears to have come forward to make demands for his distributive share of this fund, and the papers on file do show that for nearly forty years Mr. Samuel C. Reid, Jr., has single handed and alone prosecuted this claim. The amounts expended by him in the prosecution of it appear to have been legitimate expenditures for labor and services, and not for any improper agency or means of 'lobbying' or the like.

"I have thought it but just and equitable, in view of the great expense to which Mr. Reid has been subjected in the prosecution of this matter and of the great improbability that any claim on the part of the officers or owners yet existed or after this great lapse of time would ever be called for, that the unexpended balance might safely be paid over to Mr. Reid."

The committee agree with the Solicitor-General that it is but just and equitable, in view of the great improbability that any claim on the part of the officers or owners will ever be presented against the Government after sixty years have elapsed without any presentation of the same, that the unexpended balance might safely be paid to Mr. Samuel C. Reid, Jr.

The committee report back the bill with the recommendation that it do pass, with an amendment striking out the preamble.

Mr. HAWLEY. The Senate will have seen by this time that I was not unreasonable in making an inquiry as to what was done with the unexpended balance. It appears that the proper officer of the Attorney-General's Office was at one time opposed to disposing of the remainder, but he now thinks it quite equitable and just that Congress should make Mr. Reid a sort of residuary legatee of all that remains. Probably nobody will ever come, after

this lapse of time, to claim a share of it. I find that the bill has had thorough consideration, and I make no further objection to it.

Mr. CULLOM. I have listened to the reading of the report, and I think it discloses the fact that the Government may hereafter be called upon to pay other claimants. But as they have not sought to acquire any portion of this sum for sixty years, I am not inclined to make any further opposition to the bill.

The bill was reported to the Senate without amendment, ordered to be engrossed for a third reading, read the third time, and passed.

The Committee on the Judiciary reported an amendment, to strike out the preamble; which was agreed to.

JOHN N. QUACKENBUSH.

Mr. HOAR. I do not like to interfere with the regular order of the Calendar, but I ask the Senate to take up the bill (S. 3313) for the relief of John N. Quackenbush, late a commander in the United States Navy. At the last session the bill passed both Houses, but it did not get to the President in time to receive his attention. It was called up the other day and was before the Senate, but went over temporarily on account of a suggestion of the Senator from New Hampshire [Mr. CHANDLER], who now withdraws his opposition to the bill. I suppose it will not be necessary to read the bill except by title, as it was read at length the other day.

There being no objection, the Senate, as in Committee of the Whole, proceeded to consider the bill. It authorizes the President to nominate and, by and with the advice and consent of the Senate, to appoint John N. Quackenbush, late a commander in the Navy of the United States, to the same grade and rank of commander in the United States Navy as of the date of August 1, 1883, and to place him on the retired list of the Navy, as of the date of June 1, 1895. But he shall receive no pay or emoluments except from the date of such reappointment.

The bill was reported to the Senate without amendment, ordered to be engrossed for a third reading, read the third time, and passed.

ADJOURNMENT TO MONDAY.

Mr. HALE. I move that when the Senate adjourn to-day it be to meet on Monday next.

The motion was agreed to.

OSCAR A. BULETTE.

Mr. HAWLEY. I ask unanimous consent to call up the bill (H. R. 5407) to remove the charge of desertion now standing against Oscar A. Bulette, known in his military title as Austin Bulette, late private Company E, Fifty-second Illinois Infantry Volunteers, during the late war.

There being no objection, the Senate, as in Committee of the Whole, proceeded to consider the bill.

The bill was reported to the Senate without amendment, ordered to a third reading, read the third time, and passed.

WILLIAM B. ELLIS.

Mr. COCKRELL. I ask unanimous consent for the present consideration of the bill (H. R. 2259) for the relief of William B. Ellis. The bill has been reported favorably by the Committee on Military Affairs, and proposes to correct the record of the soldier.

There being no objection, the Senate, as in Committee of the Whole, proceeded to consider the bill, which had been reported from the Committee on Military Affairs with an amendment, in line 4, after the words "directed to," to strike out all of the bill down to and including the word "date," in line 9, and insert in lieu thereof the following:

Revoke Special Field Orders, No. 194, from the Headquarters Department of the Cumberland, dated July 16, 1863, accepting the resignation of William B. Ellis, late captain of Company I, Seventy-ninth Regiment Indiana Volunteer Infantry, and discharging him from the service "for worthlessness as an officer," and then to accept said resignation and to issue to him an honorable discharge as of date July 16, 1863, and to correct his record accordingly.

So as to make the bill read:

*Be it enacted, etc.*, That the Secretary of War be, and he is hereby authorized and directed to revoke Special Field Orders, No. 194, from the Headquarters Department of the Cumberland, dated July 16, 1863, accepting the resignation of William B. Ellis, late captain of Company I, Seventy-ninth Regiment Indiana Volunteer Infantry, and discharging him from the service "for worthlessness as an officer," and then to accept said resignation and to issue to him an honorable discharge as of date July 16, 1863, and to correct his record accordingly: *Provided*, That no pay, bounty, pension, or other allowances shall become due or payable by reason of the passage of this act.

The amendment was agreed to.

The bill was reported to the Senate as amended, and the amendment was concurred in.

The amendment was ordered to be engrossed, and the bill to be read a third time.

The bill was read the third time, and passed.

WILLIAM E. BOND.

Mr. PASCO. I ask unanimous consent that the first bill in order on the Calendar may now be considered. It is the bill (S. 2393) for the relief of William E. Bond.

There being no objection, the Senate, as in Committee of the Whole, proceeded to consider the bill. It authorizes the Secre-

tary of the Treasury to pay to William E. Bond, of Edenton, Chowan County, N. C., \$307.48.

The bill was reported to the Senate without amendment, ordered to be engrossed for a third reading, read the third time, and passed.

DONATION OF CONDEMNED CANNON.

Mr. CARTER. I ask unanimous consent for the present consideration of the bill (S. 3219) donating condemned cannon and cannon balls to the Wadsworth Post, Grand Army of the Republic, of Helena, Mont.

There being no objection, the Senate, as in Committee of the Whole, proceeded to consider the bill.

Mr. CARTER. I move to amend the bill by striking out the words "the Navy" in line 8 and inserting the word "War."

The PRESIDING OFFICER (Mr. BLACKBURN in the chair). The amendment will be stated.

The SECRETARY. In line 8 it is proposed to strike out the words "the Navy" and insert the word "War;" so as to read:

That the Secretary of War be, and he is, directed to deliver to Wadsworth Post, Grand Army of the Republic, Helena, Mont., two condemned cannon.

The amendment was agreed to.

The bill was reported to the Senate as amended, and the amendment was concurred in.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

JOSHUA BISHOP.

Mr. COCKRELL. Let us now proceed with the Calendar.

The PRESIDING OFFICER. The next case on the Calendar will be stated.

The bill (S. 2338) for the relief of Joshua Bishop was announced as next in order, and the Senate, as in Committee of the Whole, proceeded to its consideration. It confers on the Court of Claims jurisdiction to try and determine the claim of Joshua Bishop against the United States for pay alleged to be due and unpaid to him as lieutenant-commander of the Navy from February 9, 1868, to February 28, 1871.

The bill was reported to the Senate without amendment, ordered to be engrossed for a third reading, read the third time, and passed.

FISH HATCHERY IN THE STATE OF WASHINGTON.

The bill (S. 470) granting to the State of Washington certain lands therein situated for the purpose of a fish hatchery was considered as in Committee of the Whole.

The bill was reported to the Senate without amendment, ordered to be engrossed for a third reading, read the third time, and passed.

DONATION OF CONDEMNED CANNON.

Mr. LINDSAY. I ask unanimous consent for the present consideration of the bill (H. R. 7777) to authorize the Secretary of the Navy to furnish condemned cannon to Fort Thomas, Ky.

There being no objection, the Senate, as in Committee of the Whole, proceeded to consider the bill.

Mr. HILL. What is that fort? Is it a United States fort?

Mr. LINDSAY. It is a United States fort, a garrison, and regimental station.

Mr. HILL. The only point about it is that I was about to suggest to the Senator from Kentucky whether the case is not covered by the general bill which we have already passed, authorizing the Secretary of the Navy and the Secretary of War to give or loan to municipalities and various organizations condemned cannon. The reason why I ask him if it is not covered by that measure is because he speaks of it as Fort Thomas.

Mr. LINDSAY. I do not think it is covered by that measure. It is a United States fort, regimental station, and barracks.

Mr. HILL. I should suppose, then, that the Secretary of the Navy could do it at his discretion without any bill. I have no objection to the bill, however, unless it is covered by the general law.

The bill was reported to the Senate without amendment, ordered to be engrossed for a third reading, read the third time, and passed.

PROPOSED INDUSTRIAL COMMISSION.

The PRESIDING OFFICER. The next case on the Calendar will be stated.

The bill (H. R. 9188) authorizing the appointment of a nonpartisan commission to collate information and to consider and recommend legislation to meet the problems presented by labor, agriculture, and capital, was announced as next in order.

Mr. PLATT. Let the bill go over.

The PRESIDING OFFICER. The Senator from Connecticut asks that the bill shall be passed over.

Mr. PERKINS. This bill has been upon our Calendar since last June. We have been waiting anxiously to reach it, and it seems to me it should be disposed of at this time. It is a measure of great importance, I think, and it is entitled to the consideration of the Senate. It should either be passed or defeated. I hope the Senator from Connecticut will therefore permit the bill to be considered at this time, as we have reached it in its regular order.

Mr. PLATT. The bill can not be considered under the five-minute rule. It is a very important bill, and there are serious objections to it.

Mr. PERKINS. Then I move that it be made the special order for next Monday at 2 o'clock.

The PRESIDING OFFICER. The Senator from California moves that the bill shall be made the special order for 2 o'clock on Monday next.

Mr. PETTIGREW. I have no objection to its being made the unfinished business after we shall have disposed of the homestead bill.

Mr. PERKINS. I will be satisfied if that course can be pursued.

Mr. PLATT. The Senator from California does not propose that.

Mr. ALDRICH. It can not be done except by unanimous consent.

Mr. PEFFER. I suggest to the Senator from California that if he would move to make the bill to which he refers the regular order, to be taken up immediately after the conclusion of the bill which is now the regular order, perhaps he might attain his object.

Mr. ALDRICH. I suggest that it is not in order.

Mr. PERKINS. It is in order to make a motion for a special order.

Mr. ALDRICH. Oh, yes.

The PRESIDING OFFICER. In the judgment of the Chair, the motion of the Senator from California is clearly in order.

Mr. ALDRICH. Undoubtedly.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from California, that the bill the title of which has been stated by the Secretary shall be made a special order for 2 o'clock on Monday next.

Mr. PETTIGREW. I do not desire that the bill shall be made a special order so as to interfere with the unfinished business.

The PRESIDING OFFICER. The Chair will state to the Senator from South Dakota that the unfinished business takes precedence under the rule.

Mr. PETTIGREW. Very well.

Mr. PERKINS. To remove any possible objection, I will suggest Wednesday next at 2 o'clock.

The PRESIDING OFFICER. The Senator from California moves that the bill shall be made a special order for 2 o'clock on Wednesday next.

Mr. CALL. I suggest to the Senator from California that the resolution reported by the Committee on Foreign Relations in relation to the independence of Cuba ought to receive the consideration of this body, and no order ought to be made providing for the consideration of any measure upon a particular day which would exclude the consideration of that resolution.

Mr. PERKINS. I am in deep sympathy in the abstract with the cause which my friend the Senator from Florida is advocating. This measure, however, is for our own people. It is in the interest of the people of this country, and I think we ought to do a little talking and perhaps some legislating for our own people as well as for the oppressed of Cuba and Armenia. Therefore, I shall insist upon my motion.

Mr. ALDRICH. I suggest that the bill can not be made a special order until it is brought before the Senate. The first thing to be done is to get the bill before the Senate. A motion to make a special order is not in order except when the bill is before the Senate.

Mr. COCKRELL. The bill is before the Senate.

The PRESIDING OFFICER. The Chair suggests to the Senator from Rhode Island that the bill was regularly reached in its place upon the Calendar.

Mr. ALDRICH. Subject to objection.

The PRESIDING OFFICER. The objection applied only to the present consideration of the bill.

Mr. ALDRICH. I object to the present consideration of the bill.

The PRESIDING OFFICER. Objection has been made by the Senator from Connecticut [Mr. PLATT].

Mr. ALDRICH. Then the bill has passed from the consideration of the Senate.

The PRESIDING OFFICER. The Chair hardly agrees with the Senator from Rhode Island, the bill having been brought up, not subject to objection, but reached in its regular order upon the Calendar.

Mr. ALDRICH. Undoubtedly.

The PRESIDING OFFICER. Its present consideration was antagonized by the Senator from Connecticut. Then the Senator from California undertook to have it fixed as the special order for some future day.

Mr. ALDRICH. But in order to do that he must first move to take up the bill.

Mr. PLATT. Notwithstanding the objection.

Mr. ALDRICH. Notwithstanding the objection; and then the

bill being up, he can move to make it a special order for a special day.

The PRESIDING OFFICER. The Chair hardly agrees with the Senator from Rhode Island. If the bill had been called up or its consideration called for by any Senator, subject to objection to the request for unanimous consent, it would not have been before the Senate had objection been made. But the bill was before the Senate, having been reached in its regular order on the Calendar.

Mr. ALDRICH. I should be glad if the Chair would call the attention of the Senate to any rule on the subject.

Mr. PLATT. I ask that Rule VIII be read.

Mr. ALDRICH. Let Rule VIII be read.

The PRESIDING OFFICER. The Senate is now proceeding under the rule to which the Senators refer. The Secretary will read the rule.

The Secretary read as follows:

**RULE VIII.**

**ORDER OF BUSINESS.**

At the conclusion of the morning business for each day, unless upon motion the Senate shall at any time otherwise order, the Senate will proceed to the consideration of the Calendar of Bills and Resolutions, and continue such consideration until 2 o'clock; and bills and resolutions that are not objected to shall be taken up in their order, and each Senator shall be entitled to speak once and for five minutes only upon any question; and the objection may be interposed at any stage of the proceedings, but upon motion the Senate may continue such consideration; and this order shall commence immediately after the call for "concurrent and other resolutions," and shall take precedence of the unfinished business and other special orders. But if the Senate shall proceed with the consideration of any matter notwithstanding an objection, the foregoing provisions touching debate shall not apply.

All motions made before 2 o'clock to proceed to the consideration of any matter shall be determined without debate.

The PRESIDING OFFICER. The Chair will ask the Secretary to read the first section of Rule X.

The Secretary read as follows:

**RULE X.**

**SPECIAL ORDERS.**

1. Any subject may, by a vote of two-thirds of the Senators present, be made a special order; and when the time so fixed for its consideration arrives, the Presiding Officer shall lay it before the Senate unless there be unfinished business of the preceding day; and if it is not finally disposed of on that day, it shall take its place on the Calendar of Special Orders, in the order of time at which it was made special, unless it shall become by adjournment the unfinished business.

Mr. ALDRICH. I think the two rules which have just been read show clearly that my contention in regard to this matter must be right. We are acting under Rule VIII. Under the provisions of that rule, bills are in order subject to objection. If objected to, a bill goes over, retaining its place on the Calendar, unless a motion is made to take up the bill notwithstanding the objection. The moment the objection was made this bill passed from the consideration of the Senate, unless the Senator

Mr. HILL. Will the Senator from Rhode Island allow me a moment?

Mr. ALDRICH. Certainly.

Mr. HILL. Does the Senator say that we have to take up the bill first before we can make a special order of it?

Mr. ALDRICH. Undoubtedly, in the morning hour, when we are proceeding under Rule VIII. If the motion was made after 2 o'clock or at some other time, a different rule might apply, but during the morning hour, up to 2 o'clock, when proceeding under Rule VIII, nothing is in order except unobjected cases or cases which have been taken up by a vote of the Senate notwithstanding the objection.

Mr. HILL. It strikes me that when the bill is reached it is duly reached to be disposed of in any proper way, except that its present consideration shall not be proceeded with; it is then before the Senate, and any other motion can be made that is pertinent to its disposition. Can not a motion then be made to refer it?

Mr. ALDRICH. Not at all, unless it was taken up.

Mr. HILL. To recommit it?

Mr. ALDRICH. Not unless the bill was before the Senate for consideration.

Mr. JONES of Arkansas. Will the Senator from Rhode Island allow me a moment in that connection?

Mr. ALDRICH. Certainly.

Mr. JONES of Arkansas. It seems to me the contention of the Senator from New York is absolutely indisputable from the language of Rule VIII. It says:

And the objection may be interposed at any stage of the proceedings, but, upon motion, the Senate may continue such consideration.

Showing plainly that the language of the rule means that the bill has not gone from the consideration of the Senate by reason of the objection alone.

Mr. ALDRICH. Mr. President, when the objection is made, nothing is in order, it seems to me, except a motion to take up the bill notwithstanding the objection which was interposed to its consideration. A motion can not be made to postpone a bill which is not before the Senate. Otherwise any motion which is debatable might be made, and the time of the Senate might be taken up.

with the consideration of a bill when no vote at all had been taken upon the subject, notwithstanding the objection.

The object of the eighth rule was that unobjection cases on the Calendar which had received favorable report should be considered in the morning hour, or when objection did take place and the will of the Senate was the other way, that then the bill should be taken up notwithstanding the objection. A motion to make a special order is practically a motion to postpone the consideration to a fixed day, it occurs to me, and certainly we can not postpone the consideration of a bill unless the bill itself is before the Senate.

Mr. PERKINS. Mr. President, the Senator from Rhode Island is the chairman of the Committee on Rules and the author of many of them. I am charitable enough to believe that all of these rules were made for the purpose of expediting the business of the Senate and at the same time giving us an opportunity to express our views upon the pending question. We reached this measure on the Calendar in its regular order. The Senator from Connecticut said that the limited time of five minutes would not be sufficient for him to discuss the measure. Therefore, out of consideration for him, while the bill was before the Senate and in its possession, I moved to make it a special order for 2 o'clock next Wednesday. It seems to me that this course is in perfect accord with the rule read by the Senator from Arkansas.

The PRESIDING OFFICER. The Chair entertains no doubt about the proper decision of the question pending.

Mr. ALDRICH. I should like to have the bill read on which the motion is made.

The PRESIDING OFFICER. The Chair will first rule upon the point the Senator from Rhode Island has raised.

Mr. ALDRICH. I understood the Chair to decide against it.

The PRESIDING OFFICER. The only question between the Senator from Rhode Island and the Chair is as to whether the bill was before the Senate. It was reached in its regular order upon the Calendar. The Chair does not understand that Rule VIII takes away from the Senate the power to dispose of a bill except by present consideration reached in the morning hour under the operation of that rule. Objection being made to the present consideration of the bill, it went over, and that objection may, under the rule, be made at any time; but it did not take the bill, in the judgment of the Chair, from before the Senate. The Chair has no doubt that it was perfectly competent and in order for the Senator from California to move to make the bill, regularly reached in its order and before the Senate, a special order for any given time.

Mr. ALDRICH. I have no disposition to appeal from the decision of the Chair; but I would suggest, if that is a good ruling, that a motion to amend or any other motion which is pertinent to a bill may be made after a bill had been objected to and after, under objection, it had passed from the consideration of the Senate.

The PRESIDING OFFICER. The Chair thinks not, because the submission of an amendment would involve the consideration of the bill, but a motion to fix a day for its hearing does not involve its consideration at this time.

Mr. ALDRICH. I have great regard for the opinion of my predecessor upon the Committee on Rules, and therefore I will not appeal from the decision of the Chair; but I ask that the bill which is proposed to make a special order may be read.

The PRESIDING OFFICER. The bill will be read.

The SECRETARY. A bill authorizing the appointment of a non-partisan commission to collate information and to consider and recommend legislation to meet the problems presented by labor, agriculture, and capital.

Mr. PERKINS. I desire to appeal to the Senator from Rhode Island. I want him first to see that his plan is very transparent to anyone. The hour of 2 o'clock has about arrived, and the measure goes over. I want the Senate to vote upon the measure "aye" or "no," and, while he is opposed to it, let him beat it fairly. The bill I will read to him in private in his committee room after we adjourn, if he wishes to hear it; but I say it is unfair to take up the time of the Senate at this moment for the purpose of having it go over.

Mr. ALDRICH. I have a very shadowy idea about what the bill is. I know that, in a general way, it involves the expenditure of two or three hundred thousand dollars a year at least, perhaps a half million, in what, according to my notion, is the most chimerical idea that was ever presented to the American Senate. I think it is rather desirable, in view of that fact, that the Senate should know something about the character of the bill which it is proposed to make a special order. I have never known a case where, at the request of a Senator or anybody else, a bill of importance was made a special order without being read. So, it strikes me that the criticism of the Senator from California is a little wide of the mark. I shall ask that the bill may be read.

The PRESIDING OFFICER. The Secretary will read the bill.

The Secretary read the bill, as follows:

Whereas many of those engaged in the various fields of labor and also many of those engaged in agricultural pursuits are organized and, together with

those engaged in commerce, are presenting grievances to Congress and to the various State governments, seeking and demanding legislation in their behalf: Now, therefore, in order to give a hearing and to meet the requirements of this large number of citizens,

*Be it enacted, etc.* That the President of the United States is hereby authorized and directed to appoint a commission, to be called the "Industrial Commission," composed as follows: Three men representative of labor, three men representative of agriculture, three men representative of manufacturing, and three men representative of business. A majority of this commission shall not belong to any one of the political parties which took part in the last Presidential election. The President shall have the power to remove any member of said commission for inefficiency, neglect of duty, or malfeasance, or for any other reason duly set forth.

SEC. 2. That each division of three shall have the right to employ one legal adviser, whose compensation shall be the same as hereinafter provided for a member of the commission, and one secretary, at a salary of \$200 per month. The commission shall convene in the city of Washington, D. C., within sixty days after its appointment, and shall organize by the selection of one of its members as president, who shall designate from time to time one of the secretaries provided for in this section to act as secretary of the commission. The president and officers shall be chosen by a majority vote of the commission, and may be removed from office at any time by a vote of two-thirds of the commission; the president shall serve for such term as the commission may determine; a majority of the commission shall determine the composition of its standing committees and their duties, and shall appoint any subcommittees that may be required as provided for in section 5, and committees and subcommittees shall report to the commission. The commission shall have power to make such rules as it may deem necessary for carrying out the purposes of this act.

SEC. 3. That it shall be the duty of this commission to investigate questions pertaining to immigration, to labor, to agriculture, to manufacturing, and to business, and to recommend to Congress such legislation as it may deem best upon these subjects.

SEC. 4. That it shall furnish such information and suggest such laws as may be made a basis for uniform legislation by the various States of the Union, in order to harmonize conflicting interests and to be equitable to the laborer, the employer, the producer, and the consumer.

SEC. 5. That the commission shall receive petitions and other papers on subjects pertaining to its duties and give reasonable time for hearings, if deemed necessary, and if necessary it may appoint a subcommission or commissions of its members to make investigation in any part of the United States, and it shall be allowed actual necessary expenses for the same. It shall have the authority to send for persons and papers and to administer oaths or affirmations. All necessary expenses, including reading clerk, shorthand reporters, messengers, rent for place of meeting, furniture and fixtures, and printing and stationery shall be allowed; however, not to exceed \$50,000 per annum for expenditures under this section.

SEC. 6. That it may report from time to time to the President of the United States, and shall at the conclusion of its labors submit a final report.

SEC. 7. That the term of the commission shall be two years. The salary of each member of this commission shall be \$5,000 per annum and actual traveling expenses from the home of each commissioner to Washington and return once each year.

SEC. 8. That any vacancies occurring in the commission by reason of death, disability, or from any other cause shall be filled by appointment of the President of the United States.

SEC. 9. That a sum sufficient to carry out the provisions of this act is hereby appropriated out of any moneys in the Treasury of the United States not otherwise appropriated.

Mr. ALDRICH. I caused the bill to be read because I believe that when its extraordinary provisions become apparent to the Senate it will never vote to make it a special order. I have been in the Senate some sixteen years, and it is certainly the most extraordinary proposition that has ever been presented to this body by any standing committee. I should like to call attention, very briefly, to some of its provisions. It provides for the appointment of a commission of fifteen, as I remember it.

Mr. PERKINS. Twelve.

Mr. ALDRICH. A commission of twelve, at a salary of \$5,000 a year. To do what? To do the very things that Congress is elected to do; that is, to suggest legislation for the benefit of the people of the United States. These gentlemen are to be divided into subdivisions, and each one of the subdivisions is to employ an attorney at a salary of \$5,000 a year (if I am correct, and I think I am), making sixteen men in all to be appointed as a commission at a salary of \$5,000 a year, to consider questions of legislation. In addition to these salaries the expenses of the commission are to be paid. They are authorized to employ clerks and employees of all kinds to aid them in their work.

I do not desire to say anything or to do anything that my friend from California will consider unkind, but I do say that there is not a member of the Senate, in my opinion, who will carefully consider the measure and agree to vote for the bill at all, to say nothing about making it a special order at any time.

Mr. PERKINS. There were but 2 votes against it in the House of Representatives.

Mr. ALDRICH. I am sorry for the House of Representatives, then.

Mr. PERKINS. The Senator's colleagues in the House supported it.

Mr. ALDRICH. I am very sorry for my colleagues.

Mr. PLATT. If the Senator is in order—

The PRESIDING OFFICER. Will the Senator from Rhode Island suspend?

Mr. HILL. The committee presented the bill in the presence of the Senate.

Mr. ALDRICH. I suppose so. I am not sure but that the Senator from New York is a member of that committee. I will not say anything to hurt his feelings.

Mr. HILL. The Senator will not say anything to hurt my feelings.

The PRESIDING OFFICER. The Senator will suspend. The hour of 2 o'clock having arrived, the Chair lays before the Senate the unfinished business coming over from its last session, which will be stated.

The SECRETARY. A bill (H. R. 3656) providing for free homesteads on the public lands in Oklahoma Territory for actual and bona fide settlers, and reserving the public lands for that purpose.

The PRESIDING OFFICER. The pending question is on the first committee amendment, which has been read. The Senator from Connecticut [Mr. PLATT] is entitled to the floor.

Mr. FRYE. Where does the Senator from California understand his bill to be now?

Mr. PERKINS. It will come up as unfinished business in the morning hour at the next legislative session.

Mr. PLATT. Oh, no.

Mr. FRYE. When objection was made, Mr. President, the bill went to the Calendar under Rule IX; and unless the Senator from California asks that it may preserve its place under Rule VIII he will find it under Rule IX, and not to come up in the morning hour at all.

The PRESIDING OFFICER. The Chair will state that there is no unfinished business in the morning hour.

Mr. PERKINS. Mr. President—

Mr. ALDRICH. I agree with the Chair finally.

Mr. FRYE. The Senator from California had better ask unanimous consent that the bill retain its place under Rule VIII. Otherwise it goes under Rule IX.

Mr. PERKINS. I thank the Senator from Maine for the suggestion. I ask unanimous consent that the bill may retain its place.

The PRESIDING OFFICER. Is there objection to the request of the Senator from California? The Chair hears none.

Mr. ALDRICH. What was the suggestion?

The PRESIDING OFFICER. The Senator from California asks unanimous consent that the bill may retain its place under Rule VIII on the Calendar. The Chair hears no objection.

#### FREE HOMESTEADS IN OKLAHOMA TERRITORY.

The Senate, as in Committee of the Whole, resumed the consideration of the bill (H. R. 3656) providing for free homesteads on the public lands in Oklahoma Territory for actual and bona fide settlers, and reserving the public lands for that purpose, the pending question being on the first amendment reported by the Committee on Public Lands.

Mr. PLATT. Mr. President, I do not wish to detain the Senate long with reference to the bill now under consideration.

The objections which I have to the bill were embodied in the views which I submitted as a member of the committee and were read upon the consideration of the bill yesterday. Perhaps I might leave the whole subject there if it were not that some of the suggestions which were made by the Senators advocating the passage of the bill seem to require some explanation and some criticism on my part.

The question is a simple and at the same time an important one. It is a single issue, and is this: Congress has adopted the policy, when extinguishing the Indian title and the opening to settlement of lands in the reservations, that the Government shall be reimbursed for the amount which it may pay to extinguish the Indian title.

Congress has been acting on that policy certainly since 1889, and whenever it has made an agreement with the Indians by which it purchased from them a portion of their reservation or paid to them sums of money for the purpose of procuring from them the extinguishment of their title it has provided in the act by which they were opened to settlement that persons settling upon those lands should settle under the homestead laws and in addition should pay a sum per acre for the lands which would be equivalent to what the Government had been called upon to pay the Indians.

Under this policy about 35,000,000 acres of land have been bought from Indians, taken out from the Indian reservations, and opened to settlement. I say bought from the Indians, for that is practically what has been done. The Indians have been paid to relinquish their titles to the lands, and in every instance a sum per acre has been fixed in the act providing for the opening of the lands to settlement which the settler was to pay.

For seven or eight years Congress has recognized this policy, has acted upon it, and during the whole time there has not been a suggestion from any quarter in the United States that that was not what the Government ought to do. The people who are now asking that the Government shall release to the settlers the sum which they were to pay at the end of their five years' homestead occupation have seen all these acts pass in Congress, have known the principle upon which they were framed—I may say have urged the passage of these bills in Congress knowing the principle upon which the bills were framed—and have never suggested that it was not what the Government ought to do.

It is very strange, Mr. President, that now it should all at once

be discovered that Congress has been acting upon an entirely wrong principle during these seven or eight years, that it has been perpetrating a great wrong upon the people who desired to settle upon the public lands, a wrong which ought to be remedied even at a great expense to the Government.

It seems to me that the statement which I have made, which will not be contradicted, which can not be contradicted, ought to be decisive of this question. I might go further.

Mr. ALLEN. Will the Senator from Connecticut permit me at that point?

Mr. PLATT. Certainly.

Mr. ALLEN. So far as the settlers upon Indian lands in my State are concerned, they have protested against the Government exacting \$2.50 an acre out of them for the last five or six years; in fact, since the Great Sioux Reservation was opened to settlement. But in this connection, if the Senator will permit me, there is some pride in American citizenship. The people who occupy these lands have desired, if they could, by economy and industry, to pay for them, but the condition of the seasons and the climate has been such as to render it absolutely futile for them to attempt to do so. Knowing that fact, they now come here and ask the Government to resume the policy of free homesteads.

Mr. PLATT. Well, Mr. President, I think I will touch upon all those subjects. It has been my fortune to be a member either of the Territorial Committee or of the Indian Committee of the Senate during all the period covered by the passage of such acts. I was a member of both committees at the time the bill for the opening of the Great Sioux Reservation was passed. I can state of my own knowledge that the importunities of the people who desired the opening of that reservation were coupled with a promise that the settlers should pay a sum sufficient to reimburse the Government, or a sum which should be fixed by the Government, for the benefit of the Indians. There was no objection to it, but it was conceded that it was right that it should be so done.

Mr. PETTIGREW. What case was that?

Mr. PLATT. The Great Sioux Reservation. I remember all about the opening of that reservation. This question does not range around the Great Sioux Reservation particularly, Mr. President, as I shall show; but year after year the committees of the Senate were persistently urged to open that reservation in the interest of the people who wanted to settle upon it, and then it was represented to be the very garden of the earth. The policy of the Government in allowing such fertile, rich land to remain in the possession of the Indians when white settlers were anxious to take it and pay for it a fair price was denounced. Oh, no, Mr. President, I know all about the opening of these Indian reservations. I know all about the passage of these bills.

Right here, perhaps, I might as well allude to a suggestion which was made yesterday by the Senator from South Dakota [Mr. PETTIGREW] that the objection to the passage of the pending bill came from the East, although he did not use the word "East," but that section of the country where the wealth is. Now, Mr. President, that was hardly kind. I think that as an Eastern Senator I have, perhaps, been as liberal to Western sentiment as any Western Senator. There are six States in the West not very largely populated, and about the admission of which there has been pretty severe criticism, a good deal of which has been directed toward me, and I think perhaps it is safe to say I had as much to do with the bringing into the Union those States as any one Senator, an action which I do not feel called upon to defend, an action which I would take again, because I believe in the admission as a State of any Territory which comes to that condition where it has a self-supporting, a free, and a prosperous people. But I am not to be charged with prejudice against the West, and I think that my conduct here in the Senate may certainly be appealed to to exonerate me from any such charge.

I was going on to say that during all the time when these lands were being opened for settlement, during all the time when Congress was being importuned to give the white people an opportunity to go upon them, there has never been heard, so far as I know, an objection that there was anything wrong in the policy of requiring the settlers to pay a sufficient sum of money to reimburse the Government. I might go to the CONGRESSIONAL RECORD and show that over and over again, when these bills have been under consideration, Senators and Representatives advocating them have referred to the fact that the Government was to be reimbursed by payment from the settlers for its expenditure in extinguishing the Indian title.

So this thing has not been done in a corner, Mr. President. Now the objection is made—and it is a plausible claim and a plausible objection—that the principles of the homestead act should apply to the settlement of these lands. If that had been urged when the lands were being opened, when the people were clamoring for opportunity to settle upon these lands, it would have been a very different question from what it is now. Even then I do not think that the application of the principle which underlies the homestead act would have been proper; but now,

when these bills have been passed, and passed without the suggestion that these lands ought to be opened under the homestead law without any payment on the part of the settlers, it seems to me that as to these lands the case ought to be considered closed. If in the future opening of Indian reservations and extinguishment of Indian titles Congress shall be asked to adopt a different policy and go back to the homestead law, under which it is desired that the lands shall be settled and that the Government shall pay these large sums of money which it has to pay for the extinguishment of the Indian title and then donate the land, the question would then fairly come up. It would be naturally and properly an issue as to whether such lands should be settled under the homestead act; but if there be a possibility of anybody being stopped by conduct in a case before Congress, the Senators and Representatives who desired these lands to be opened in this way, the settlers, "boomers," as they were called, who desired them to be opened, and desired to settle upon them under this understanding, ought to be considered as estopped, for their line of conduct, their action, has been such as to induce the Government to an expenditure of over \$30,000,000 which it otherwise would not have made. At least I think I am fairly entitled to say that the Government would never have made this expenditure if it had not been with the understanding that the settlers were to reimburse the Government.

Take the opening of the Cherokee Outlet. Senators know how long that matter was pending before the Senate and how much objection there was to it. It was \$8,000,000 the Government paid—or about that—to the Cherokee Nation for the extinguishment of their title in the Cherokee Outlet, and for the lands when settled there was to be paid at the end of five years' occupation, under the homestead act, for the eastern portion of the land, \$2.50 an acre, for the middle portion \$1.50, and for the western portion \$1, according to the value of the land. Does anybody suppose that Congress would have expended that \$8,000,000, have run in debt for it and made a future subsisting obligation, which must be paid, if it had not been understood that the Government was to be reimbursed? In the discussions here in Congress the fact was alluded to that the Government, paying down a portion only, and agreeing to pay interest on the rest, had to wait until the end of five years before it received anything in the way of reimbursement, and then was not to be reimbursed for the interest. It was made a ground of objection to the legislation in the Senate that the Government was not going to be reimbursed for the interest which it would have to pay on \$8,000,000 for five years, quite a large sum. I think I may say the same with reference to every one of these reservations.

Take the very last reservation, or almost the last one, the Nez Perces Reservation, where the agricultural lands were settled upon, and the settlers promised to pay \$3.75 per acre, and where the act was only passed and the President's proclamation opened the lands for settlement in 1895. Is it supposed that we would have negotiated with those Indians and paid them a price which was equivalent to \$3.75 an acre for their lands—this desert, arid land that is talked about—if it had not been understood that the Government was to be reimbursed? There were settlers there who were quite ready to take those lands at \$3.75 an acre, as there were in Oklahoma in relation to the Cherokee Outlet.

Mr. PETTIGREW. I should like to ask the Senator a question.

The PRESIDING OFFICER (Mr. BACON in the chair). Does the Senator from Connecticut yield to the Senator from South Dakota.

Mr. PLATT. Yes, sir.

Mr. PETTIGREW. The Senator says there were settlers there ready to take those lands. Who were the settlers who were ready to take the lands? The people of those Territories and States all had land and could not go on the reservation.

Mr. PLATT. I do not know where they came from, but I think that within a year's time two-thirds of the agricultural lands of that Indian reservation had been entered for settlement.

Mr. ALLEN. Will the Senator allow me to ask him a question?

The PRESIDING OFFICER. Does the Senator from Connecticut yield to the Senator from Nebraska?

Mr. PLATT. Yes, sir.

Mr. ALLEN. I only wanted to call the attention of the Senator from Connecticut to the Republican platform of 1896 on this subject.

Mr. PLATT. Do not undertake to break me up in that way. If it is anything about the Nez Perces, I shall yield.

Mr. ALLEN. Will the Senator permit me to read it in this connection?

Mr. PLATT. It was read yesterday, and it has been alluded to several times since this matter was before the Senate.

Mr. ALLEN. It is as follows:

We believe in an immediate return to the free-homestead policy of the Republican party, and urge the passage by Congress of a satisfactory free-homestead measure—

Referring to this identical bill.

Mr. PLATT. If I am accused of violating any portion of the

Republican platform, I prefer the accusation shall come from a member of my own party, rather than from members of other parties.

Mr. ALLEN. Mr. President, if the Senator will permit me, it is barely possible that a member of another party might be in a position to judge whether a Republican is living up to the faith of his party, or whether the platform was simply promulgated to deceive voters.

Mr. PLATT. I may as well say one word on that subject, and I hope I may be able to get back to the Nez Perces Reservation, which I shall keep carefully in one corner of my brain while I am talking about another matter.

We all understand how matters creep into national platforms; and I venture to say that when that resolution and that platform was adopted there were not fifty delegates in the St. Louis convention who paid any attention to it or knew what it was about, or had any idea of what it involved.

Mr. ALLEN. But are they not bound by it?

Mr. PLATT. I am not; and I think that before we get through the discussions of this Congress I shall be able to refer to some planks or resolutions in some of the Populist platforms, or the platforms of the party with which the Senator from Nebraska has acted since he broke into national politics, which he scarcely would feel like saying he was bound by.

Mr. ALLEN. Mr. President, I think, if the Senator will permit me, there is nothing in the Populist platform of 1892 that I do not fully agree with, except the subtreasury plan, which I have openly denounced from the time it was adopted, and which is not now a part of the Populist faith, but there is nothing in the platform of 1896 that I do not accept from the opening to the closing words, and I shall be glad to have the Senator from Connecticut point out any defect in it.

Mr. PLATT. Well, Mr. President, I shall try to talk about the pending bill, which has been given the name of a free-homestead bill.

Mr. TELLER. I should like to make one suggestion to the Senator from Connecticut, if he will allow me.

Mr. PLATT. Certainly.

Mr. TELLER. I understand the Senator seems to think that the convention did not understand what was in the platform. I should like to say to him that this provision in the platform was put in by a subcommittee, reported to the whole committee, and reported by the whole committee to the convention, and read with the other provisions of the platform.

Mr. PLATT. Oh, I have no doubt about that, Mr. President. I have no right to comment on what happened on the passage of this bill through the House of Representatives; but I venture to say that when it was made a special order in the Senate not half the Senators had an idea of what the bill involved, or what it was, or what the principle of it was. It is easy to get resolutions passed in convention, and it is easy to get the consideration of bills. That binds nobody.

Now, about the Nez Perces Reservation, the price was \$3.75 per acre. I am asked where the settlers came from. I do not know. I simply know upon information that since we passed that law within a year's time people have been found to take up at least half of the agricultural lands in that reservation upon the understood agreement that they were to pay \$3.75 an acre for those lands; and when it came to the opening of the Cherokee Outlet, men who had been all over that Outlet, and who had looked at the land and knew the section number of any particular tract, who had been familiar for months and years with those lands, encamped on the border weeks and months for the sake of rushing in and selecting the best lands in the Outlet. They had fleet horses on which to race to those lands. They stole into the Outlet by every possible means. We were told here in the Senate that there were lands there worth \$50 an acre, and these people knew perfectly well that upon whatever quarter section of land they located there was to be a payment made to the Government.

I am one of the last men in the world, Mr. President, to be without sympathy for the "hardy pioneer." I think I have probably as much sympathy for the hardy pioneer as some of the people who live nearer to him. At least we are told in the argument here that if the sum which these settlers agreed to pay is not relinquished to these men, there will be men right on the ground who will be glad to get the lands. I have a good deal of sympathy and great respect for the men who have struggled with the wilderness; but they were not all homestead settlers who went into the Cherokee Outlet, and they are not all honest homestead settlers who are there to-day. I received a letter this morning from a gentleman who has been quite prominent in Oklahoma, who describes the opening. I shall not give his name, because he desires to have it withheld. He says:

The "runs," when the land was opened, are matters of familiar history. There were four or five claimants for every three claims available. Men evidently wanted the land for something, for they fought over it like tigers, sacrificed many lives, and spent thousands of dollars in litigation, well knowing the terms under which alone the property could be acquired, and apparently

satisfied therewith. But, as a whole, it was and still is a speculative movement. The number of real home seekers out there is comparatively small. A great majority of the occupants are adventurers and ne'er-do-wells, willing and anxious to sell their claims for a song and then move on. I spent a good deal of time in traveling over the country investigating the actual condition, antecedents, and real purposes of the so-called settlers. Very few were really attempting to make homes; those few seemed to think they had a hard bargain, but understood their obligations, offered no complaint, and were inclined to make the best of it. The condition of many was pitiable, and would naturally arouse one's sympathy. But they are not the kind of people to be benefited by homestead gifts. A remittal of the obligations under which they now hold Oklahoma lands would simply add to the unrest and speculative tendency of the whole Territory. And this at the expense of actual home makers, farm owners, and taxpayers all over the country, who have a right to vigorously protest.

Mr. TELLER. Will the Senator tell us who is his authority?

Mr. PLATT. I said I could not give the name because the gentleman asked me to withhold it. I wish I could give it.

Mr. PETTIGREW. Then it is anonymous.

Mr. TELLER. I was not here when the Senator from Connecticut made that statement.

Mr. ALLEN. Does the writer live in Oklahoma?

Mr. PLATT. He has been in Oklahoma, but he is not there now.

Mr. President, Oklahoma is not a desert. People will stay in Oklahoma even if those men who have said that they would pay the Government or assumed an obligation to pay the Government in order to get the land should be required to keep their contract; but I want here to defend Oklahoma a little against the aspersions which it seems to me are by implication put upon her.

We shall be called pretty soon to act upon the proposition to admit Oklahoma as a State. We shall be told that it has all the population and the wealth and the ability to support itself that a State should have when it comes into the Union. That argument has been made for the last three or four years, and a glowing picture has been drawn of the wealth, the resources, and the prospective future of Oklahoma, and it will be again. Scenes change according to what is wanted. When men wanted to get lands to which the Indians had the title, the lands were fertile; they were like the Garden of Eden; they were the best lands in the United States, it was said. Now, when they do not want to pay for the lands, nobody can live on them, and it is very doubtful whether anybody will continue to live on them even if the Government relinquishes to them what they agreed to pay. That is true with reference to the opening of all of these reservations. I do not mean to say that there has been any false pretense about it. The imagination of Senators and Representatives who urged the opening of these lands was probably excited, and the vision of land that happened for the time being to be in possession of the Indians dazzled them; anything that the Indian had the white man ought to have, and so undoubtedly the lands were esteemed to be somewhat more valuable, more fertile, more desirable, and more to be coveted than there was really any occasion for. But Oklahoma will not perish, Mr. President, even if its citizens should be required to cancel their obligations to the Government in order to retain their land.

After hearing about it yesterday and getting the idea that a very large proportion of the settlers in Oklahoma were living in dugouts and sod houses and that they would be obliged to abandon their lands, it occurred to me that I would get the report of the governor of Oklahoma to see what he said about it. He makes report to the Secretary of the Interior, and made one up to June, 1896. The astonishing thing about it is that never in his report is it suggested that the Government ought to relinquish what is to be paid to it by the settlers under the homestead act and the other acts which have been passed for the opening of this Territory. If there was the destitution, if there was the misery, the hardship, the chattel mortgage covering every piece of furniture and every pig in the Territory that we were told about yesterday, is it possible to conceive that the governor of the Territory would not have suggested that the people might properly and ought to be relieved from this burden which they were under, which they had voluntarily assumed?

Mr. President, if there were nothing else required to show that the passage of this bill is not a necessity, is not called for, it would be the fact that the governor of Oklahoma in his report to the Secretary of the Interior does not allude to any distress there. I had an idea that Oklahoma was quite a nice place, and so I got the report of the governor, and I am going to read something from it. He says:

The development of the Territory in the year past has been equal to if not greater than that of other portions of the United States.

In this "arid" belt, inclosed with blue lines, with which the Senator from South Dakota [Mr. PETTIGREW] disfigured the map, where the rainfall is so scant—

The development of the Territory in the year past has been equal to if not greater than that of other portions of the United States.

Nowhere has the year past been one marked for material progress. Oklahoma has, however, held its own and made some progress.

It has done better than other places.

The acreage of land in cultivation has steadily increased, and has very nearly reached the proper ratio of farm land to pasture.

Not quite yet.

The prospect for crops is good.

To listen to the debate yesterday you would not suppose there had been any crops in Oklahoma in the last three years. Perhaps there were not. There is nothing said about that in this report of the governor, but he says the prospect is good.

The prospect for crops is good, and the antebellum declaration, "Cotton is king," seems applicable to Oklahoma. Oklahoma will shortly rank among the cotton States of the Union. The quality of the cotton, as shown by the World's Fair awards, is the best. Unless the present indications fail, the present cotton crop of Oklahoma will be by far the greatest ever gathered, and I predict for the coming year one of genuine prosperity.

Even to those sadly misused people whom the Government expects to pay for the lands which they settled upon according to the terms upon which settlement was made.

The climate is delightful, except for a short period in midsummer. The spring, fall, and winter weather can not be excelled anywhere. The atmosphere is dry, but never sultry. The Territory is gaining considerable notoriety as a health resort for all persons affected with throat and lung troubles, or rheumatism, and all kindred diseases. Many wonderful cures have been effected. The growth of the Territory is solid and substantial, because it arises from the development of natural resources, and is not due to borrowed capital to be paid back in future with interest added.

Mr. President, you would suppose, for we heard it said here, that there was not a homestead settler in Oklahoma who had not mortgaged his property, not to some Eastern shark, but to some other Oklahoma man.

About the people of the Territory the governor says:

The people of the Territory are largely American by birth. Perhaps in few States are they more distinctly so. They are thrifty, industrious, and economical. There are many difficulties and discouragements connected with settling in a new country and tilling the virgin soil, but the entire people of Oklahoma glory in the triumph they have achieved.

I began to think when I listened to the reasons which were given for the passage of this bill yesterday that the people must be fleeing from the Territory as it was said they had fled from western Kansas and Nebraska. But no; the population is increasing. The governor says:

The population has steadily increased since the last census, in 1894, when it was 212,625. According to the returns made by the assessors for the year 1896, the population is now 275,587.

There is an increasing population and an increasing development of wealth, the governor says. Here is the population by counties; here is the taxable property by counties: For 1894 they had taxable property of about \$20,000,000. In 1896 it had increased to over \$24,000,000—almost \$25,000,000—which the governor says is a very low estimate. He says:

This is very much under the true value of the property, but for the reason stated the board permitted it to stand.

They had some crooked work, the governor says, about the taxation in the year 1895, when it jumped from about \$20,000,000 to about \$40,000,000, and then was reduced in 1896 to about \$25,000,000. He states why it was done, but I want to go on with what the governor says about Oklahoma.

There has been a steady and healthy increase in taxable property since the beginning, and the next few years will witness a very decided increase in the property of the Territory, both real and personal.

Even though the Government should be paid by these people who have taken up the lands upon an understanding that they were to pay for them.

The work of proving up has begun, and when patents for all the homesteads have been issued there will be a vastly increased showing in taxable property.

He does not intimate that there ought to be anything donated to the people of Oklahoma. They have banks down in Oklahoma, too. They have these wicked bankers. I do not think they are all from the East, either. You would not suppose from what has been stated here that there was any occasion for a bank in Oklahoma; not a homestead settler in all Oklahoma able to pay this \$2.50 or \$1.50 or \$1.25 or \$1 to save his farm! One would scarcely suppose there would be any banks there, but the governor says there are fifty-two banks in the Territory of Oklahoma.

He asked them to report, and only eighteen of them did. He had not any power to compel them to report. But he has given here, in case of those reported, the loans and discounts and all the items which are usually given. He says:

I observe that there is a very considerable decrease in deposits in the last year, and an actual increase in the amount of cash on hand. There is a decrease in the amount of securities held and also in loans and discounts.

The loans and discounts are \$519,000—the stocks, bonds, warrants, etc. I will not give the items.

It seems, Mr. President, that, according to the ideas of Senators, there was great misapprehension in the minds of the people about Oklahoma, to which the settlers went, and we are told now that if the Government insists upon payment for these lands the men will simply abandon them, and they will be gobble up for cattle grazing. If the Government will let the people have the lands for nothing, Senators think they will manage in some way or another to stay on them; and they probably will. But according to the idea of Senators who desire to have this debt given to

the people who owe it, if that is not done the people will relinquish their homes. Oklahoma, instead of struggling with agriculture, will relapse into a cattle-grazing country. I suppose it is Oklahoma—all these lands—for Senators class them all together.

The governor has something to say about agriculture:

Agriculture comprises such a wide scope that as brief a report as this furnishes a meager synopsis of the great agricultural interests of the Territory. There is a great diversity in the crops of the Territory. Wheat, Indian corn, cotton, castor beans, kafir corn, oats, barley, saccharine, sorghum, and the great forage plants, alfalfa, clover, and timothy, in the eastern and central portions of the Territory are the principal products. Horticulture, with its concomitants, within the short period of a little more than six years, rivals any of the States in the Union.

Famine-stricken, poverty-stricken Territory! The governor says horticulture rivals that of any State in the Union.

One and one-half million fruit trees have been planted; several millions of smaller fruits have found a home to stay, and are thriving under our peculiar climatic influences. It is not claiming too much to say that the Oklahoma peach has found its way into nearly all of the markets of the western world. It is recognized by the rich red cheek and the excellent flavor it possesses. The Oklahoma watermelon and muskmelon are in demand in the principal markets. One small station alone shipped during the summer of 1895 about 100 carloads of this delicious fruit, which bids fair to be exceeded in 1896. Potato culture is of no mean importance and should not be lost sight of, as it, too, is of great commercial value. One hundred carloads of sweet potatoes is a low estimate of the surplus.

In this arid region which can not be farmed!

It has been said that the best stock country that can be found is the best grain country.

I am quoting from the governor of Oklahoma. An Eastern man is not expected to know much of his own knowledge about Oklahoma. I have been there several times, and I confess that I never saw finer looking agricultural lands in any portion of this country over which I have traveled than I saw in Oklahoma. I confess that I am not to be expected to know much about agricultural lands, and being an Eastern man, I might, in the estimation of the people in Oklahoma who wish to be relieved from the payment of their obligations, be supposed to be prejudiced, and so I quote on them their own governor.

It has been said that the best stock country that can be found is the best grain country. If this be true, Oklahoma carries the banner.

Think of that, Mr. President! This bill passed the House of Representatives for Oklahoma alone. It has been threefolded since it came here, and yet its governor says that Oklahoma carries the banner as a stock and grain country.

A conservative estimate gives Oklahoma for the year 1896, 50,000,000 bushels of Indian corn, and more than half that amount of kafir corn, to say nothing of the great wheat, oat, and barley crops.

What are we to believe about the matter? We have extended the time of payment two years on account of drought, and the people of that country have had my earnest and sincere sympathy, because I have supposed that for two or three successive years they have suffered from serious drought. But here comes the governor and says that a conservative estimate gives Oklahoma for the year 1896, 50,000,000 bushels of Indian corn, and so on, with regard to the other great crops.

Mr. PETTIGREW. What is the date of the report?

Mr. PLATT. It is the report for the year ending June 30, 1896. It is not dated, so far as I know.

Mr. PETTIGREW. I should like to say to the Senator, then, that on June 30 the governor stated what the crop was going to be. It appears they had no crop for the two prior years.

Mr. PLATT. The governor does not say anything about that.

Mr. PETTIGREW. He estimates what the crop is going to be. The report is dated in June and the harvest is in September.

Mr. PLATT. I think I am equal in my knowledge to that of the Senator from South Dakota when I say that they harvest corn in the Indian Territory before September. I am quite sure of that.

There is a great deal more good reading here. Here is a paragraph about cotton:

Cotton, castor beans, flax, and peanuts are the great money-makers. It is thought that the weather for the last few weeks has been too humid—

Not arid, humid—

but with the sunny days that are to follow Oklahoma will market the greatest crop of cotton and castor beans ever produced.

Even if the Government does not relinquish.

The cotton is of excellent quality, the best, in fact, as shown by the awards at the World's Fair at Chicago. There is no higher tribute to the excellence of Oklahoma agricultural products than that paid by the awards at that great fair, where were collected the products of all nations.

This terrible arid region, these desert lands, where, if the persons who have settled there are, after seven years of settlement, required to pay an average of \$1.50 an acre, they are going to abandon their farms and go no one knows where.

Never were the prospects for cotton better than at present, and there is every reason to believe that Oklahoma will make a creditable showing in the list of cotton-producing States or Territories.

Guthrie, it is estimated, will market 12,000 bales, while Oklahoma City, Shawnee, and Norman will each market nearly that much.

There is every reason to believe that the ruling prices will be from 7 to 8 cents per pound.

He is a little short in his guesswork on that point.

Mr. STEWART. A little long.

Mr. PLATT. Well, long. I am not familiar with the terms "long" and "short." I believe that cotton is worth about 7 cents a pound. So the governor got pretty near it.

The average crop will be one-half bale per acre. This places the value of the crop at from \$17.50 to \$20 per acre.

If they are economical on one of these cotton-homestead farms and can get a cotton crop off it worth \$17 to \$20 an acre it would seem that in seven years they would be able to save enough money to pay \$1.50 an acre for their lands.

The principal cost in raising cotton is the picking, which, if the farmer can not do it all himself, he can have it done at about 50 cents per 100 pounds. At this busy season the farmer often calls the whole family to his assistance, the work being of such a character that any person can do it, though some work much faster than others. It is simply wonderful how much money this article brings into the country.

It would not be anything very hard, since money is flowing into that country in this wonderful way, according to the governor, if after a year or two more of extension we should ask the men who are getting cotton crops at the rate of \$20 an acre to pay up a little something which they have agreed to pay.

A conservative estimate, given me by a farmer from a township east of this point, places the acreage of cotton in that township at 8,000, with a probable average yield of one-half bale, which would mean \$148,000 for that township alone.

Then he goes on to speak about native grasses, about fruit growing, the natural adaptation of Oklahoma to stock raising, etc. But here is something. I do not know that I ought to read it.

Water is everywhere abundant.

[Laughter.]

Mr. BURROWS. In the arid region.

Mr. PLATT. The governor continues:

Water is everywhere abundant, and even salt is distributed up and down such rivers as the Salt Fork, Cimarron, and Canadian.

Mr. STEWART. Did the Senator from Connecticut vote for the appropriation to examine that country with a view to ascertaining the possibility of irrigation by artesian wells?

Mr. PLATT. I think that I struggled as well as I could in my humble way to create a committee on irrigation and to have the Senator from Nevada appointed its chairman, but I never before heard that the arid belt which would require irrigation extended into Oklahoma.

Mr. STEWART. It certainly does.

Mr. PLATT. The governor says otherwise.

Mr. STEWART. I do not know what he says.

Mr. PLATT. The governor says further:

There are fertile valleys where corn, kafir corn, and other grain may be raised in abundance. While the western portion of the Territory seems specially adapted and endowed by nature for cattle raising, the eastern portion is equally well adapted to raising hogs, and the people of that section have not been slow to recognize that fact.

Mr. President, I do not think this is an overdrawn picture on the part of the governor of Oklahoma, but it is a wonderful commentary on the pictures of that Territory which were drawn here yesterday.

Now, the pending bill as it passed the other House applied only to Oklahoma Territory. I wish we had the reports of the governors of the States, for I should like to read them. I should like to read the report of the governor of the State of South Dakota or the governor of Montana or the governor of any of those States, and put it alongside the sad picture that was drawn here yesterday. I do not know how they would compare. I know how the report of the governor of Oklahoma compares with the picture painted here, even the picture which was exhibited, the map picture of the arid region where rainfall was scarce and crops could not be raised and the land was adapted only to stock raising.

As I say, when the bill came over here of course every Senator who saw that the other House had passed a bill donating to the settlers in Oklahoma the amount which they had expected to pay for their lands, and without paying which they could not get their lands, wanted to have the same principle applied to reservations in their States, and I do not blame them at all. If it is going to be done in Oklahoma it ought to be done in South Dakota, and it ought to be done everywhere.

Now, to allude for a moment to another side of this case, I will state that the amount of money involved is perhaps not the strongest objection which can be urged to the passage of the pending bill. The committee differs with the Secretary of the Interior and the Commissioner of Indian Affairs as to how much will be relinquished by the Government, and the committee differs with itself. When it made its report, it thought the Government might lose \$17,500,000 by it. Yesterday when the chairman of the committee made his argument here, as I remember it—I have it before me, but I have not the opportunity to refer to it—he thought that the loss to the Government by giving to the settlers on the agricultural lands what they had expected to pay for the lands could not amount to more than two or three million dollars, and five or six million dollars, as I remember it, for the mineral lands. He

reduced his estimates from his written report about one-half. He reduced them in the written report one-half from the report of the Secretary of the Interior, and then in his speech he reduced them one-half below what was put in the report. I say perhaps that is not the greatest thing to be looked at. The Senator from South Dakota thought that was really the principal trouble in my mind, that the Government could not afford it, and therefore it must go into the business of "wringing" millions from these poor people. I think it is of a good deal more importance for the people to learn to keep their bargains in this world and to abide by them. I think it is of a good deal more importance whether the people of the United States are going to be encouraged in the idea that when things do not go as they want them to go individually they have a right to ask the Government to make them satisfactory, for that is what is back of this bill.

The Senator from New Hampshire [Mr. CHANDLER] this morning, in discussing some question here, spoke, as I suppose, somewhat jocosely about the paternalistic power in the Constitution of the United States. I do not believe it is there.

I am not going to quarrel with the homestead law; I think the country has derived great advantages and great benefits from it. But if it has fixed in the minds of the people of the country the idea that when things go a little hard with them, when they are not making as much money as they wish to make, when they think they ought to be better off than they are, they can come to the Government and have it righted, it will have damaged the country and the Government and the future of the Government more than enough to offset all its benefits and advantages. That is just what the pending bill does.

Mr. ALLEN. Will the Senator from Connecticut permit me?

Mr. PLATT. Certainly.

Mr. ALLEN. I desire to make a suggestion to the Senator from Connecticut. The people to whom he refers have no desire whatever to escape the consequences of any legal contract they have made or may make. It occurs to me that the Senator from Connecticut has entirely a misconception of their purposes. The simple question, and it reduces itself to that, is this: Are these people, or can they be, in a condition to pay their obligations to the Government? The Government must either relinquish these lands to those people under the general homestead act or it must resume control of the lands again and use them for purely pastoral purposes. That is all there is to that. The Government will not lose one cent by giving these lands to the people, because it can not make any money out of the lands in any form. If the settlers have the land, the potential power that they possess and the wealth they will be able to produce eventually will be a hundredfold more than what the Government relinquishes to them.

Mr. PLATT. Mr. President, this is very strange. Just look at it for a moment. I do not overstate this matter when I state that every representation made to Congress on the opening of these lands was that they were fertile. Now, they are not adapted to agriculture, they are not fitted for agriculture, and therefore the Government should relinquish them to the homestead settlers. If the Government does not relinquish, the lands are going to be given up. If the Government does relinquish, the settlers are going on to "produce wealth a hundredfold." I think I use the exact language of the Senator from Nebraska. Look on this picture, then on that.

Mr. ALLEN. If the Senator will permit me—I do not like unnecessarily to disturb him—I will state that the deductions made by him are absurd in the light of facts. These lands are fertile.

Many of them are as fertile lands as can be found between the Atlantic and the Pacific oceans, but in consequence of a lack of sufficient rainfall they will not produce anything more than grasses in the spring that will support cattle. It is not the fault of the quality of the land. It is the fault of nature in not precipitating enough rainfall to produce moisture sufficient to mature crops. The Senators who said these lands were among the most fertile in the United States were correct in their statements, and it is unwarranted to draw the conclusion that there was any misrepresentation in a statement of that kind.

Mr. PLATT. It was not only represented that they were the most fertile lands in the United States, but that the people were very anxious to get upon them for agricultural purposes, not for grazing purposes. As I remarked some time ago, it makes a good deal of difference how the picture looks; whether somebody wishes to get something from the Government, or whether he wishes to avoid paying the Government something.

Mr. President, the Government has not paid for all these lands yet. I do not know exactly how much it has still to pay. It will approximate \$15,000,000 which is still to be paid. There is still due on the Cherokee Outlet \$4,980,000, which is drawing interest at the rate of 4 per cent per annum, I believe. How much will necessarily be paid on the Great Sioux Reservation, on the Chippewa Reservation, on the Colville Reservation, it is impossible exactly to say; but at the lowest price more money, and considerably more money, has to be paid to the Indians for the Great Sioux

Reservation than has already been paid, and so, I apprehend, with regard to the Colville and the Chippewa reservations.

I do not think that what is contemplated is exactly fair to the Indians. We opened the lands in the Great Sioux Reservation upon the understanding that they were to be settled up at \$1.50 an acre for those taken within a certain period of time; \$1 an acre or \$1.25 an acre, I believe, for those taken within another number of years, and 50 cents an acre for those not taken within ten years. Is it fair to the Indians to make them wait until the end of the ten years and then to pay them for the land at the rate of 50 cents an acre? As I understand the bill, for the 800,000 acres that have already been taken up in homestead settlement, the Government will be expected to pay the Indians \$1.25 or \$1.50 an acre, and the Indians—

Mr. PETTIGREW. I should like to correct the Senator from Connecticut in regard to that matter, if he will permit me. After the lands were opened to settlement the homestead settler was to pay \$1 an acre for the lands entered during the first three years, for the next two years 75 cents an acre, and thereafter 50 cents an acre. Very little of the land was taken during the first three years; and a little more was taken during the next two years. Seven hundred thousand acres out of 9,500,000 acres are all that have yet been taken.

Mr. PLATT. The lands ought to be paid for at the price stipulated to be paid.

Mr. PETTIGREW. One hundred and eleven thousand dollars has been paid.

Mr. PLATT. However that may be and whatever the amount may be—and it is a considerable amount—it has to be paid by the Government in the future, whether or not it receives anything from those lands.

Now a single word about the difference between these lands and the lands to which the homestead act applied and to which it does yet apply. As I have said in my views as minority member of the committee, I conceive that there is an entirely different principle involved. At the time of the passage of the homestead law we had a large public domain. We had acquired the land for Territorial purposes. The treaty by which we acquired what is known as the Louisiana purchase was a political movement on the part of Mr. Jefferson—a political necessity. The lands were acquired for self-defense, and I venture to say it never entered the wildest imagination of Mr. Jefferson that the lands acquired by the Louisiana purchase were going to be needed for homes for American settlers. When the homestead law was passed we had been giving away land. We had not been giving them away to individuals, unless you make all the land grants to railroads gifts and donations to individuals, but we had been giving them away to States and to soldiers. Giving them to soldiers was giving them to individuals. That was not a donation, however. That was in a measure payment for their services in the Mexican war and the war of 1812. There was a good deal of feeling about the giving away of lands, donating them, to aid in the construction of railroads, and it was deemed much better for the interests of the country to dispose of the lands to actual settlers. And it was much better, Mr. President.

But we never bought any land in this country from individuals or Indians, or from anyone, to open the same to homestead settlement. I apprehend that even the father of the bill, now sitting within reach of my eye, would have hesitated to have proposed a principle the English of which should be that the Government, with the money of all the people, should buy lands and then donate them to people who proposed to settle on them. That is what this measure is. In that it is entirely taken out both of the reason and the purpose of the homestead act.

Mr. President, we might just as well buy lands from any other individuals as from the Indians to make "free homes" for settlers or speculators, as the case may be. I hear a great many tirades here in the Senate about abandoned farms up in Connecticut and other parts of New England. There are not so many of them as there are supposed to be, but there are some farms there that could be bought very cheap, and if the Government will buy them and give them away in quantities of 160 or 40 acres there will be people without means found there who will be glad to go upon them and who will cultivate them, and, by economy and industry and saving, will support themselves and add to the wealth of the State. You might just as well ask the Government to go into Connecticut and buy the cheap farms there, or into Kansas and other States and buy the mortgaged farms that are going to be foreclosed, as it is said, and then donate them to somebody to settle on, and to have them after five years' residence and occupation.

That is not the principle of the homestead act, Mr. President. But that is the principle of this proposed act, and it is a principle applicable not only to the particular lands that have been opened to settlement on ceded Indian reservations and actually settled upon, but it is a principle to be applied to all the new lands that are to be settled upon hereafter in the United States. These Indian reservations are not yet as much diminished as in the

nature of things they will be. These purchases have not been for the benefit of the Indians, as was suggested yesterday. The Indians have been almost dragooned into giving their consent to such purchases in order that white people might go upon them. Indian reservations have been Naboth's vineyards in the eye of certain people of this country. They were near at hand, they were coveted, and they were taken. But, Mr. President, we have not gotten through with this matter yet. So far as the speculative element enters into this desire for new lands, and it enters in largely, it is like the daughters of the horse-leech—it cries, "Give, give."

There are two classes of these homesteaders on ceded Indian reservations—I do not know but three. There are those who are looking for every fertile piece of land in every Indian reservation in the United States, and wanting to get it for nothing, or for far less than its value. That is one class that went into Oklahoma. There is another class of industrious, honest, intelligent people who were driven, perhaps by the spirit of adventure and the fascination which has always prevailed with regard to frontier life, to move on still nearer to the frontier, to get away, so to speak, from civilization, and they are industrious, they are intelligent, and they are thrifty. They deserve all that can be bestowed upon them properly and honestly. Then there is a third class, the restless, or, as described in this letter the other day, the ne'er-do-well, who would not stay long on the land even if they got it under the homestead laws. They are the shiftless class.

There are these three elements continually seeking for new land, and the Indian reservations have not yet been entirely despoiled for the benefit of these people. That will go on in the future. I wish I had the number of acres in Indian reservations still in the possession of Indians. As the work of allotment goes on and each Indian is given 160 acres there will be more lands available for white settlement. If this bill passes, the policy will prevail that the Government must buy these lands of the Indians and then donate them to the home seekers of the three classes of which I have spoken. And I have spoken plainly, and I think that even the Senator from Kansas who sits near me [Mr. PEFFER] will not say that I have been invidious in the description of this home-seeking class.

So it is not solely a question whether the Government is going to relinquish now a couple of million dollars, or \$10,000,000, or \$17,500,000, or \$35,000,000, according to the report of the Secretary of the Interior. It is a question for the future. It is a question whether the Government is going to go into the business of buying something and giving it away. You can not disguise it; indeed, no attempt is made to disguise it. If the passage of the bill were urged alone on the ground of hardship for the settlers, that would be a good argument for a further extension of time only.

The country is full of hardship, Mr. President. There are more people in straits in this country than there are on these ceded Indian reservation lands. But the Government will not be called upon to donate anything to them. We have fires, and pestilence, and floods, and earthquakes, and men have hard luck who do not suffer calamity—they get out of employment. But they do not ask the Government to buy something and give it to them or to relinquish what they have assumed to pay the Government.

Mr. ALLEN. I should like to ask the Senator from Connecticut if the Government of the United States did not give the State of Connecticut several million acres of land?

Mr. PLATT. No, sir.

Mr. ALLEN. Did it not give the State of Connecticut a strip in Ohio?

Mr. PLATT. Connecticut got that under its charter from King Charles.

Mr. ALLEN. Which was sold by the State of Connecticut and from which it got much of its wealth originally?

Mr. PLATT. My colleague [Mr. HAWLEY] is a better historian than I am, but my recollection is that Connecticut gave up to the General Government a good deal of land to which it was entitled under its charter, and I think on an investigation of history it will be so discovered.

Mr. ALLEN. Connecticut, Virginia, and many of the original States got a great portion of the public domain and sold it. The State of Massachusetts got all of the territory now known as the State of Maine.

Mr. PLATT. Connecticut had a charter for lands which extended from the Atlantic to the Pacific, and if Nebraska is on the same line of latitude and Connecticut had insisted on its rights it would have the land which is now embraced within the territory of the State that the Senator from Nebraska represents. I do not know whether it is on exactly the same parallel of latitude.

Mr. ALLEN. What I want to call the attention of the Senator to is this: It seems to me that it is inconsistent to arraign the people of the section living on these arid lands for asking the Government to do something for them under the circumstances when the Senator's own State (and I say it without any feeling

whatever) and every State in New England was the recipient at the hands of the Government of millions of acres of the finest lands we have, which were sold for a great many dollars. You were participants in these things in the best lands. Why do you now deny to these poor settlers a claim upon the arid lands?

Mr. PLATT. The Senator is referring to the land given to agricultural colleges, to agricultural college scrip?

Mr. ALLEN. No; I am referring to the early history of this Nation.

Mr. PLATT. I understand that Connecticut under its charter claimed as of right all these lands and a great many more than it finally retained, but the whole matter was adjusted by a compromise between the Government and Connecticut, in which Connecticut got the worst of the bargain. There is nothing to that point.

Mr. ALLEN. But you got a great many million acres of very fertile land in Ohio and sold it.

Mr. PLATT. Connecticut got it under a charter from King Charles.

Mr. ALLEN. It is questionable whether you had it or not; you got it at least.

Mr. PLATT. We had possession of a portion of Pennsylvania, the Susquehanna Valley and Wyoming. We had a settlement there, two organized counties, with representation in our legislature.

Mr. President, I have been somewhat diverted from the thread of my thought and argument. There are individuals suffering in Connecticut, people in hard luck, people who, with all their industry and thrift, can scarcely manage to support large families. The Senators who are advocating the passage of the pending bill would be loudest in opposing any bill that might be proposed donating something to them. No matter how the case may be presented, it amounts simply to a donation, and I object to it most strongly, because I do not want to see the spread and extension of the idea that the Government is to take care of the individual. That idea has been running very fast, Mr. President, in these later days. Possibly the homestead law has to some extent resulted in the encouragement of it; and there is another thing which I will not speak of now, and which I think more than anything else has fostered this spirit of going to the General Government to have individual affairs righted, and that is our system of Government paper money. I am not going to bring that into this debate, however; but owing to one or another of these causes men seem to have lost sight of the true principles of government. The man who should now say that governments were organized and administered for the protection of life and property, and stop there, would be supposed to be dwelling in the past, and not to have come—

Mr. ALLEN. Does the Senator apply his argument to a protective tariff law?

Mr. PLATT. Oh, I am not to be diverted from this argument into a tariff argument. I can show, and I will show at the proper time, that there is no class legislation in a tariff law; but I am not going to be drawn or diverted into that. However, I do want here and now to enter my protest against what I will not offensively call the Populistic idea in this country, that the people who want anything are going to go as individuals to the Government and get it.

Mr. ALLEN. Nobody believes that that I know of.

Mr. PLATT. That is the tendency of everything. We talk about its being a crime to buy and sell votes, and yet too often in voting the voter thinks only how he is to be materially benefited by his vote. There is not a very great deal of difference, Mr. President, between the idea of so voting and the idea of selling a vote. If a man votes simply to better himself financially, as he supposes, he does not differ a great deal in principle from the man who sells his vote. We are running wrong, Mr. President, and this bill and hundreds of other bills which are here illustrate it, and illustrate the dangerous tendency of the doctrines which are promulgated at the present time.

I said that if I were to announce what was acknowledged in the early history of the Government, that the object of the Government was to protect life and property and ended there, I would lay myself open to the charge of being an old fogey, behind the age.

I need not pursue the subject, Mr. President, but if we are going to do what this bill asks us to do, why should we stop there? If we are going to buy lands in order that we may give a man 160 acres of land to settle upon free, why should we stop there? Why not buy him his agricultural implements; why not buy him his horses? I will not refer again to the way the governor of Oklahoma describes this "arid" land, but if a person makes a homestead entry upon arid land, supposing that it is agricultural, why should he not call on the Government to irrigate it for him? Where is the Government to stop?

Mr. CARTER. Mr. President, will the Senator from Connecticut yield for a question?

The PRESIDING OFFICER. Does the Senator from Connecticut yield to the Senator from Montana?

Mr. PLATT. For a question, yes.

Mr. CARTER. If it is proper according to the view of the Senator from Connecticut, and that is manifestly his view, to tax to the settler upon the public domain the cost to the Government of acquiring the title to the land upon which the settler locates, why should not the principle be applied to the extent of charging to each settler his proportionate share of the amount paid for the Louisiana purchase, likewise the amount of cost connected with the acquisition of territory from Mexico, which is to some extent included in the particular section of country involved in the bill?

Mr. PLATT. Oh, Mr. President, I have been unfortunate in the statement of my views as a member of the committee and of my statement this morning. The very thing I was talking about is this: We have never until now been asked to buy land for the purpose of donating it to individuals.

Mr. CARTER. For whom was the land purchased originally, then, in the case of the purchase of Louisiana?

Mr. PLATT. It was purchased for the public defense, and Jefferson never supposed, nobody supposed, that it was bought for the purpose of giving it to somebody to settle upon. There is the distinction in these cases. It is the manifest, obvious distinction which Senators seem unable to see. The land that was included in the Louisiana purchase was in my schoolboy days marked on the map, a greater portion of it, as "The Great American Desert." The idea—

Mr. ALLEN. I should like to call the attention of the Senator, if he will permit me, to the fact that our integrity as a nation was not menaced in the slightest degree when Mr. Jefferson purchased the southwestern lands of the French Government. Our Government had not been threatened by France, nor by Spain, nor by any other nation. While the purchase had in a certain sense a political significance, the great purpose of it, as announced by Mr. Jefferson at the time and subsequently, was to furnish homes for the citizens of the United States.

Mr. PLATT. We will look that up hereafter. I think I am right. I do not wish to be diverted, and I repeat that now, for the first time in our history, it is urged that the Government ought to buy land for the avowed purpose of giving it away to individuals who will settle upon it.

Now, Mr. President, I think I have said all I need to say in relation to the subject. I think the picture of suffering has been overdrawn, and I have cited a pretty intelligent witness (the governor of Oklahoma) to show that it has.

If it be a question of the inability of the settlers to pay for these lands because of successive droughts, I am perfectly willing to do what the Government has already done, extend the time. But if it is so that there are never to be any crops made on these lands, there will be but little benefit in relinquishing to settlers the money due for these lands. If the drought every year is to make it impossible for them to cultivate these lands, it is little benefit that they will derive from such relinquishment.

I have no doubt, Mr. President, that in some instances lands have been settled upon which are not adapted to agriculture, but of the 33,000,000 acres which have been opened, a third of it or a half of it is as beautiful land, is as fertile land, as rich land, as valuable land as ever lay under the sun.

It is not alone the man who is hard pushed who is to receive the benefit of this legislation. This donation is to fall upon all alike, upon the man who has got a fortune in his farm and the man who is living in the arid region in the sod dugout. Like the rain falling on the just and unjust, this benefit, this donation, is to be showered upon all without discrimination.

I do not know that I desire to say anything further on this subject. I only intended to speak for a few minutes, but I have been somewhat diverted during my line of argument and have exceeded the time which I thought I should take.

Mr. STEWART. Mr. President, I have listened with much surprise to the strange sentiments which have been expressed by the Senator from Connecticut [Mr. PLATT]. He says that he does not want people to get into the habit of coming to Congress for relief when their business does not pay. I have read with much interest the published reports of the various delegations which have visited the Committee of Ways and Means of the other House with regard to their business, and every one of them placed their demands for higher rates of duty on the ground that their business did not pay, and on no other ground. We have a committee of the other House and we shall have one here to listen to those engaged in particular kinds of business as to whether their business pays, and I supposed that the Senator from Connecticut was in favor of that kind of policy which would relieve men when their business did not pay. I think there have been several delegations already from Connecticut and there will be more.

As to the position that the homestead act ought not to be extended to these settlers because the land was bought by the Government, it seems to me that that is in violation of every principle of disposing of the public lands which has been approved by all parties for the last thirty years or more. The Government was some time coming to the conclusion that the country at large

would be benefited by allowing settlers to occupy the public land and to acquire homes without charge. That was, however, adopted as a public policy. The greater portion of the great Mississippi Valley was disposed of under that policy, and a more beneficent policy never was adopted by any nation, as witness the progress of that section of our country.

It makes no difference how the Government got those lands. If it is the best policy to encourage settlement on them, why violate that principle? If you will take the rich lands a little farther east you will find that they were taken by homestead settlers. Now, why should people who are going on poorer lands be deprived of the privileges which have been extended to all under a policy which has enriched the Government? There is nothing in that argument. There should be no discrimination against those people, and particularly now, when there is not a crop produced in that region which will pay to-day the cost of production and of getting it to market. How that may be hereafter I do not know. I know, however, that there is but a small portion of Oklahoma which has sufficient rainfall to produce regular crops. I have been over that country, and there is about one-third, or nearly that, of Kansas, and of Nebraska, and as you go north you will find it in the Dakotas, and as you go south you will find it in Oklahoma and Texas, where it is very hard to make settlements at all. The picture of the distress there has not been overdrawn; and when the Senator from Connecticut speaks of the eagerness of those people to acquire homes and go upon this land, he uses that as an argument why they should be discriminated against. I think their enterprise in going upon a country situated as that is and trying to make a living should be commended and encouraged. If by their efforts they can make that country produce, if they can make it furnish a market to the other sections, if they can make it a tax-paying country, I say let them do it. By the same policy you have made great States, and it seems to me pitiable higgling to say that those people shall be discriminated against on account of what the Government has paid for those lands.

The Government has applied the homestead principle to all lands it has acquired, and it should be applied in this case. It should be applied particularly to all the lands that are left, because of the difficulty of settlement. It is doubtful whether they can be occupied, and it is to the interest of all that every acre of land which can be cultivated and occupied and made a home shall be so used. We have the Indians to support anyway. We are making an arrangement with the Indians. There is one-third—I do not know but one-half—of all the land in the Mississippi Valley which has been bought from Indians. You make trades with them; you make donations to them. You have supported them at an expense of millions of dollars each year, and when you acquired those lands you opened them to homesteads, and it has been the invariable rule where an Indian reservation was removed to provide that the homestead law should prevail. Why this exception was made I do not know. The exception was wrong. Now, you say the Government will lose by it. The Government will lose nothing. The millions spoken of never can be collected from the settlers. A man in his natural life upon one of those farms at the present price of production can not raise and sell enough to feed and clothe his children and then pay the amount the Government demands.

I know times are hard; but it is not the fault of the settlers on the frontier that they are hard. The Senator intimates that they complain of the monetary condition that starves them to death, and might want paper or something else if you let them live. If he is going to exterminate everybody who is opposed to contraction and hard times, if he is going to apply the iron rule, let him apply it to Connecticut; let him apply it to Massachusetts; let him apply it to the army of supplicants for special privileges which is visiting the committee of the other House to-day. If you want to discipline them and make them vote right, and starve them to do it, commence at home and starve your own people first.

But we are not asking for any Government aid, we are not asking for any special privileges to these people. We are asking for the application of a principle which has been commended by every wise statesman for the last thirty years; we are asking for the application of a principle which has built up States; we are asking for the application of a principle which has made independent homes; and there is no reason now to come forward and violate it on account of some niggardly, hard trade when the conditions are worse than they ever have been. The Government has to take care of the Indians in any event, and we are paying out to the Indians six or eight million dollars a year for that purpose. You have removed them from place to place and opened reservations for settlement, and now when you come to this arid region, where the people have to undergo the greatest privations and sufferings to live at all, to say that they must leave their homes or pay a price which is impossible to pay under present conditions, seems to me repugnant to common sense, justice, and fair play.

All the Indian reservations which are opened to settlement should be opened under the homestead law. They are not intended for speculation. A man who travels over that country and would attempt to speculate upon those people who are attempting to make homes, a man who would propose to do it, knowing the conditions which prevail there, has a heart which ought not to be in an American breast. It is an outrage to change the principle as against these people. They ask for no donations. We ask none for them. We ask for the principles of the land laws to be applied to them as they have been applied to settlers in the great Mississippi Valley; we ask that they shall have the poor privilege of building up homes in that arid region if they can.

Senators talk about it being a bad principle to make these people dependent upon the Government; to encourage them to come here and ask privileges from the Government by extending to them the laws under which all the great States have grown up and been populated. It would be a bad principle in the Government and unjust and detrimental to discriminate against them. Give them the same privileges that other American citizens have had who wanted to obtain public lands so far as they can get them. They can not get the same privileges. The best of the public lands are gone, and they are gone into the hands of settlers who have made the country great. To now attempt to reimburse ourselves out of the remainder of the desert lands, and to persecute the people who are trying to live there with the hardest struggle that any people ever had in the world, it seems to me is the essence of cruelty and a violation of every principle of justice and good government. I hope we shall not hear any more sentiments of that kind in the Senate.

I do not want to criticise those who are asking the Government to give them special privileges, because the protective principle, properly applied, is beneficial to protect all; but the protective principle can not reach the farmers of this country. They have to rely on their exports, and we have to rely on their exports to pay our foreign obligations and to buy what we buy from abroad. We have by legislation, the legislation of New England and New York, placed them in a position of competition where their products are below the cost of production. We have given the standard silver countries a hundred per cent advantage in the European markets. We do not propose any tariff for them. We do not propose any relief for the great agricultural interest. Nobody proposes that. Here the poorest of all the agriculturists of the United States are to be punished and dealt with on a different principle from that applied in the Mississippi Valley. It is unjust.

If New England wants a market for her products, it is for her interest and her benefit that that section of country should be settled. She has made millions and hundreds of millions, and perhaps thousands of millions, of dollars by the beneficent policy of the Government in giving away public lands, making homes, bringing their products into market, and furnishing a market for the products of New England. That was the theory, that the United States would prosper more by having these lands settled, so as to furnish a market for manufactures, so as to aid in paying taxes, than it would by extorting money from settlers by the sale of these lands. That is not the policy of the Government. If the old policy is to be reversed and the poor people who go upon the poor desert lands and attempt to reclaim them and make homes there are to be treated in this harsh manner, in violation of what has been done for all others, let us know it, and the people will keep out of those regions; but to talk about those people as unjust and dishonest, to talk about them as asking special privileges, is too repugnant to the facts and common sense to escape severe condemnation.

#### IMPRISONMENT OF JULIO SANGUILLY.

Mr. CALL. I ask unanimous consent to present a paper from a gentleman who has been elected as a Republican member of the next Congress, who has recently been in Havana, and I ask that the statement be read and printed in the RECORD.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Florida? The Chair hears none, and the statement will be read.

The Secretary read as follows:

#### STATEMENT IN RELATION TO JULIO SANGUILLY.

I also had a talk with Julio Sanguilly, who stated that he had been confined in the Cabanas for a period of twenty-three months. It appears from his statement that the day before the rebellion broke out in Cuba, while taking a bath in his house, he was arrested and thrown into prison. He was tried and condemned to punishment by a military tribunal, the sentence being that he should be punished perpetually in chains, etc. The United States authorities protested on the ground that Sanguilly was a citizen of the United States, he having been naturalized in New Orleans and having resided there for some time, and that he was taken without arms and should be tried by the civil authorities and not the military authorities. An appeal was taken to the authorities at Madrid, and this sentence was set aside. He was retried, and a few days ago a similar sentence imposed on him. The lawyer who conducted the first trial of Sanguilly was also thrown in prison and is now in the cabanas along with Sanguilly. The lawyer who managed the appeal in Spain has been deprived of his office and all emoluments attached thereto by the authorities at Madrid. A witness who could have proven Sanguilly's entire innocence, namely, Lopez Coloma, was a few days before this last trial taken

from his cell in the Cabanas, where he had been imprisoned for a considerable time, and shot without any trial, as Sanguilly said, for the purpose of preventing him from testifying.

An appeal must be taken within a few days, or, unless the United States interferes, the witness will be transported to the penal colony in North Africa in accordance with the sentence passed a few days ago. Sanguilly stated that he did not believe that he could get any lawyer to take his case and conduct his appeal, as the fate of his other two lawyers who conducted the former proceedings would deter others from undertaking his case again.

Sanguilly seems to be a man of about 60 years of age, quite gray, and complained that the imprisonment during the past twenty-three months was breaking his health so that he could not longer endure it; and he desired that the United States Government take action in his case at once by inquiring into the cause of his detention and the unfair method by which he has been tried and convicted. He claimed that there is no possible testimony as to his being implicated in the rebellion, but that he was simply confined because he might perhaps have been guilty of some offense in the future, yet that he was guilty of no offense whatever when arrested, and nothing was proven or could be proven against him.

EDWARD E. ROBBINS.

#### MRS. ELIZABETH GNASH.

Mr. GEAR. I ask unanimous consent for the consideration at this time of the bill (S. 3035) granting a pension to Mrs. Elizabeth Gnash.

The PRESIDING OFFICER. Is there objection?

Mr. COCKRELL. Has that bill just been reported?

Mr. GEAR. It was reported on the 5th instant, I will say to the Senator from Missouri.

The PRESIDING OFFICER. The Chair is informed that the bill is on the Calendar with a favorable report. The Senator from Iowa now asks unanimous consent for its consideration.

There being no objection, the Senate, as in Committee of the Whole, proceeded to consider the bill (S. 3035) granting a pension to Mrs. Elizabeth Gnash. It proposes to place on the pension roll, at \$12 per month, the name of Elizabeth Gnash, widow of Thomas Gnash, late private Company G, Third Regiment Iowa Cavalry.

The bill was reported to the Senate without amendment, ordered to be engrossed for a third reading, read the third time, and passed.

#### HENDERSON MARPLE.

Mr. COCKRELL. I ask unanimous consent for the present consideration of the bill (H. R. 3877) granting a pension to Henderson Marple. It is a bill which has been reported favorably from the Committee on Pensions.

Mr. FRYE. It will take the next two hours to consider the bills which, by unanimous consent, were to be taken up at this hour. Is the bill to which the Senator refers a very short one?

Mr. COCKRELL. It is only a short bill, and will not take half a minute.

Mr. FRYE. Then I shall not interpose an objection.

By unanimous consent, the Senate, as in Committee of the Whole, proceeded to consider the bill (H. R. 3877) granting a pension to Henderson Marple. It proposes to place on the pension roll the name of Henderson Marple, late a private in Capt. A. J. Hart's company, Morgan County Provisional Enrolled Missouri Militia, at \$12 per month; and provides that the pension shall be paid to him and that no part of it shall be retained by any official of the Government by reason of any pension heretofore paid to Henderson Marple.

The bill was reported to the Senate without amendment, ordered to a third reading, read the third time, and passed.

#### PACIFIC RAILROADS SINKING FUND.

Mr. MORGAN. I desire to offer a resolution, and after it has been read I shall ask for its present consideration, unless there be objection to it.

The PRESIDING OFFICER. The resolution submitted by the Senator from Alabama will be read, subject to objection.

The Secretary read the resolution, as follows:

*Resolved*, That the Committee on Organization, Conduct, and Expenditures of the Executive Departments are hereby authorized and instructed to make examination into the means by which certain papers mentioned in the report of the Acting Secretary of the Treasury, which is hereto attached, have disappeared from the records of the Treasury Department.

And said committee will inquire and report whether any and what person has abstracted said papers from the files or records of said Department, and whether any officer or employee of said Department had knowledge of, or was in any way party or privy to, any unlawful act connected with the loss, destruction, or removal of such papers. And said committee in the execution of this order shall have power to require the appearance of witnesses, and to examine them under oath.

By unanimous consent, the Senate proceeded to consider the resolution.

Mr. HOAR. Mr. President, I merely heard the reading of the concluding part of the resolution. I do not know whether it is liable to the suggestion I am about to make or not. It is very convenient in all such cases to have the phrase used, "said committee or a subcommittee of their number."

Mr. MORGAN. It will not be necessary to provide for a subcommittee, because the transaction to be investigated is right here in the Treasury Department.

Mr. HOAR. I do not know how that may be, but it is very convenient sometimes to have the power of a committee to send for persons and papers and administer oaths, etc., exercised by a

subcommittee, and it brings such subcommittee of the Senate for that purpose within the statutory provision.

Mr. MORGAN. I will modify the resolution by inserting the words "or a subcommittee thereof."

The PRESIDING OFFICER. The question is on agreeing to the resolution as modified.

The resolution as modified was agreed to.

#### AMENDMENT OF NAVIGATION LAWS.

Mr. FRYE. Under the order adopted yesterday assigning this hour for the consideration of certain bills from the Committee on Commerce, I call for the consideration of the bill (H. R. 2663) to amend the laws relating to navigation.

I will state that there is no need of reading the bill as it came from the House of Representatives, as, when I reported from the Senate committee an amendment as a substitute, the substitute was adopted in place of the bill as it came from the other House. Therefore, there is no need of reading the original bill, which is erased. It is simply necessary to read the amendment.

The Senate, as in Committee of the Whole, proceeded to consider the bill (H. R. 2663) to amend the laws relating to navigation.

The amendment reported by the Committee on Commerce was to strike out all after the enacting clause and insert:

That section 4507 of the Revised Statutes be, and is hereby, amended to read as follows:

"SEC. 4507. The Secretary of the Treasury shall assign in public buildings or otherwise procure suitable offices and rooms for the shipment and discharge of seamen, to be known as shipping commissioners' offices, and shall procure furniture, stationery, printing, and other requisites for the transaction of the business of such offices."

SEC. 2. That on and after June 30, 1898, every place appropriated to the crew of a seagoing vessel of the United States, except a fishing vessel, yacht, or pilot boat, and all vessels under 100 tons register, shall have a space of not less than 72 cubic feet and not less than 12 superficial feet measured on the deck or floor of that place for each seaman or apprentice lodged therein. Such place shall be securely constructed, properly lighted, drained, and ventilated, properly protected from weather and sea, and, as far as practicable, properly shut off and protected from the effluvia of cargo or bilge water.

Fishing vessels, yachts, and pilot boats are hereby exempted from the provisions of section 1 of chapter 173 of the laws of 1895, entitled "An act to amend section 1 of chapter 303 of the laws of 1882, entitled 'An act to provide for deductions from the gross tonnage of vessels of the United States,'" so far as said section prescribes the amount of space which shall be appropriated to the crew and provides that said space shall be kept free from goods or stores not being the personal property of the crew in use during the voyage.

And on and after June 30, 1898, every steamboat of the United States plying upon the Mississippi River or its tributaries shall furnish an appropriate place for the crew, which shall conform to the requirements of this section so far as they shall be applicable thereto by providing sleeping room in the engine room of the steamboats properly protected from the cold, winds, and rain by means of suitable awnings or screens on either side of the guards or sides and forward, reaching from the boiler deck to the lower or main deck, under the direction and approval of the Supervising Inspector General of Steam Vessels, and shall be properly heated. Any failure to comply with this section shall subject the owner or owners to a penalty of \$500.

SEC. 3. That section 4576 of the Revised Statutes be, and is hereby, amended to read as follows:

"SEC. 4576. The master of every vessel bound on a foreign voyage or engaged in the whale fishery shall exhibit the certified copy of the list of the crew to the first boarding officer at the first port in the United States at which he shall arrive on his return, and also produce the persons named therein to the boarding officer, whose duty it shall be to examine the men with such list and to report the same to the collector; and it shall be the duty of the collector at the port of arrival, where the same is different from the port from which the vessel originally sailed, to transmit a copy of the list so reported to him to the collector of the port from which such vessel originally sailed. For each failure to produce any person on the certified copy of the list of the crew the master and owner shall be severally liable to a penalty of \$400, to be sued for, prosecuted, and disposed of in such manner as penalties and forfeitures which may be incurred for offenses against the laws relating to the collection of dues; but such penalties shall not be incurred on account of the master not producing to the first boarding officer any of the persons contained in the list who may have been discharged in a foreign country with the consent of the consul, vice-consul, commercial agent, or vice commercial agent there residing, certified in writing, under his hand and official seal, to be produced to the collector with the other persons composing the crew, nor on account of any such person dying or absconding or being forcibly impressed into other service of which satisfactory proof shall be then also exhibited to the collector."

SEC. 4. That section 4541 of the Revised Statutes be, and is hereby, amended by substituting the words "circuit court of the circuit" for the words "district judge for the district," and by striking out the words "district judge" before the word "requires," in the eleventh line, and inserting instead thereof the words "circuit judge."

SEC. 5. That rule 11 of section 4233 of the Revised Statutes, relating to pilot boats, be amended by adding thereto a paragraph, as follows:

"Steam pilot boats shall, in addition to the masthead light and green and red side lights required for ocean steam vessels, carry a red light hung vertically from 3 to 5 feet above the foremast head light, for the purpose of distinguishing such steam pilot boats from other steam vessels."

SEC. 6. That section 4542 of the Revised Statutes be, and is hereby, amended by adding thereto the words "or where he died."

SEC. 7. That section 4545 of the Revised Statutes be, and is hereby, amended to read as follows:

"SEC. 4545. A circuit court, in its discretion, may at any time direct the sale of the whole or any part of the effects of a deceased seaman or apprentice, which it has received or may hereafter receive, and shall hold the proceeds of such sale as the wages of deceased seamen are held. When no claim to the wages or effects or proceeds of the sale of the effects of a deceased seaman or apprentice, received by a circuit court, is substantiated within six years after the receipt thereof by the court, it shall be in the absolute discretion of the court, if any subsequent claim is made, either to allow or refuse the same. Such courts shall, from time to time, pay any moneys arising from the unclaimed wages and effects of deceased seamen, which in their opinion is not necessary to retain for the purpose of satisfying claims, into

the Treasury of the United States, and such moneys shall form a fund for, and be appropriated to, the relief of sick and disabled and destitute seamen belonging to the United States merchant-marine service."

SEC. 8. That chapter 97 of the laws of 1895, entitled "An act to amend an act entitled 'An act to amend the laws relative to shipping commissioners,' approved August 19, 1890," is amended by striking therefrom the word "seventh," in the twelfth line, and inserting the words "and four thousand six hundred and two" in the twenty-eighth line after the words "four thousand five hundred and fifty-four."

SEC. 9. That fees for the entry direct from a foreign port and for the clearance direct to a foreign port of a vessel navigating the waters of the northern, northeastern, and northwestern frontiers of the United States otherwise than by sea, prescribed by section 4382 of the Revised Statutes, are abolished. Where such fees, under existing laws, constitute in whole or in part the compensation of a collector of customs, such officer shall hereafter receive a fixed sum for each year equal to the amount which he would have been entitled to receive as fees for such services during said year.

SEC. 10. That section 4165 of the Revised Statutes be, and is hereby, amended to read as follows:

"SEC. 4165. A vessel registered pursuant to law, which by sale has become the property of a foreigner, shall be entitled to a new register upon afterwards becoming American property, unless it has been enlarged or undergone change in build outside the United States."

SEC. 11. That section 13 of chapter 344 of the laws of 1874 be, and is hereby, amended to read as follows:

"SEC. 13. That the Secretary of the Treasury may, upon application therefor, remit or mitigate any penalty provided for in this act, or discontinue any prosecution to recover the same, upon such terms as he, in his discretion, shall think proper, and shall have authority to ascertain the facts upon all such applications in such manner and under such regulations as he may think proper. All penalties herein provided may be sued for, prosecuted, recovered, and disposed of in the manner prescribed by section 4305 of the Revised Statutes."

SEC. 12. That rule 14 and rule 15 (a), (b), and (c) of section 4233 of the Revised Statutes be, and are hereby, amended to read as follows:

"Rule 14. The exhibition of any light on board of a vessel of war of the United States may be suspended whenever, in the opinion of the Secretary of the Navy, the commander-in-chief of a squadron, or the commander of a vessel acting singly, the special character of the service may require it. The exhibition of any light on board of a revenue cutter of the United States may be suspended whenever, in the opinion of the commander of the vessel, the special character of the service may require it.

"Rule 15. (a) Steam vessels under way shall sound a steam whistle placed before the funnel, not less than 8 feet from the deck, at intervals of not more than one minute. Steam vessels, when towing, shall sound three blasts of quick succession repeated at intervals of not more than one minute. (b) Sail vessels under way shall sound a fog horn at intervals of not more than one minute. (c) Steam vessels and sail vessels, when not under way, shall sound a bell at intervals of not more than two minutes."

SEC. 13. That section 4233 of the Revised Statutes be, and is hereby, amended by adding thereto:

"Rule 25. A sail vessel which is being overtaken by another vessel during the night shall show from her stern to such last-mentioned vessel a torch or a flare-up light."

"Rule 26. Nothing in these rules shall exonerate any ship, or the owner, or master, or crew thereof, from the consequences of any neglect to carry lights or signals, or of any neglect to keep a proper lookout, or of the neglect of any precaution which may be required by the ordinary practice of seamen or by the special circumstances of the case."

SEC. 14. That the Secretary of the Treasury be, and is hereby, authorized to direct the inspection of any foreign vessel admitted to American registry, its steam boilers, steam pipes, and appurtenances, and to direct the issue of the usual certificate of inspection, whether said boilers, steam pipes, and appurtenances are or are not constructed pursuant to the laws of the United States, or whether they are or are not constructed of iron stamped pursuant to said laws. The tests in the inspection of such boilers, steam pipes, and appurtenances shall be the same in all respects as to strength and safety as are required in the inspection of boilers constructed in the United States for marine purposes.

SEC. 15. That section 234 of the Revised Statutes be, and is hereby, amended by repealing the following words therein:

"The master of any vessel bound to any district in Connecticut, through or by the way of Sandy Hook, shall, before he passes the port of New York, and immediately after his arrival, deposit with the collector for the district of New York a true manifest of the cargo on board such vessel. The master of any vessel bound to the district of Burlington shall, before he passes the port of Philadelphia, and immediately after his arrival, deposit with the collector thereof a like manifest; and the collector shall, after registering the manifest, transmit the same, duly certified to have been so deposited, to the officer with whom the entries are to be made; and with the"

SEC. 16. That sections 2570, 2571, 2572, 2573, 2574, 2575, 2584, 2585, 2824, 2835, 2897, 4133, 4134, 4234, 4589, and 4590 of the Revised Statutes are repealed.

SEC. 17. That section 2797 of the Revised Statutes be, and is hereby, amended by adding thereto the following words:

"Sea stores and the legitimate equipment of vessels belonging to regular lines plying between foreign ports and the United States delayed in port for any cause may be transferred in such port of the United States, under the supervision of the customs officers, from one vessel to another vessel of the same owner without payment of duties, but duties must be paid on such stores or equipments landed for consumption except American products."

SEC. 18. That section 5347 be amended to read:

"SEC. 5347. Every master or other officer of an American vessel on the high seas or on any other waters within the admiralty and maritime jurisdiction of the United States who, without justifiable cause, beats, wounds, or imprisons any of the crew of such vessel, or withdraws from them suitable food and nourishment, or inflicts upon them any cruel and unusual punishment, shall be punished by a fine of not more than \$1,000, or by imprisonment not more than five years, or by both."

This section shall apply to the coastwise and foreign trade.

SEC. 19. That article 7 of section 4511 of the Revised Statutes be, and is hereby, amended to read:

"Seventh. Any regulations as to conduct on board and as to fines, short allowances of provisions, or other lawful punishments for misconduct, which may be sanctioned by Congress or authorized by the Secretary of the Treasury not contrary to or not otherwise provided for by law, which the parties agree to adopt."

SEC. 20. That this act shall take effect one month after its approval, except sections 12 and 13, which shall not take effect until six months after approval.

The PRESIDING OFFICER (Mr. PASCO in the chair). The substitute which has been read has heretofore been adopted.

The bill was reported to the Senate as amended, and the amendment was concurred in.

The amendment was ordered to be engrossed, and the bill to be read a third time.

The bill was read the third time.

Mr. SEWELL. I should like to ask a question for information. On page 18, line 10, there is a provision that "steam vessels under way shall sound a steam whistle placed before the funnel"—

Mr. FRYE. That is the same requirement for what are called inland waters as is now required by the international rules of navigation. That is why that is adopted.

Mr. SEWELL. "At intervals of not more than one minute."

Mr. FRYE. Yes, sir; in a fog.

Mr. SEWELL. It does not say in a fog. That is the trouble. The section does not say that it shall be done in a fog.

Mr. FRYE. It does in the sections to which that relates.

Mr. SEWELL. It would not be required, except in a fog?

Mr. FRYE. Certainly not.

Mr. WHITE. I attract the attention of the Senator from Maine to a criticism that has been made of the bill which we have reported from the Committee on Commerce, so that he may explain it. On page 12 there is a provision to this effect:

All vessels under 100 tons register shall have a space of not less than 72 cubic feet and not less than 12 superficial feet measured on the deck or floor of that place for each seaman or apprentice lodged therein.

That would be a room, say, 6 feet long and 6 feet in altitude and 2 feet wide, or, say, 4 feet in altitude, 4 feet in length, and 2 feet in width. The bill as it came from the other House provided for 100 feet. Am I not right?

Mr. FRYE. Yes.

Mr. WHITE. It is said by those who are more interested perhaps in the seamen than those who own the vessels that 72 feet are not enough. I have also been told, and I presume it to be a fact, that in England, Germany, and other countries but 72 feet are allowed. The seamen contend, however, that the arrangements of the vessels there are such that 72 feet are more valuable than 72 feet upon our ships as constructed in this country. I should like to hear from the Senator from Maine regarding this matter.

Mr. FRYE. I do not understand there is any maritime nation in the world which requires a larger space for the crew than that which is provided for in this bill, and I do not understand that there is any difference in the construction of ships which compels an American ship to have a larger space than a foreign ship. It will be observed that the space required here for the seaman is larger than the space which we get in Pullman cars. It is larger than the space which we get in the cabin of any of our steamboats. It is open to the free air, to ventilation, and so on; and I think it is larger than the midshipman gets upon ships of war to-day. I found on inquiry that in all probability more than one-half of the vessels that are to-day on the ocean could not comply with the requirements contained in the bill as it came to us from the other House.

Mr. WHITE. That is the important feature which I wish to get at. The Senator from Maine has investigated the subject, and he finds that it would be impossible for our vessels to comply with the House provision.

Mr. FRYE. Yes, sir; and still be freighters.

Mr. WHITE. Was there any evidence taken before the House committee on the matter of the 100-feet allowance which they made?

Mr. FRYE. I understand only from the sailor who represents the San Francisco union.

Mr. WHITE. He has complained to me that it is not sufficient, and I have similar complaints from other sources. Personally I have no technical knowledge about it, and I am unable to say of my own knowledge whether the space is sufficient or insufficient.

The PRESIDING OFFICER. The question is, Shall the bill pass?

The bill was passed.

Mr. FRYE. I move that the Senate request a conference with the House of Representatives upon the bill and amendment.

The motion was agreed to.

By unanimous consent, the Presiding Officer was authorized to appoint the conferees on the part of the Senate; and Mr. FRYE, Mr. NELSON, and Mr. WHITE were appointed.

#### LAWS RELATING TO AMERICAN SEAMEN.

Mr. FRYE. I ask the Senate to take up the bill (H. R. 6399) to amend the laws relating to American seamen.

There being no objection, the Senate, as in Committee of the Whole, proceeded to consider the bill.

The PRESIDING OFFICER. The Chair understands that the Committee on Commerce reported an amendment in the nature of a substitute, which has heretofore been agreed to.

Mr. FRYE. That is correct.

Mr. PERKINS. I notice by the history of the bill that the amendment has already been agreed to. Yesterday when the bill was made the special order for consideration to-day at 4 o'clock I had not read the bill. There are a number of amendments which

I should like to offer, and I think they will commend themselves to the Senator from Maine, who is an authority upon maritime law and affairs, and who has given the subject-matter a great deal of attention. I feel confident that they will appeal to his sense of justice and fairness, and that he will accept the amendments. Therefore, if it is agreeable to the committee, I should like to have them considered while the bill is as in Committee of the Whole. They relate, I will say to the Senator from Maine, particularly to the imprisonment clause.

Mr. FRYE. We are just entering upon the consideration of the bill.

Mr. PERKINS. So I understand, but it has been read.

Mr. FRYE. No; it has not been read.

The PRESIDING OFFICER. The Chair will state that the amendment reported by the Committee on Commerce in the nature of a substitute for the House provision has heretofore been adopted. It will be needless to read the bill as it came from the other House. The substitute will be read.

The SECRETARY. Strike out all after the enacting clause and insert:

That section 4516 of the Revised Statutes be, and is hereby, amended so as to read as follows:

"SEC. 4516. In case of desertion or casualty resulting in the loss of one or more seamen, the master must ship, if obtainable, a number equal to the number of those whose services he has been deprived of by desertion or casualty, who must be of the same grade or rating and equally expert with those whose place or position they refill, and report the same to the United States consul at the first port at which he shall arrive, without incurring the penalty prescribed by the two preceding sections."

SEC. 2. That section 4522 of the Revised Statutes be, and is hereby, amended so as to read as follows:

"SEC. 4522. At the foot of every such contract to ship upon such a vessel of the burden of 50 tons or upward there shall be a memorandum in writing of the day and the hour when such seaman who shipped and subscribed shall render himself on board to begin the voyage agreed upon. If any seaman shall neglect to render himself on board the vessel for which he has shipped at the time mentioned in such memorandum without giving twenty-four hours' notice of his inability to do so, and if the master of the vessel shall, on the day in which such neglect happened, make an entry in the log book of such vessel of the name of such seaman, and shall in like manner note the time that he so neglected to render himself after the time appointed, then every such seaman shall forfeit, for every hour which he shall so neglect to render himself, one-half of one day's pay, according to the rate of wages agreed upon, to be deducted out of his wages. If any such seaman shall wholly neglect to render himself on board of such vessel, or having rendered himself on board shall afterwards desert, he shall forfeit all of the wages or emoluments which he has then earned; and, also, in the discretion of the court, he shall be liable to imprisonment for not more than one month."

Mr. PERKINS. I desire to move an amendment.

Mr. FRYE. The reading of the substitute has not yet been concluded.

Mr. PERKINS. I desire to offer an amendment to this section.

Mr. FRYE. To which section?

Mr. PERKINS. To the one which has just been read by the Secretary.

The PRESIDING OFFICER. The Chair will state that the text of the amendment can not be amended except in the Senate. The Chair presumes, however, that amendments can be received by unanimous consent.

Mr. PERKINS. I suggest to my friend the Senator from Maine that unanimous consent be given to consider these amendments at this time.

Mr. WHITE. Let me make an inquiry, if my colleague will permit me. Has the bill been reported to the Senate?

Mr. PERKINS. No; it has not been.

The PRESIDING OFFICER. It has not been reported to the Senate. It is now being considered by the Senate as in Committee of the Whole.

Mr. WHITE. I presume amendments can be offered when the bill shall have been reported to the Senate.

The PRESIDING OFFICER. That is what the Chair said—that amendments can be made when the bill is reported to the Senate.

Mr. FRYE. I do not think there is any objection to the Senator from California offering his amendments as the various sections are reached. I have no objection.

Mr. PERKINS. I ask the Secretary to read an amendment which I now propose.

The PRESIDING OFFICER. It is asked that there be unanimous consent to amend the bill in its present shape as in Committee of the Whole. Is there objection? The Chair hears none, and by unanimous consent amendments will be received. The amendment offered by the Senator from California will be stated.

The SECRETARY. In section 2, line 23, page 26, after the word "earned," it is proposed to strike out the remainder of the section in the following words:

And, also, in the discretion of the court, he shall be liable to imprisonment for not more than one month.

The PRESIDING OFFICER. The question is on agreeing to the amendment submitted by the Senator from California.

Mr. FRYE. I should very decidedly object to the amendment.

Mr. PERKINS. I have had some experience in nautical affairs, as well as in civil business matters. There is no law of which I

an aware on the statutes of the United States or upon the statute books of any State of the Union by which a person can be imprisoned for the violation of a civil contract. Many years ago England and many European countries passed such a law, but to their credit England and Norway have repealed those laws, and England and Norway have to-day a larger tonnage plying the ocean in the foreign trade and following the flags of their respective countries than have all the other nations of the world.

The United States have not heretofore taken a back seat in the treatment of their seamen and in recognizing the duty which they owe to their fellow-man of doing unto others as they would wish them to do unto them. It seems to me we can well afford in this case to punish the seaman by having him forfeit his wages and his effects, but I do not think we should go to the extent of imprisoning him because he has failed to perform a civil contract.

Mr. HILL. Will the Senator from California allow me for a moment? Did any such law ever exist in this country? Did imprisonment ever exist in this country for such a cause?

Mr. FRYE. Yes; and it was made a positive duty of the court to imprison the seaman.

Mr. HILL. It does not now exist; it has been repealed?

Mr. WHITE. It was repealed, and it is not exactly sought to reenact it. The imprisonment clause in modified form is put into this bill. We have no provision for imprisonment as the law now exists. Am I not right?

Mr. FRYE. In the coastwise trade.

Mr. WHITE. In the coastwise trade.

Mr. HILL. How long ago was it repealed?

Mr. WHITE. Two years ago, I think.

Mr. FRYE. About two years ago.

Mr. HILL. I should like to hear some reason why we propose to reenact it now.

Mr. FRYE. I can give the Senator from New York a reason, and I will give it with an illustration. Three or four months ago a ship was lying loaded in the city of Bath waiting for a crew. Our crews are nearly all shipped in Boston. An agent was sent to Boston to get the crew. He obtained a crew, and paid for obtaining the crew. They were duly shipped by the shipping commissioner. He then paid their traveling expenses from Boston to Bath. They stayed overnight on board the ship, and then, without any excuse at all, deserted and went back to Boston, leaving the ship at a large demurrage for at least a week.

Now, the penalty which exists to-day is the forfeiture of the wages earned. They had not earned any wages. It is no penalty at all; it does not amount to anything, and our shipmasters say it is impossible for them to undertake to do business unless there is a greater penalty than simply that of forfeiture of the wages. This is in the coastwise trade, let me say to the Senator from New York. It always happens in these cases that the desertion is when the first shipment is made. It is not when they are off on a voyage, or anything of that kind, but when the first shipment is made, and the forfeiture of the wages is a mere nothing, a bagatelle, and you can not hold a crew a moment by it.

Now, the law which has existed heretofore compelled the court to imprison for a given length of time. This provision simply says in the discretion of the court the seamen may be imprisoned for thirty days.

Mr. HOAR. Is there a law in existence now that compels the court to imprison?

Mr. FRYE. It was repealed two years ago. This provision is simply put in the bill as a deterrent on the sailors, so that they will not treat their contracts with utter levity and leave without any decent excuse at all. Of course if there were nothing in the case which called for the court to inflict a further penalty, the court would not do it, it being left in the discretion of the court.

Mr. HILL. Will the Senator allow me to make a further inquiry? The Senator stated, of course, an extreme case, where the seamen obtained their moneys in advance on a promise, which of course would not make it obtaining money under false pretenses; but is the imprisonment limited to those cases where they obtain moneys virtually on false pretenses?

Mr. FRYE. No, sir; it is not limited.

Mr. HILL. But it goes further, does it not, and inflicts imprisonment to follow the simple violation of the penalty?

Mr. FRYE. Wherever the sailors have made a contract to ship at a given time on a certain ship and desert, then, in the discretion of the court, they may be imprisoned for thirty days.

Mr. PERKINS. The illustration given by my friend from Maine is quite familiar to me, but I do not see that it differs materially from one I will cite that occurred a short time ago in my own State. A mining company, engaged in mining, having a property worth more than twice the value of an ordinary coasting vessel, met with an accident, and they sent to San Francisco for a large number of miners. They were paid their expenses of passage, board, brokerage, etc., and taken to the mine to operate it. When they reached there, the mine they believed to be unsafe, or for other reasons which were satisfactory to them, they declined

to commence work in the mine, and those who had advanced the money lost it.

But what would my friend from Maine say if we had a law upon our statute books in California imprisoning those men in the discretion of the court, a country justice of the peace, and in some of our Western States the justices of the peace have not been students of Blackstone all of their lives? What would he say if the law had imposed the penalty for their violation of this civil contract of sending them to prison?

I think the same rule should apply to our coasting vessels. We have some bright, able, sober, conscientious men who are following the coasting trade upon the Atlantic, the Pacific, and the Gulf coasts. They are conscientious and honest. There are others, as is the case in all other trades, who are not so reliable. I believe that we can force them to their contract without having this penal clause attached to our laws. Our whole nature revolts at the idea that when a man has committed no wrong, not even petty larceny, a justice of the peace may, in his discretion, send him to prison for thirty days. I hope the amendment I have offered will prevail.

Mr. WHITE. I wish to say a word with relation to this matter. The section to be amended is 4522 of the Revised Statutes of the United States. That section I will read as it existed two years ago, and, as far as I can see, as it stands to-day. If Senators will follow the reading and take the proposed amendment of the law, they can observe the difference between the measure now before the Senate and the old statute. I will read the old statute. Section 4522 of the Revised Statutes is as follows:

At the foot of every such contract to ship upon such a vessel of the burden of 50 tons or upward there shall be a memorandum in writing of the day and the hour on which the seamen who ship and subscribe shall render themselves on board to begin the voyage agreed upon. If any such seaman shall neglect to render himself on board the vessel for which he has shipped at the time mentioned in such memorandum, and if the master of the vessel shall, on the day on which such neglect happened, make an entry in the log book of such vessel of the name of such seaman, and shall in like manner note the time that he so neglected to render himself, after the time appointed, every such seaman shall forfeit for every hour which he shall so neglect to render himself one day's pay, according to the rate of wages agreed upon, to be deducted out of his wages. If any such seaman shall wholly neglect to render himself on board of such vessel, or having rendered himself on board shall afterwards desert and escape, so that the vessel proceed to sea without him, he shall be liable to pay to the master, owner, or consignee of the vessel a sum equal to that paid to him by advance at the time of signing the contract, over and besides the sum so advanced, both which sums shall be recoverable in any court, or before any justice of any State, city, town, or county within the United States, which, by the laws thereof, have cognizance of debts of equal value, against such seaman or mariner, or his surety or sureties, in case he shall have given surety to proceed the voyage.

That is the whole of the section. Hence the former penal clause to which the Senator from Maine referred, and which, my recollection is, was incorporated in the old statute, must be in some other section of the Revised Statutes, for there is no clause in section 4522 of the Revised Statutes providing for any imprisonment whatever. I mention that as perhaps from a remark I made a few moments ago the Senate might be led into error as to the former law.

At the time this matter was under consideration, not this particular amendment, but at the time we considered a similar bill, perhaps worded as this amendment is worded, I stated in the committee that I felt an aversion to providing for the infliction of a penalty by imprisonment in any civil action. Formerly, as we all know, debts were collected to a large extent in that way, and gradually, as we have progressed somewhat, we have abolished that method of enforcing obligations. When it seemed to be conceded that England, Germany, France, Norway, and Sweden were able to get along without such a penal provision, it struck me, and I am still of the impression, that this Government can not afford to enact more drastic regulations for seamen than those nations themselves have found essential.

I have an aversion, as I have already stated, to enforcing provisions of this kind. It is true that there is a discretion lodged in the judge.

And, also, in the discretion of the court, he shall be liable to imprisonment for not more than one month.

But if we are to enforce this law at all the man must be arrested practically to bring him within the jurisdiction of the court. He will be arrested, and when brought before the court it will be within the power of the man who sits upon the bench to send him to jail. It is against the conference of that power, not the fear of its extremely wrongful exercise, that I feel like protesting.

It is true that the judge may be lenient and that he may never punish anyone except in an extreme case. Loss often comes to men who have invested their capital by reason of the malconduct of men who are employed to act as sailors. Yet that is but an example of the many instances which we find every day in every walk of life. We may violate our civil contracts, and if unfortunately we have no pecuniary resources, it may be that the person whom we have wronged can never compensate himself.

But I am opposed to making a discrimination against this class of men. I am opposed to enacting a law which will give to the gentlemen who are engaged in the transaction of commerce on the

seas, the shipowners, ability to incarcerate their fellow-man, when we and the civilized world generally have abandoned imprisonment in civil cases, at least in the absence of fraud; and in some States we do not imprison them at all.

Mr. HOAR. I should like to ask the Senator to explain, if he pleases, his statement that this is an imprisonment in a civil action.

Mr. WHITE. It is not. The expression "in a civil case" was, of course, inaccurate. When I said "case" I did not refer to an action in court, but a matter which was purely one of dollars and cents between the individuals and not involving anything which in the ordinary sense could be called criminal.

Mr. HOAR. The Senator, I suppose, or the Senator reporting the bill, understands that this must be by a complaint according to due process of criminal law, as the Constitution requires; and all the rights preserved in criminal cases are preserved.

Mr. WHITE. I understand that, but I object to making that a crime. This, of course, is not a case of something that is bad in itself, I mean in a penal sense. It is merely violating an agreement to do some work. It is not a default which in the ordinary sense would be termed criminal, or against which, I conceive, Congress ought to denounce any penalty.

Of course, I understand that a complaint would have to be filed, but what would that complaint recite? It would merely recite the entering into a contract for the performance of certain work, and upon the plea of guilty being entered, the evidence showing that the contract was made and that the sailor in violation of the contract, under the terms of the section, deserted, then he would be guilty of the crime, and it would be discretionary with the judge to punish him by imprisonment.

Mr. HILL. I suggest to the Senator from California, if he will permit me, whether, if there is to be any imprisonment at all tolerated, which may be questionable, it should not be limited to those cases where the sailor has obtained moneys in advance, substantially under false pretenses.

Mr. WHITE. I think so, but—

Mr. HILL. Not technically false pretenses, but in substance.

Mr. PERKINS. If my colleague will permit me, I will state that this very same bill makes it illegal to advance a sailor any money. I should like to ask if that is not making a felony out of a civil contract?

Mr. HILL. That is a different question.

Mr. PERKINS. Or a crime.

Mr. WHITE. Is the Senator from New York through?

Mr. HILL. I merely made the suggestion for your consideration.

Mr. WHITE. In view of the statement made by the Senator from New York, I will merely remark that if the sailor obtained money in the way of an advance, at the same time having made up his mind that he would not perform the obligation which he entered upon and comply with the agreement, and upon the faith of his promise to do the work the money was given to him, it would have all the elements of that turpitude which is involved in the crime called obtaining money under false pretenses, and would be indictable in some States even as larceny. I do not know but that the law now would reach such a case; certainly it ought to do so, I think. But the criticism upon the section is that the mere violation of the contract to do the work is made an offense punishable in the discretion of a court with an imprisonment.

Mr. ALLEN. I should like to call the Senator's attention to another fact, which I regard as important.

The PRESIDING OFFICER. Does the Senator from California yield to the Senator from Nebraska?

Mr. WHITE. Certainly.

Mr. ALLEN. I know but little about navigation or sailors; but suppose a sailor who had signed a contract such as is provided for in this section should be suddenly taken ill, or some member of his family was taken ill, or there was some other excuse that all reasonable men would recognize as being a reasonable excuse for not rendering himself on board the vessel. Should not some provision be made for cases of that kind?

Mr. FRYE. The bill provides for a twenty-four hours' notice.

Mr. ALLEN. I know, but suppose he is taken sick within that time.

Mr. FRYE. No court would imprison him, of course, if he were taken sick.

Mr. WHITE. If the Senator from Nebraska will permit me, the section is perhaps not amenable to that criticism, because it uses the word "neglect," and I take it if a person be detained by reason of illness or by any paramount cause which it would be impossible for him to overcome, he could not be considered even technically guilty of contempt. I should think not.

Mr. ALLEN. But I construe the word "neglect" to be synonymous with "fail." "That he shall fail to render himself on board the vessel." It does provide for twenty-four hours' notice, but suppose he is taken sick, or that some member of his family is taken sick, five or ten hours before he shall render himself on

board the vessel, under such circumstances that he could not do so or ought not to desert his family.

Mr. WHITE. Of course there should be no ambiguity in this regard, if the Senator will permit me; but I hardly think that he could find any authority to the effect that "neglect" and "fail" are synonymous. Of course the neglect to come would involve the proposition that there had been a failure, but a failure to come would not mean that there had been any neglect, because in the case to which I refer I do not think that negligence could be predicated upon an absence over which the individual had no control. Still that could be reached by an amendment.

Mr. ALLEN. I do not know what American court is to pass upon this statute or what construction it will give to it, but I think the Senator can call to his mind many instances in which the words "neglect" and "fail" were evidently used by courts as synonymous.

Mr. WHITE. Very likely; but it is hardly accurate.

Mr. ALLEN. The purpose of the bill, of course, is to require the seaman to appear in fulfillment of his contract. He contracts absolutely and without condition to appear. Now, should it be merely left to the construction of a country justice, as my friend the junior Senator from California suggests, to determine whether he has neglected or not? Of course, a country justice is not supposed to know—

Mr. WHITE. Will the Senator from Nebraska allow me?

Mr. ALLEN. Will the Senator excuse me until I finish the sentence?

Mr. WHITE. Certainly; excuse me.

Mr. ALLEN. A country justice who lives out in the country, where there are but very few people, and where social and intellectual privileges are very limited, is not supposed to know much law. He is not supposed to have the enlarged opportunities and the intellectual field in which to roam at will that a justice or magistrate residing in a larger municipality has. Is this question to be left simply to his discretion, to his uneducated mind, to his untutored mind, I might say? We might put in some provision in the construction of which not even an ordinary country justice can err.

Mr. WHITE. I intended to inquire of the Senator from Nebraska when I last interrupted him as to whether an amendment interpolating the word "willfully" would not cover the matter?

Mr. ALLEN. That would probably cover the whole question, so that the element of inability of the seaman to appear upon the vessel may be submitted to the court or the jury, as the question might arise.

Mr. WHITE. I have no doubt the Senator from Maine who has charge of the bill would accept an amendment to that effect.

Mr. FRYE. I have no objection to accepting it.

Mr. ALLEN. So it may become an issue in the trial?

Mr. FRYE. Yes.

Mr. ALLEN. Very well. Then I move to insert the word "willfully" before the word "neglect" wherever it occurs in the section.

Mr. HILL. Does that cover it? Under the circumstances it strikes me that is not sufficient. Ordinarily, of course, the word "willfully" would help out a statute, but where the simple question is as to whether a man violates his contract and fails to serve or not, of course he does it willfully; he does it intentionally; he does it knowingly.

Mr. ALLEN. If the Senator from New York will excuse me—

Mr. HILL. Therefore I do not think it helps him out.

Mr. HOAR. I suggest to the Senator from New York the words "without reasonable cause." The whole matter is in the discretion of the court. The court would deal with that question.

Mr. HILL. That is a different thing. That might do.

Mr. ALLEN. I do not want the Senator from New York or the Senator from Massachusetts to understand that I acquiesce, so far as I am concerned, in the penal portion of this section. I shall at the proper time (and if this is the proper time, I do so now) move to strike out the lines which impose upon a seaman the penalty of imprisonment for failure to observe his contract.

Mr. WHITE. If the Senator from Nebraska will permit me, there is an amendment to that effect now before the Senate.

Mr. ALLEN. That is an amendment to strike out?

Mr. WHITE. Yes, sir.

Mr. ALLEN. I will vote for that amendment.

Mr. HILL. I wish to make a suggestion to the Senator from Massachusetts, who made the further suggestion of the words "without reasonable cause." At first I thought that possibly it would answer the purpose. But will it? Is reasonable cause the illness of his family? He still can complete his contract; he still can go. Is it not leaving it open? If he wants to get married, is that a reasonable cause for him to violate his contract?

Mr. ALLEN. The Senator from New York ought to know, Mr. President.

Mr. HILL. That is the reason why I am asking the question—I might want to volunteer and enlist myself. What is a reasonable cause; some reasonable, sufficient excuse for violating the contract? He might become intoxicated, be arrested, and put in jail, and could not go. That might be held, perhaps, in Massachusetts a reasonable cause. He might be detained for some reason. Sickness would be a reasonable cause, but there is a large number of instances, like sickness in the family—something of that kind—which could not be strictly held to be a reasonable cause. That is the question I suggested.

Mr. HOAR. I do not want to interfere with the pending bill, which my honorable friend from Maine is much better able to take care of than I am, and I merely made the suggestion thinking it might save debate. I suppose when you say that if a sailor neglects to return on board a ship at a given time he may be imprisoned, in the discretion of the court, not exceeding a month, if we have a decent magistracy, as we always have had and always I think shall have in this country, the man is pretty safe against being punished for one of those excuses which the common sense and common feeling of all mankind considers sufficient. So if it had said, "If the man shall neglect, he may be punished in the discretion of the court," and it turned out that his mother or his wife or his child were lying dead in his house or were sick with a dangerous illness, no judge would punish him for that neglect. Of course it would be willful neglect. The word "willful" would not help it, because it would be willful neglect if neglect at all. But if in addition to that you put in the words "without sufficient excuse," then the judge is compelled to pass on the question whether the thousand cases that may be supposed are a sufficient excuse, in addition to his having this discretion on the whole thing. Any judge whom I suppose fit to be a judge would say that any of the cases which have been suggested on the floor of the Senate would afford an ample excuse for not complying with a civil contract, and would act accordingly. If a judge can not be trusted in that case he can not be trusted in any case in which the life or property or liberty of a citizen is imperiled.

I remember an incident that I am sometimes reminded of when we are making such legal provisions to govern a case. A very brilliant and witty friend of mine, who was clerk of the Massachusetts house of representatives for a great many years, saw in a paper a statement that he was going to publish a treatise on parliamentary law. He wrote a letter to the paper, in which he denied the statement; but he said if he did undertake such a work he would sum it up in a single sentence, "Never have an ass in the chair." I think that doctrine may be applied to these provisions regulating courts. If you have a donkey in the judicial seat nobody is safe, whatever law you pass, and if you have a sensible man in the judicial seat you are safe certainly with a law like this.

The PRESIDING OFFICER. The question is on agreeing to the amendment proposed by the Senator from California [Mr. PERKINS].

Mr. FRYE. I desire to say a word before the amendment is acted upon.

Mr. ALLEN. Will the Senator from Maine allow me to put my amendment in a little different shape?

The PRESIDING OFFICER. The Senator from Nebraska proposes to change the language of the clause which the Senator from California has moved to strike out.

Mr. ALLEN. I want to change section 2, in line 9, on page 25, section 4522, by striking out the word "neglect" and inserting the words "without reasonable cause fail;" in line 13, by striking out the word "neglect" and inserting the word "failure;" in line 17 by striking out the word "neglect" and inserting the word "fail;" in line 20, on page 26, by striking out the word "neglect" and inserting the words "fail without reasonable cause."

Mr. FRYE. I have no objection to any of those amendments.

The PRESIDING OFFICER. The Chair understands that a part of the amendment now proposed relates to the text which the amendment offered by the Senator from California proposes to strike out. By unanimous consent all of the amendments suggested by the Senator from Nebraska can be considered as adopted.

Mr. WHITE. Is not the Chair in error as to that? The words which the Senator from California [Mr. PERKINS] moved to strike out I do not think were involved in the amendment of the Senator from Nebraska.

Mr. FRYE. Not at all.

Mr. PERKINS. Not at all.\* If the Secretary will refer to the amendment, he will see that I have simply proposed to strike out the imprisonment clause.

The PRESIDING OFFICER. If the amendments do not relate to that text, as the Chair supposed, then they will be postponed until after the amendment offered by the Senator from California shall have been disposed of; and the amendment offered by the Senator from California will now be stated.

The SECRETARY. In section 2 of the amendment reported by

the committee, in line 23, on page 26, after the word "earned," it is proposed to strike out "and also, in the discretion of the court, he shall be liable to imprisonment for not more than one month."

The PRESIDING OFFICER. The Chair will entertain the amendments of the Senator from Nebraska when the amendment of the Senator from California shall have been disposed of.

Mr. FRYE. I understood they were all adopted by agreement.

I desire to call the attention of the Senate to this matter. It is said that foreign countries have nothing of this kind. Great Britain has a law to-day that if a sailor signs the papers of a ship and then declines to serve on that ship the master may call on any policeman who is in view or who can be found to take the sailor and carry him on board the ship, put him in irons, and keep him there until the ship sails.

What are ships going to do without some such provision as this bill makes? You can not run a ship as you can a coach; you can not run a ship as you can a railroad. Here is a ship loaded for sea, the crew engaged, the papers signed. She is subject to a demurrage of hundreds of dollars a day for every day she is detained. A sailor having been brought and put on board of that ship, the next morning, without the slightest cause, leaves, and thus the ship is left without the requisite crew, and she is obliged to pay demurrage for every day she is detained. A storm may arise, and she may be delayed by head winds for a week, a fortnight, or three weeks. There is nothing of the kind about a coach; there is nothing of the kind about a railroad. I wish to say right here that I have had something to do with these sailors. There is a sailors' union in California which has had its attorney here for the last six years, and he is here now—a sailor. There is a sailors' union in Philadelphia; there is a sailors' union in New York. If Senators suppose that the sailors are not being taken care of, they are entirely mistaken. There is not a port where there is not a sailors' lawyer. The sailor has every advantage of the ship and every advantage of the shipmaster in any port into which a vessel may go. The ships are entitled to some consideration. They carry our commerce.

When the bill was pending two Congresses ago in the first place, I had conferences with these sailors and the sailors' unions. They lasted over three or four days; Governor DINGLEY was with me; and we finally drew up that which seemed to satisfy the sailor from California, and it was enacted into law. But there is no satisfying them without giving them the earth; you can not do it.

Mr. PERKINS. They do not want to be imprisoned.

Mr. FRYE. It is utterly impossible to satisfy them without giving them the earth. They still cry "Give!" after we have made them all these concessions. Taking this entire Congress, this bill has been under consideration for six months, and the sailors have had hearings over and over again in our committee, and the ship-owners have had their hearings. Finally shipowners and sailors undertook to get together and see if there could not be some agreement by which the condition of the sailor might be ameliorated. There is not a line in that bill, except this particular one, that is not for the amelioration of the condition of the sailor—not one. Wherever there was imprisonment before, and it was compulsory on the court to imprison, it has been made in the discretion of the court, and wherever the imprisonment was for four months before it is two months now, and where it was six months before it is three months now in that bill. In that bill there is provided a menu for these sailors almost equal to that which any hotel in the city of Washington furnishes. In every single item in that bill, except this single one, there is what the sailors have demanded, what they have prayed for, and what has been granted by the ship-owners and by our committee, except as to the single matter of what they call "crimping."

Now, what is crimping? That will come up. The Senator, undoubtedly following his constituent from the sailors' union in California, will offer an amendment to that clause; I have no doubt about that; and then to the clause allowing \$10 advance of wages. What is this matter of "crimping"? I might just as well spend time now on this subject as on another occasion. We have been trying for twenty years, and I have been trying my very best as chairman of the Committee on Commerce here and over in the House of Representatives, to do something for sailors, who very seldom do anything for themselves; few of them do, at any rate. We have placed them under guardianship, and in every conceivable way tried to protect them against whom? To protect them against boarding-house keepers. Every attempt that we have made in that direction has been a dead failure. We have had humanitarians, we have had Bethel ministers from New York and Boston before our committee, we have adopted their recommendations and enacted them into law for the benefit of sailors to save them from the boarding-house keepers, and we have not saved a sailor from the boarding-house keeper. The boarding-house keeper has just the same power and control of every sailor to-day that he had before we passed the law.

What is "crimping"? It is a bad name. It means simply that any captain of a ship needing sailors may employ an agent to go

and hire them. That is "crimping." This bill provides that no man shall be permitted to go and hire a sailor until the Secretary of the Treasury has investigated his character and given him a certificate. Will the Secretary of the Treasury give a certificate to the boarding-house keeper into whose clutches the sailor falls? Not at all. That is for the benefit of the sailor; and yet the sailor demands, and the Senator from California will demand, that the "crimping" provided for in this bill shall be stricken out; yet you can not get sailors on the eastern coast without. It is utterly impossible. When one of these great liners comes in, where are the shipping masters to be found? In England they have them every few rods, with their shipping offices wide open, ready to receive the sailor, with notices posted all along the great corridors that a certain ship will sail on a certain day on a certain voyage, and any sailor who desires to join that ship may step into the shipping office and ship. You have nothing of that kind here, and you can not have on account of the distance from each other of the great ports of this country. Between us and them there is nothing like the same conditions.

Take a liner, and let her come to the city of New York with 400 hands on board. Perhaps she needs a hundred more hands, and is to sail within three days. How is she going to get them? The shipping master has no time to secure them, and up to the present time he has had not even an office. He has been a curbstone broker, and nothing more. This bill provides that they shall have offices furnished to them. The only way under the sun for the captain of that liner to get a crew is to hire a man to go out and hire a crew. If he can not employ any man except a man who has been recommended by the Secretary of the Treasury, as matter of course the sailor is protected so far as he can be against the boarding-house keepers, because they will not be appointed to do this business—not at all.

There is a portion of the sailors of the United States just as intelligent, just as good, as industrious, as saving, as careful, as any laboring men in the United States or any other men. Those sailors do not require protection from boarding-house keepers; they do not go into boarding houses; they do not get drunk the moment they get on shore, and stay drunk until their money is entirely gone and the boarding-house keeper has got it, and they are ready to ship again. The man who needs the protection is the man who can not protect himself; and I have come to the deliberate conclusion, forced upon me by experience in this matter, that it is an utter impossibility to assume guardianship by the Government over a bodily and mentally sound man. You can not do it. If the sailor will not protect himself you can not protect him by law, and it is no use to try it. If he will get drunk when he goes on shore, he will go to the boarding house, the boarding-house keeper will keep him drunk until his money is all exhausted, and then, if you have no authorized agent to hire that sailor and put him on board ship, he is in the hands of the boarding-house keeper, and the boarding-house keeper will ship him, take every dollar out of him, and even the clothes he has on his back, and then he goes on board the ship and gets clothes. It is no use for Congress to undertake to deal with that matter sentimentally. It has to face the existing condition of things.

As to the coastwise trade, in order to take care of the sailors, we repealed the law which permitted their imprisonment. What was the result? Every once in a while a ship is held up and compelled to pay heavy demurrage because the crew which she shipped, and which agreed to go on her, refused to go after the ship's papers were signed. There was no punishment and no penalty, except the forfeiture of wages, and there were no wages to be forfeited. What does the forfeiture of wages amount to in the case of a ship that carries 20 sailors and has 4,000 tons of freight on board, bound for Liverpool? It is a bagatelle, utterly useless, of no account.

In this bill we put that single provision for the benefit of the ships and the men who run the ships and for the benefit of commerce; and the Senator from California can not point to another item in that bill which is for the benefit of the ship and is not for the benefit of the sailor.

Mr. President, I hoped to have completed this bill to-night, but, judging from present conditions, I do not believe that it can be completed.

Mr. CALL. I should like to suggest to the Senator from Maine that it seems to me that the point to guard against in the matter of the protection of the sailor would be to see that he does not sign papers of the ship unless he is in a proper condition and under proper supervision.

Mr. FRYE. The Senator from Florida must understand that the ship captain and the owners of the ship never know whether the sailor is in a proper condition when he signs the papers or not. They must be signed before the shipping commissioner, who is an officer of the United States, under oath to do his duty, and undoubtedly does his duty. There is where the papers are signed.

Mr. CALL. Then I understand that no other signature is binding except that made before an officer of the Government?

Mr. FRYE. No, sir. The man called the "crimp" simply

makes a trade with the sailor to join such a ship. Undoubtedly he gets a dollar or two dollars from the captain of the ship for doing the work.

Mr. CALL. But the agreement is not binding unless made under the supervision of the Government officer?

Mr. FRYE. No; it is not.

Mr. CALL. Is that officer required to see that the sailor is in a sober and proper condition at the time he signs the articles?

Mr. FRYE. I do not think the law says that.

Mr. CALL. There ought to be some provision of that kind.

Mr. WHITE. If the Senator from Maine will permit me, he stated the law of England with reference to shipping masters and the power of a shipmaster. I should like to ask the Senator whether he has investigated the laws of Norway, Sweden, Denmark, and also of Germany, in that regard, and what they are? I have heard statements that there was no penal provision whatever in those countries. I am not personally aware of the condition of the statutes of those nations.

Mr. FRYE. There is no penal provision in England. The law there simply provides that the captain of a ship may call on a police officer to take the sailor and put him in irons on board the ship, and there is no sailor in Christendom who would not rather have the discretion of the court as to thirty days' imprisonment than to be carried in irons and to be placed on board ship.

Mr. CHANDLER. I will ask the Senator if there is any doubt as to the duty of the shipping commissioner to refuse to allow a contract to be made with a man who is not in a condition to make it?

Mr. FRYE. Of course it is the duty of every intelligent officer to see that a man knows what he is about.

Mr. CHANDLER. The Senator seemed to be replying differently to the Senator from Florida when he said the owner of the ship could not know what took place before the shipping commissioners. I do not know whether or not there are specific provisions of law which require the shipping commissioner to see, before he certifies a sailor's contract, that the sailor is not drunk or unfit to make a contract, but I do know, as a matter of common sense, that it is his duty, and that the shipping commissioner is provided for the very purpose of requiring that the contract shall be deliberately entered into by the seaman.

Mr. HILL. Will the Senator from Maine or the Senator from California, whoever is entitled to the floor, yield for a brief executive session? It is evident that we can not conclude the bill to-night, and I will therefore move an executive session.

Mr. FRYE. One moment, if the Senator please.

The PRESIDING OFFICER. Does the Senator from New York yield to the Senator from Maine?

Mr. HILL. Certainly.

Mr. FRYE. I do not think the Senator from California [Mr. PERKINS] had any purpose except a good one in offering his amendment, but I think that some of the discussion which has taken place has helped delay this bill so that another very important one can not come under consideration this afternoon. If it is true that any Senator has had that purpose, I hope the next time, if I shall ask unanimous consent, that no objection will be interposed to considering those bills. They are very important bills.

Mr. HILL. How many of them have we passed now?

Mr. FRYE. We have passed one, but there are four House bills that ought to be in conference, and all four of them are very important bills.

Mr. HILL. So far as I am concerned, I have no objection to the Senator making a request to have the bills made special orders.

Mr. HOAR. I think there is no objection to going on and passing the pending bill to-night.

Mr. FRYE. I should be compelled, if the vote was declared to be in favor of striking out that clause, to call for the yeas and nays, which would develop no quorum, and that would be the end of the bill.

Mr. WHITE. The yeas and nays will be called for in any event.

Mr. PERKINS. The Senator from Maine only does me justice when he says that he thinks I had no ulterior motive in offering the amendment. I am surprised myself at the tempest which has raged in a teapot on account of my moving to strike out—

Mr. HILL. I object to the Senator calling the Senate "a teapot." [Laughter.]

Mr. FRYE. I was going to object to the same thing. I do not want to be called that. [Laughter.]

Mr. PERKINS. I simply proposed to strike out a provision imprisoning a man for the violation of a civil agreement.

Mr. HILL. How did the Senator from California get the floor away from me?

Mr. PERKINS. I will yield, but I want to say a word, if the Senator from New York will allow.

Mr. HILL. Yes.

Mr. PERKINS. I am going to offer half a dozen more amendments to the bill. If I had any doubts before, I know I am right in my position now.

Mr. CHANDLER. If the Senator from New York will allow me, I suggest that the Senator from Maine ask that the pending bill shall be made the unfinished business after the present unfinished business is out of the way.

Mr. FRYE. No; because if I can have my way, the Pacific funding bill will be the next unfinished business. I think it has waited long enough for a hearing.

Mr. HILL. Then these sailors will have to wait for some time.

Mr. CHANDLER. I will ask the Senator how he hopes to get another day in court for this bill?

Mr. FRYE. If the bill is to be amended as the Senator from California proposes, the Senator from Maine has no desire to have it considered any further—not the slightest.

Mr. CHANDLER. That can not be decided until there is a full Senate. How does the Senator from Maine propose to again bring this bill before the Senate if we await his pleasure on that subject?

Mr. FRYE. The Senator from Maine is not prepared just now to say.

Mr. BATE. The Senator from Maine promised us the other evening when he secured an agreement for the consideration of bills from the Committee on Commerce that there would not be any debate about them; and here we have had debate on one of the bills which has occupied all the evening.

#### EXECUTIVE SESSION.

Mr. HILL. I renew my motion for an executive session.

The motion was agreed to; and the Senate proceeded to the consideration of executive business. After seven minutes spent in executive session the doors were reopened, and (at 5 o'clock and 31 minutes p. m.) the Senate adjourned until Monday, January 11, 1897, at 12 o'clock meridian.

#### NOMINATIONS.

*Executive nominations received by the Senate January 7, 1897.*

#### POSTMASTERS.

Oliver Z. Glenn, to be postmaster at Lebanon, in the county of Smith and State of Kansas, the appointment of a postmaster for the said office having, by law, become vested in the President on and after January 1, 1897.

Nellie Lehane, to be postmaster at Fort Riley, in the county of Geary and State of Kansas, the appointment of a postmaster for the said office having, by law, become vested in the President on and after January 1, 1897.

Alfred B. Gowdy, to be postmaster at Campbellsville, in the county of Taylor and State of Kentucky, the appointment of a postmaster for the said office having, by law, become vested in the President on and after January 1, 1897.

Miss Sebelle Knox, to be postmaster at Clinton, in the parish of East Feliciana and State of Louisiana, the appointment of a postmaster for the said office having, by law, become vested in the President on and after January 1, 1897.

William B. Taylor, to be postmaster at Mansfield, in the parish of De Soto and State of Louisiana, the appointment of a postmaster for the said office having, by law, become vested in the President on and after January 1, 1897.

Emma L. Lombard, to be postmaster at South Ashburnham, in the county of Worcester and State of Massachusetts, the appointment of a postmaster for the said office having, by law, become vested in the President on and after January 1, 1897.

Gilmore Campbell, to be postmaster at Schoolcraft, in the county of Kalamazoo and State of Michigan, the appointment of a postmaster for the said office having, by law, become vested in the President on and after January 1, 1897.

Nicholaus Koenigs, to be postmaster at Melrose, in the county of Stearns and State of Minnesota, the appointment of a postmaster for the said office having, by law, become vested in the President on and after January 1, 1897.

Dwight E. Lockwood, to be postmaster at Hibbing, in the county of St. Louis and State of Minnesota, the appointment of a postmaster for the said office having, by law, become vested in the President on and after January 1, 1897.

Hugh M. Quinn, to be postmaster at Mapleton, in the county of Blue Earth and State of Minnesota, the appointment of a postmaster for the said office having, by law, become vested in the President on and after January 1, 1897.

James Reid, to be postmaster at South St. Paul, in the county of Dakota and State of Minnesota, the appointment of a postmaster for the said office having, by law, become vested in the President on and after January 1, 1897.

Martin Shea, to be postmaster at Perham, in the county of Ottertail and State of Minnesota, the appointment of a postmaster for the said office having, by law, become vested in the President on and after January 1, 1897.

Charles Ray, to be postmaster at Cassville, in the county of Barry and State of Missouri, the appointment of a postmaster for

the said office having, by law, become vested in the President on and after January 1, 1897.

Clara L. Lawyer, to be postmaster at Belt, in the county of Cascade and State of Montana, the appointment of a postmaster for the said office having, by law, become vested in the President on and after January 1, 1897.

Benjamin L. Williams, to be postmaster at West Orange, in the county of Essex and State of New Jersey, the appointment of a postmaster for the said office having, by law, become vested in the President on and after January 1, 1897.

Mary A. S. Kavanagh, to be postmaster at Lawrence, in the county of Queens and State of New York, the appointment of a postmaster for the said office having, by law, become vested in the President on and after January 1, 1897.

Mary Green, to be postmaster at Warrenton, in the county of Warren and State of North Carolina, the appointment of a postmaster for the said office having, by law, become vested in the President on and after January 1, 1897.

Duncan D. McIntyre, to be postmaster at Laurinburg, in the county of Richmond and State of North Carolina, the appointment of a postmaster for the said office having, by law, become vested in the President on and after January 1, 1897.

John S. Conyers, to be postmaster at Cando, in the county of Towner and State of North Dakota, the appointment of a postmaster for the said office having, by law, become vested in the President on and after January 1, 1897.

William Palmer, to be postmaster at Wyoming, in the county of Hamilton and State of Ohio, the appointment of a postmaster for the said office having, by law, become vested in the President on and after January 1, 1897.

Edward A. Petty, to be postmaster at Gloucester, in the county of Athens and State of Ohio, the appointment of a postmaster for the said office having, by law, become vested in the President on and after January 1, 1897.

David Stephens, to be postmaster at Bradner, in the county of Wood and State of Ohio, the appointment of a postmaster for the said office having, by law, become vested in the President on and after January 1, 1897.

Andrew J. Bard, to be postmaster at Slippery Rock, in the county of Butler and State of Pennsylvania, the appointment of a postmaster for the said office having, by law, become vested in the President on and after January 1, 1897.

Ransom L. Clark, to be postmaster at Galeton, in the county of Potter and State of Pennsylvania, the appointment of a postmaster for the said office having, by law, become vested in the President on and after January 1, 1897.

Jacob P. Criss, to be postmaster at New Wilmington, in the county of Lawrence and State of Pennsylvania, the appointment of a postmaster for the said office having, by law, become vested in the President on and after January 1, 1897.

Margaret B. Doonan, to be postmaster at Dunbar, in the county of Fayette and State of Pennsylvania, the appointment of a postmaster for the said office having, by law, become vested in the President on and after January 1, 1897.

George Huhn, to be postmaster at Etna, in the county of Allegheny and State of Pennsylvania, the appointment of a postmaster for the said office having, by law, become vested in the President on and after January 1, 1897.

Amasa A. Swingle, to be postmaster at Peckville, in the county of Lackawanna and State of Pennsylvania, the appointment of a postmaster for the said office having, by law, become vested in the President on and after January 1, 1897.

John W. Clark, to be postmaster at Ripley, in the county of Lauderdale and State of Tennessee, the appointment of a postmaster for the said office having, by law, become vested in the President on and after January 1, 1897.

Daniel D. Scott, to be postmaster at Jellico, in the county of Campbell and State of Tennessee, the appointment of a postmaster for the said office having, by law, become vested in the President on and after January 1, 1897.

Mira Johnson, to be postmaster at Mount Pleasant, in the county of Titus and State of Texas, the appointment of a postmaster for the said office having, by law, become vested in the President on and after January 1, 1897.

James Hughes, to be postmaster at Mercur, in the county of Tooele and State of Utah, the appointment of a postmaster for the said office having, by law, become vested in the President on and after January 1, 1897.

George Mason, to be postmaster at Walsenburg, in the county of Huerfano and State of Colorado, in the place of George Mason, whose commission expired January 4, 1897.

William Gallagher, to be postmaster at Sandersville, in the county of Washington and State of Georgia, in the place of William Gallagher, whose commission expires January 17, 1897.

William G. Messler, to be postmaster at Chatsworth, in the county of Livingston and State of Illinois, in the place of Frank H. Bangs, whose commission expires January 14, 1897.

Peter Freyman, to be postmaster at Dyersville, in the county of Dubuque and State of Iowa, in the place of Evan Gibbons, whose commission expires January 14, 1897.

M. J. Kelly, to be postmaster at Parkersburg, in the county of Butler and State of Iowa, in the place of John Knapp, whose commission expires January 14, 1897.

David H. Kerby, to be postmaster at Seymour, in the county of Wayne and State of Iowa, in the place of James H. Morrison, whose commission expired January 5, 1897.

Stephen C. Maynard, to be postmaster at Grand Junction, in the county of Green and State of Iowa, in the place of Henry Ketell, whose commission expires January 14, 1897.

W. J. Semmons, to be postmaster at Pringhar, in the county of O'Brien and State of Iowa, in the place of George P. Clark, whose commission expires January 14, 1897.

Charles E. Monell, to be postmaster at Kirwin, in the county of Phillips and State of Kansas, in the place of Mary L. White, whose commission expired January 5, 1897.

Frank F. Philbrick, to be postmaster at Merrimac, in the county of Essex and State of Massachusetts, in the place of Elizabeth W. Smart, whose commission expired December 20, 1896.

William H. Torrey, to be postmaster at Foxboro, in the county of Norfolk and State of Massachusetts, in the place of Florence M. Carpenter, whose commission expired January 4, 1897.

Grovenor D. McCubrey, to be postmaster at Barnesville, in the county of Clay and State of Minnesota, in the place of Grovenor D. McCubrey, whose commission expires January 23, 1897.

Lang C. Allen, to be postmaster at Clarksdale, in the county of Coahoma and State of Mississippi, in the place of Anna Durham, whose commission expired December 14, 1896.

William V. Leech, to be postmaster at Cape Girardeau, in the county of Cape Girardeau and State of Missouri, in the place of Oscar Cramer, whose commission expired December 14, 1896.

Alexander Devine, to be postmaster at Anaconda, in the county of Deerlodge and State of Montana, in the place of Rogers Edwards, whose commission expires January 21, 1897.

Grace Lamont, to be postmaster at Dillon, in the county of Beaverhead and State of Montana, in the place of Grace Lamont, whose commission expired January 4, 1897.

John B. Taylor, to be postmaster at Boulder, in the county of Jefferson and state of Montana, in the place of George Pfaff, whose commission expired December 14, 1896.

Francis A. Simons, to be postmaster at Cedar Rapids, in the county of Boone and State of Nebraska, in the place of Dennis Tracy, whose commission expires January 7, 1897.

Herman J. Kohlhaas, to be postmaster at Paterson, in the county of Passaic and State of New Jersey, in the place of A. H. Demarest, deceased.

Charles W. Blackman, to be postmaster at Caledonia, in the county of Livingston and State of New York, in the place of R. W. Matteson, whose commission expires January 14, 1897.

Virginia Jones, to be postmaster at Cortland, in the county of Cortland and State of New York, in the place of Benton B. Jones, deceased.

H. M. Bennett, to be postmaster at Derry Station, in the county of Westmoreland and State of Pennsylvania, in the place of Johnson D. Neely, whose commission expires January 14, 1897.

William Grier, to be postmaster at New Bloomfield, in the county of Perry and State of Pennsylvania, in the place of Henry C. Shearer, whose commission expires January 7, 1897.

Milton F. Moyer, to be postmaster at Lykens, in the county of Dauphin and State of Pennsylvania, in the place of Jacob Alvord, whose commission expires January 25, 1897.

Isaac G. Pfautz, to be postmaster at Lititz, in the county of Lancaster and State of Pennsylvania, in the place of J. B. Goble, whose commission expired December 14, 1896.

William M. Farrington, to be postmaster at Memphis, in the county of Shelby and State of Tennessee, in the place of Robert B. Armour, resigned.

#### CONFIRMATIONS.

*Executive nominations confirmed by the Senate January 7, 1897.*

#### CONSUL.

George Sawter, of Connecticut, formerly commercial agent at Glauchau, Germany, to be consul of the United States at that place.

#### POSTMASTERS.

Norman W. Kelso, to be postmaster at Mechanicsville, in the county of Saratoga and State of New York.

William F. Sponenborg, to be postmaster at Manlius, in the county of Onondaga and State of New York.

Nettie J. Van Inwegen, to be postmaster at Ortonville, in the county of Big Stone and State of Minnesota.

R. Lindsay Kent, to be postmaster at Verona, in the county of Allegheny and State of Pennsylvania.

B. Frank Palmer, to be postmaster at Larchmont, in the county of Westchester and State of New York.

James S. Boyd, to be postmaster at Cold Spring, in the county of Putnam and State of New York.

Charles W. Anderson, to be postmaster at Fishkill on the Hudson, in the county of Dutchess and State of New York.

#### HOUSE OF REPRESENTATIVES.

THURSDAY, January 7, 1897.

The House met at 12 o'clock m., and was called to order by the Speaker.

Prayer by the Rev. W. H. MILBURN, D. D., Chaplain of the Senate.

The Journal of the proceedings of yesterday was read and approved.

#### CERTAIN OFFICERS, ALASKA TERRITORY.

Mr. LACEY. Mr. Speaker, I ask unanimous consent for the present consideration of two House bills, which are dependent upon each other. Action upon one necessitates the passage of the other.

The SPEAKER. The Clerk will read the first bill.

The Clerk read as follows:

A bill (H. R. 7087) to amend section 8 of the act entitled "An act providing a civil government for Alaska," approved May 17, 1884.

*Be it enacted, etc.*, That section 8 of an act entitled "An act providing a civil government for Alaska" be, and the same is hereby, amended by striking out the words "the commissioner provided for by this act to reside in Sitka shall be ex officio register of said land office, and the clerk provided for by this act shall be ex officio receiver of public moneys, and the marshal provided for by this act shall be ex officio surveyor-general of said district."

Mr. LACEY. Mr. Speaker, the next bill (H. R. 7088) should be considered in connection with the one which has just been read. One of them is a repealing act, which would leave the law imperfect without the passage of the other.

Mr. McMILLIN. Mr. Speaker, reserving the right to object, I should like to have the report read.

Mr. LACEY. The report may be read, or I can make a brief explanation which I think will be satisfactory.

Mr. DINGLEY. Mr. Speaker, let the second bill be read.

The Clerk read as follows:

A bill (H. R. 7088) to create the office of surveyor-general in Alaska.

*Be it enacted, etc.*, That there shall be appointed by the President, by and with the advice and consent of the Senate, a surveyor-general for the District of Alaska, embracing one surveying district.

SEC. 2. That the surveyor-general of Alaska shall receive a salary at the rate of \$2,500 per annum.

The Committee on the Public Lands recommended an amendment striking out of line 2, in section 2, the words "five hundred."

Mr. LACEY. Now, Mr. Speaker, the report on the bill H. R. 7087 will explain the whole matter, or perhaps I can make it clear to the House in a briefer way.

Mr. DINGLEY. Reserving the right to object, I should like to hear the report read.

Mr. LACEY. I will ask the Clerk to read the report on the bill H. R. 7087.

The report (by Mr. LACEY) was read, as follows:

The Committee on the Public Lands, to whom was referred the bill (H. R. 7087) to amend section 8 of an act entitled "An act providing a civil government for Alaska," approved May 17, 1884, submit the following report:

Your committee recommend the passage of this bill for the reasons set forth in the annexed letters from the Commissioner of the General Land Office and the Secretary of the Interior.

The bill was prepared by the Commissioner of the General Land Office.

DEPARTMENT OF THE INTERIOR, GENERAL LAND OFFICE,

Washington, D. C., February 28, 1896.

SIR: In my annual report for 1895, pages 62, 63, and 64, I set forth at some length the great importance and necessity for the enactment of a law creating the office of United States surveyor-general for Alaska.

This matter also formed the subject of a special remark in my reports for 1893 and 1894. The need for this office, in view of the development of the mining interests, is constantly increasing, and the duties devolving upon the ex officio surveyor-general, who is also the United States marshal, are such as to require his entire time in the former capacity.

I have therefore prepared a bill which is herewith inclosed, and urgently recommend that the same be introduced in both Houses of Congress under your sanction and approval.

I also transmit a draft of a bill repealing that portion of section 8 of the act of May 17, 1884 (23 Stat. L. p. 26), which provides that the commissioner, clerk, and marshal shall act as ex officio register, receiver, and surveyor-general, respectively.

Your attention is called to the fact that section 234 of the Revised Statutes provides that a register and receiver shall be appointed for each land district established by law, and to the further fact that the first sentence in said section 8 (23 Stat. L. p. 26) provides "that said district of Alaska is hereby created a land district, and the United States land office for said district is hereby located at Sitka."

You will note that with that portion of said section 8 (23 Stat. L. p. 26), repealed, a register and receiver may be appointed for this district under said section 234 of the Revised Statutes.

The necessity for this action is constantly brought to my notice, and for the reason stated in my annual report for 1895, page 64, I am satisfied that the legislation asked will be in the interests of the public service.

Very respectfully,

S. W. LAMOREUX, Commissioner.

The SECRETARY OF THE INTERIOR.

DEPARTMENT OF THE INTERIOR,  
Washington, March 10, 1896.

SIR: I have the honor to hand you herewith copies of two bills prepared by the Commissioner of the General Land Office, one of which creates the office of surveyor-general in Alaska, and the other seeks to amend section 8 of an act entitled "An act providing a civil government for Alaska," approved May 17, 1884 (23 Stat. L., page 26). I also transmit herewith a copy of the Commissioner's letter, dated the 28th ultimo, submitting said bills for my consideration.

I know of no reason why the bills should not be enacted into law.

Very respectfully,

HOKE SMITH, Secretary.

HON. JOHN F. LACEY,  
Chairman Committee on the Public Lands,  
House of Representatives.

Mr. DINGLEY. I should like to ask the gentleman if the effect of the passage of these two bills is to create three new offices, namely, surveyor, receiver, and register?

Mr. LACEY. The effect of the bill is to create one new office, namely, a surveyor-general, at a salary of \$2,000 a year. At present the other parties perform the duties of register and receiver and receive the compensation. There will be no extra expense on account of that. The only expense added to the administration of affairs in Alaska will be the \$2,000 for surveyor-general.

Mr. DINGLEY. Twenty-five hundred dollars.

Mr. LACEY. No; \$2,000. There is an amendment proposed to strike out the \$500; and the increased business in opening up that country for settlement will more than pay this expense. It will be an asset rather than a liability, in my judgment. The Department has asked this relief for several years.

Mr. DINGLEY. And the committee are satisfied that the creation of this officer, the surveyor-general, is absolutely necessary for the protection of the public interest?

Mr. LACEY. Unquestionably so. The marshal is now required to perform the duties of that office, without being qualified to do so, and without having the time.

Mr. DINGLEY. Does he receive the compensation?

Mr. LACEY. He receives the compensation.

Mr. McMILLIN. We are unable to hear the gentleman's statement.

Mr. LACEY. Did the gentleman hear the report read?

Mr. McMILLIN. I heard the report read.

Mr. LACEY. I was only explaining, Mr. Speaker, that the only additional expense would be the salary of the surveyor-general. The marshal now receives the fees of that office, which are about enough to pay the surveyor-general. Practically it will involve no expense, and it will facilitate the transaction of the land business there. There is quite a settlement opening up in Alaska, and large mining interests are being developed in that country.

Mr. McMILLIN. Have the duties of the office increased to that degree that they can not be properly performed by those upon whom they were devolved by the original act?

Mr. LACEY. The original act requires double duty on the part of the marshal. It is reported to us from the Secretary of the Interior and the Commissioner of the General Land Office that the marshal can not perform these duties satisfactorily.

Mr. RICHARDSON. I would like to ask the gentleman if this is the same bill that was considered last session?

Mr. LACEY. It has never been considered. It was reported, but never considered.

Mr. RICHARDSON. Does this provide for the representation of the Territory?

Mr. LACEY. It is nothing but a land bill.

Mr. RICHARDSON. The gentleman will remember that we had the other bill pending last session. It is not that, is it?

Mr. LACEY. It is not that bill.

Mr. BAKER of New Hampshire. I would like to ask the gentleman if this opens the lands of Alaska to settlement? Is there any change in the existing land laws of that Territory?

Mr. LACEY. There is no change whatever. This is simply to carry out the existing law.

The SPEAKER. Is there objection to the consideration of the two bills reported to the House? [After a pause.] The Chair hears none. The question is on the engrossment and third reading of the bill H. R. 7087.

The bill was ordered to be engrossed for a third reading; and being engrossed, it was accordingly read the third time, and passed.

The SPEAKER. The Clerk will now report the next bill.

The Clerk read as follows:

A bill (H. R. 7088) to create the office of surveyor-general in Alaska.

The SPEAKER. To this the committee reports an amendment, which the Clerk will report.

The Clerk read as follows:

In section 2, line 2, after the word "thousand," strike out the words "five hundred;" so as to read "at the rate of \$2,000 per annum."

The amendment was agreed to.

The bill as amended was ordered to be engrossed for a third reading; and being engrossed, it was accordingly read the third time, and passed.

On motion of Mr. LACEY, a motion to reconsider the votes by which the several bills were passed was laid on the table.

## ORDER OF BUSINESS.

Mr. POWERS. I call for the regular order.

The SPEAKER. The regular order is demanded.

## RESIGNATION OF A MEMBER.

The SPEAKER. The Chair will submit the following communication from the secretary of state of New York.

The Clerk read as follows:

## STATE OF NEW YORK, OFFICE OF SECRETARY OF STATE,

Albany, January 4, 1897.

DEAR SIR: Hon. FRANK S. BLACK has resigned the office of Representative in Congress for the Nineteenth district of the State of New York.

Very truly yours,

JNO. PALMER, Secretary of State.

HON. THOMAS B. REED,  
Speaker House of Representatives, Washington, D. C.

## PACIFIC RAILROAD FUNDING BILL.

The SPEAKER. The regular order is that the House resolve itself into Committee of the Whole House on the state of the Union for the purpose of considering the Pacific railroad funding bill (H. R. 8189), and the gentleman from New York, Mr. PAYNE, will take the chair.

The House accordingly resolved itself into Committee of the Whole House on the state of the Union, Mr. PAYNE in the chair.

The CHAIRMAN. The House is in Committee of the Whole for the consideration of the bill H. R. 8189. The Clerk will first report the order.

The Clerk read as follows:

Resolved, That on Thursday, January 7, 1897, immediately after reading the Journal, the House shall resolve itself into Committee of the Whole House on the state of the Union for the consideration of H. R. 8189, entitled "A bill to amend an act entitled 'An act to aid in the construction of a railroad and telegraph line from the Missouri River to the Pacific Ocean, and to secure to the Government the use of the same for postal, military, and other purposes,' approved July 1, 1862; also to amend an act approved July 2, 1864, and also an act approved May 7, 1878, both in amendment of said first-mentioned act and other acts amendatory thereof and supplemental thereto, and to provide for the settlement of claims growing out of the issue of bonds to aid in the construction of certain railroads, and to secure the payment of all indebtedness to the United States of certain companies therein mentioned;" that said bill shall be considered under the rules governing general debate during the said day and the day following, until the hour of 5 o'clock p. m., at which time general debate shall close, and then said bill shall be open to amendment and consideration under the five-minute rule until 5 p. m. the following day, at which time the committee shall rise and report the bill and pending amendments to the House. The previous question shall be considered as ordered on the pending amendments and the bill to its final passage, and the final vote thereon shall be taken immediately after the reading of the Journal on Monday, January 11.

The CHAIRMAN. The Clerk will report the bill.

The Clerk read as follows:

A bill to amend an act entitled "An act to aid in the construction of a railroad and telegraph line from the Missouri River to the Pacific Ocean, and to secure to the Government the use of the same for postal, military, and other purposes," approved July 1, 1862; also to amend an act approved July 2, 1864, and also an act approved May 7, 1878, both in amendment of said first-mentioned act and other acts amendatory thereof and supplemental thereto, and to provide for the settlement of claims growing out of the issue of bonds to aid in the construction of certain railroads, and to secure the payment of all indebtedness to the United States of certain companies therein mentioned.

Mr. POWERS. Mr. Chairman, this bill has been in print now for several months, and I suppose every gentleman of the House has examined it. I therefore ask unanimous consent to forego the reading in extenso of the bill at this time, and in connection with that—

The CHAIRMAN. The gentleman from Vermont asks unanimous consent that the reading of the bill be dispensed with. Is there objection?

Mr. RICHARDSON. Mr. Chairman, I want to ask a question before I give consent. I understand the views written by the gentleman from Texas [Mr. BELL] have been exhausted also. I think we ought to have a reprint.

Mr. POWERS. I would suggest to the gentleman from Tennessee that in consequence of the fact that this bill in its terms provides that it should take effect on the 1st of January, 1897, it will be necessary to reprint the bill; and I propose when the committee rises to ask a reprint of the bill, making the necessary changes to conform to the change of dates.

Mr. RICHARDSON. And will you include with that request that there be a reprint of the views written by the gentleman from Texas [Mr. BELL]?

Mr. POWERS. I will, with a great deal of pleasure.

Mr. HEPBURN. Mr. Chairman, there is one matter to which I would like to call the attention of the chairman of the Committee on Pacific Railroads.

The CHAIRMAN. The first question is, whether there is objection to dispensing with the reading of the bill? [After a pause.] The Chair hears no objection.

Mr. BELL of Texas. Mr. Chairman, I desire to ask the gentleman from Vermont a question. I have a substitute which I have prepared and which I desire to offer and have voted upon, and I would ask him if he would not be willing to have an order made.

to have it printed at the same time? Will you include that in your request?

Mr. POWERS. I will include that in my request when the committee rises this afternoon.

Now, Mr. Chairman, by an understanding had with the members of the Committee on Pacific Railroads, the time for debate is to be equally divided between the friends and the opponents of this bill; and the same understanding contemplates that I shall control the time on behalf of the majority, and that the gentleman from Missouri [Mr. HUBBARD] shall control the time on the part of the minority. I ask unanimous consent that that understanding be confirmed by an order of the committee.

The CHAIRMAN. Unanimous consent is asked that the time for general debate be divided equally between the two sides, the affirmative to be controlled by the gentleman from Vermont and the negative by the gentleman from Missouri [Mr. HUBBARD]. Is there objection? [After a pause.] The Chair hears none, and it is so ordered. The gentleman from Vermont.

Mr. POWERS. Mr. Chairman, in opening the discussion upon this question, which I think the House will soon perceive is the most important question that will come before us for consideration at this session, I shall endeavor to address myself to the candor and sound judgment of the House. If there be any attempt during the progress of this debate to make appeals to the prejudices of men, the opponents of this bill will have a monopoly of that privilege. It is a straight, simple, business proposition that we intend to submit to the consideration of the House. It is a proposition in the consideration of which an appeal is to be made to the judgment of the members of this House as candid men. Very likely I can best serve the purpose that I am charged at this time with forwarding by calling attention for a few moments to the history of this Pacific railroad legislation, and, before going further, I would say that if any gentleman should desire to submit to me any inquiries he will receive a more elaborate and intelligent answer if he will be kind enough to withhold them until I shall have concluded the main part of my remarks, because interruption will break the continuity of the story, and I think a more useful purpose will be served, and it will be more satisfactory to those who seek information in good faith, if they will make a note of any questions they desire to put and submit them when I shall have concluded my remarks.

In 1862 begins the history of this great enterprise of constructing a railroad from the waters of the Missouri to the waters of the Sacramento in California. Many men, who had been called visionaries by the public, had, before 1862, advanced the theory that it was possible to build such a railroad, but none of those theories took form or shape until the war broke out in 1861, and the Administration then in power discovered that there was a sort of wavering loyalty to the American flag on the Pacific Coast, and, for patriotic reasons, desired the construction of a transcontinental railroad, an object which the people of California and of that section of country had long hoped for and that many men had fond anticipations would some time be accomplished. The opportunity was a favorable one, but still you are to remember that the country was then in the very throes of the greatest war of modern times.

Notwithstanding all the obstacles that were presented by the condition of things then existing, the promoters of this enterprise, backed by an indulgent consideration on the part of Congress, set their faces toward the completion of this great work, and in a short time thereafter were enabled to see the full fruition of their hopes. In 1862 the promoters of this enterprise came and knocked at the doors of Congress for a charter and for such substantial aid as the magnitude of the work seemed to demand. It was plain to everybody that private capital could not accomplish the desired result and that Government aid must be obtained; and thereupon Congress, listening with a willing ear to this appeal, in view of the considerations to which I have already referred, passed the act of July 1, 1862, by which the Union Pacific Railroad Company was chartered and endowed with all the usual franchises of a railroad corporation, with power to construct a railroad from the Missouri River on the east to the Pacific Ocean on west. At the same time, and as part of the same act, Congress endowed the Central Pacific Railroad Company of California, a corporation created by the legislature of that State, with the same Federal franchises that were conferred upon the Union Pacific Company. That is to say, instead of incorporating a distinct company for the western end of the proposed line, they took an existing corporation, which they had a perfect right to do, and endowed it with the additional Federal functions which would enable it to build this railroad not only through California, but also through the intervening territory between California and the Missouri River.

The act of 1862 provided that the two companies, the Union Pacific Company and the Central Pacific Company of California, should have, as substantial aid for the building of their respective portions of the road, a magnificent land grant of each alter-

nate section of land on either side of the line for a distance of 10 miles—5 sections for every 10 miles. These lands were granted to these two corporations for the purpose of enabling them to construct the railroad which the Government so much desired. In addition to that, Congress gave to these companies a subsidy, as it is termed and will be termed in this discussion. That subsidy consisted of this, that the Government should issue thirty-year 6 per cent bonds and deliver them to the companies as fast as they completed the several sections of the road.

The act of 1862 provided that on the completion of a section of 40 miles of road and upon proof of that fact being made to the Secretary of the Treasury he should issue to the company, per mile, the subsidy bonds in the ratio provided in the act. That ratio was that in the open country between the Missouri and the foothills of the Rocky Mountains the subsidy should be at the rate of \$16,000 per mile. I call attention specifically to the fact that this subsidy was granted by the mile, and not as an entire amount. It was a subsidy by the mile upon completed sections of the railroad, and nothing else. The act further provided that in crossing over the Rocky Mountains, and also in crossing over the Sierras on the California end, the subsidy of \$16,000 per mile should be tripled, making \$48,000 per mile, and that between the Rockies and the Sierras, where the work of construction was more difficult than on the outside ends of the line, the subsidy should be twice the original amount, or \$32,000 per mile. That was the magnificent grant, the splendid aid, which the Government of the United States rendered toward the completion of this great national highway.

Now, Mr. Chairman, it is important for us to remember that to-day the building of a transcontinental line of railroad from the Missouri River to the Pacific Ocean is not a difficult work. We look upon it in the light of the past history of railroad building, and we see that four or five of these great transcontinental lines have been built. But when you go back to 1862 you find that this was looked upon as an almost impossible venture. The debates which were had here in Congress demonstrate that not one man in three had at that time the slightest idea that a road across what was then supposed to be the Great American Desert could be built, or that engineering skill was adequate to the task of mastering the summits of the Rocky and the Sierra mountains. But it was done. Looking at it from the standpoint of the men who took this work in hand, it is not strange that in spite of the great patriotic purpose which the Administration had in view at that time—the demand for the construction of this road for the public good—there was still great hesitation at the almost impassable obstacles that presented themselves to the promoters of this enterprise.

But these companies went forward. Under the act of 1862 they endeavored to enlist private capital in the enterprise. But it looked so chimerical—it looked to business men so practically absurd—that very little money was raised, and the scheme seemed to be paralyzed from the start. So those men came back to Congress in 1864 and said to the members of both Houses: "We can not raise the necessary capital to construct these railroads; we are hampered by the fact that the Government itself, under the act of 1862, is to have a bottom mortgage on the railroad; we can not raise money ourselves to build the road. But we ask you to permit these companies to place upon the road a first mortgage underlying the claim of the Government; and with the sale of the bonds and the proceeds of that mortgage, plus the aid that is to be rendered by the Government, we can assure Congress that the road can be constructed."

In 1864 Congress had the same patriotic ardor for the construction of these roads that it had in 1862. It very readily, therefore, granted this request, and the distinctive characteristic of the legislation of 1864 is the fact that the Government stepped back one pace in the lien which it was to impose on these roads and the securities for the repayment of the subsidy which had been given them, and allowed the companies themselves to place beneath the mortgage of the Government a mortgage of prior obligation upon which they could realize money for the prosecution of this enterprise.

Now, those two acts—the act of 1862 and the act of 1864—contain the charters of the Union and Central Pacific railroads, so far as the provisions of these charters are important for us to consider to-day. The whole legislation is there found, and it is readily accessible to members. It is embraced in the report of the Commissioner of Railroads for 1895, and this is accompanied with the digest of the decisions of the Supreme Court on this subject. In passing, I may say that from the time this legislation was enacted down to this day various questions have arisen between the Government and these companies, and all necessary information on this subject is comprised in a nutshell in the report of the Commissioner of Railroads for 1895.

Now, the Supreme Court has decided that under this legislation the security of the Government rests upon that portion of the railroad line that was actually aided by the Government. As everybody knows, the Union Pacific Railroad is now or was until

recently a great system of railroad lines embracing nearly 8,000 miles, whereas the original line as projected under the legislation of 1862 and 1864 embraced only about 1,800 miles. The Central Pacific Railroad of California, as it existed under the original legislation, embraced only the line from Ogden, in the State of Utah, to San Jose, in the State of California, a distance of about 860 miles; but to-day the Central Pacific system embraces a large number of additional lines that have been brought into it by purchase and by new construction.

But before I go any further, I desire to call the attention of the House for a moment to the geography of this situation. When the legislation of 1862 was first proposed, there arose an earnest contention between different towns on the Missouri River for the eastern terminus of the road. In fact, there were as many towns and cities contending for that terminus as contended for the honor of the birthplace of Homer. Sioux City (then a trading post up in the northern part of Iowa), Omaha (or Council Bluffs, on the opposite side of the river), Atchison, Leavenworth, Kansas City, and other towns were thus contending. By reason of this fact the friends of the measure itself were divided into factions, each body of the friends of the road clamoring for the locality in their own particular section. Such things, perhaps, are in accord with the judgment and observation of members here as to what human nature is in this world. The result was that Congress, in order to compose this difficulty and to quiet this contention, provided that the starting point upon the Union Pacific Railroad should be on the one hundredth meridian of longitude. Instead of starting on the Missouri River, they went away out 394 miles into Kansas and 250 miles or some such distance into Nebraska, to the one hundredth meridian, and provided that the line of road should start at that common point. They also provided that from that point—the one hundredth meridian—branch lines should be constructed to all these contending cities and towns. Thus everybody's desire was met, and the railroad became an accomplished fact.

When, however, they came to construct the road, it soon became apparent that all these branch lines were uncalled for. To make a long story short, and without going into a recital of the various legislation that was had on the subject, I may say that it all came down at last to this: The main line of the Union Pacific Railroad started from Omaha, in the State of Nebraska, and ran west to Ogden, in the State of Utah. Here is the line traced by this black line on the map. [Illustrating.] Another branch of the main line started from Kansas City and ran west to the one hundredth meridian, a distance of 394 miles. Practically, the distance is a few rods less than that, but that statement is near enough. So that the Union Pacific Railroad when constructed consisted of its main line from Omaha to Ogden and the lower line from Kansas City running 394 miles west. And, Mr. Chairman, in that connection, I would say to the committee that this lower line to which I have just called your attention is the old Kansas corporation known as the Leavenworth, Pawnee and Western Railroad. They had a charter from the Territorial legislature of Kansas authorizing them to build a Pacific railroad. Congress, in the act of 1862, provided that that road should be a part of the Union Pacific system; that it should participate in the subsidy and in the land grant as well as any other portion of the main line of road.

The black line on this map, to which I have called your attention, indicates that portion of the Union Pacific system that was subsidized by the Government of the United States—that portion of the road which received Government aid.

Now, I wish to call the attention of the committee to the fact that the Supreme Court of the United States decided that the bond-aided portion of the upper line began at a point about 3½ miles west of the bridge across the Missouri River, that initial point having been fixed by the President of the United States, and that the aid only extends to a point 3½ miles west of this Omaha Bridge. On the lower line, or the Kansas City line, this portion of the railroad entitled to the subsidy and covered by the mortgage begins at a point one-half mile distance from the union station at Kansas City, and, as I have already stated, runs out a distance of some 394 miles. That, in short, is the story of the legislation and the geographical routes of the roads as well as the part of the line that is covered by the subsidy.

In 1864 Congress relieved the Union Pacific Company of any obligations to build the road to Sioux City. Afterwards another company took it and built the road down the east side of the Missouri River to a point about 100 miles distant, and there crossed the river and joined the main line at Fremont, in Nebraska, I think, if I am correct in the name; and that was aided by the Government. So also was the Central Branch of the Union Pacific. The various towns, as I have shown, were contending for the road, and it was provided that what is known as the Central Pacific Branch, midway between the upper and lower branches of the Union Pacific, should be granted aid for a distance of 100 miles, but it terminated at that point. So much for the Union Pacific.

Now, the Central Pacific Railroad started originally as a Cali-

fornia corporation. They were authorized by the act of Congress of 1862 and the act of 1864 to continue the construction of their road not only to the western line of Nevada—the limit of the State line—but also to enable them to build eastwardly until they met the Union Pacific, which was being constructed westward. That is the story in brief of the beginning of the construction of these two roads.

It is easy to see, Mr. Chairman, that with this magnificent land grant given to the Union Pacific and the Central Pacific system, as well as the subsidy granted to each, it became a question of rivalry between them as to which should get the largest share. It became a race of diligence between the Central road, building from the west, and the Union Pacific, from the east, to see which could get the most of this grant by the Government, because the land grant and the subsidy were paid to both of them by the mile, and the more miles that any road could get in, the more land and the more subsidy it would be entitled to. The result of it was that these roads built right by each other in the vicinity of Salt Lake for a distance of about 80 miles, which was graded by the Central Pacific east of Ogden, the present terminus of the road; and the Union Pacific had shot by where the work of the Central Pacific was going on; and then each of the roads came to Congress claiming the land grant and subsidy for the additional mileage thus constructed. Congress settled the matter by the act passed in 1869, which provided that the point of junction between the two roads should be at a certain point about 5 miles west of Ogden.

This diligence resulted in another strange fact. Under the legislation of 1864 the roads had up to July 1, 1876, to complete the line, a distance of more than 2,000 miles. They had to cross the Rocky Mountains, the Sierras, as well as to traverse the great intervening arid space between the two. But this race of diligence enabled these companies, under the most formidable obstacles, to build the complete roads to the satisfaction of the Government; and they were accepted by the Government on the 10th day of May, 1869, four years after they had struck the first blow in the work.

Now, why did the Government want these roads built? I will show you. They were paying for the transportation of the mails overland to California, as well as to other points on the Pacific coast, a sum total of between seven and eight million dollars a year. After the roads were built this was cut down from \$8,000,000 a year to a little over \$1,000,000. They were compelled, before the building of the roads, to incur very heavy expense in the transportation of their supplies for the Indian agencies, their munitions of war, their troops, and other matters of freight. By the building of this road they were enabled to cut down this expense in an equally large ratio.

Not only that. Prior to the building of these roads that great and almost boundless empire that lies between these two ranges of mountains, with millions of public lands for sale, was practically cut out from the world. No man wanted to go there and settle, and therefore no man would buy an acre of that land. But by pushing this line of railroad through it opened these lands to sale and to settlement, and thousands and millions of inhabitants are to-day living in that region that was opened up by the enterprise of these men that had this matter in charge. And I may say right here in passing, that if the Government of the United States should lose every dollar of its indebtedness against these companies, should make a free gift of it, it could still credit the companies and itself with more than ten times as much in dollars and cents as it has ever expended in the construction of these roads. Why, the building of this Union Pacific through Nebraska and Kansas has strung together towns and cities like beads, and has carried civilization out through that country and across the Rockies, through its open portals to that great plain beyond; and we to-day are enjoying the blessings of it, not least among which is the presence on this floor of the genial gentlemen from Colorado and Utah, and Nevada, and other States out there that we should never probably have heard of had it not been for the building of this road. It opened up the great silver-mining industries of the country. Colorado, Utah, and Nevada were opened up, and the mines of that country were worked. Why, we never should have heard of a free-silver party if it had not been for the opening up of that country. I do not know that that is any argument in support of the passage of this bill. [Laughter.]

Now, in short, this is the way in which the Government got into this fix. The Government away back, under the act of 1862, undertook to secure to itself the payment of these subsidy bonds, and the plan which they then adopted, in the light of the facts then existing, was undoubtedly a safe one to calculate upon. They provided that the issue of these subsidy bonds upon the completion of each 40 miles of railroad—the delivery of these bonds to the companies—should ipso facto create a statutory lien upon that section of road, and to secure payment they provided that this statutory lien should be a first lien, and that the roads, in addition to that security, should pay into the Treasury of the United States a sum of money equal to 5 per cent of its net earnings after

the road was constructed. It was supposed that this 5 per cent of the net earnings would be sufficient to meet the current obligations of the Government as they matured.

At that time, as you will remember, this was the only line in contemplation. Nobody dreamed that the Atlantic and Pacific, the Texas Pacific, the Northern Pacific, the Canadian Pacific, or three or four other competing lines that have since been built, would ever be constructed. Everybody supposed that all the freight and all the passengers that were moved between the East and the West were to go over this line and that the business therefore would be immense. But in the progress of time, these promoters having demonstrated that a road could be built over the Rockies, other men interested themselves in competing lines, and in a very short time four or five of these lines have been constructed. Therefore the receipts of these two companies have been lessened by that active competition on the part of other lines.

We are not to say that the Congress of 1862 acted in a short-sighted manner, because as things then appeared to them it was doubtless a sound piece of reasoning to say that the 5 per cent of the net earnings of these companies paid into the sinking fund would pay off this indebtedness in the end.

Now, matters ran along in this way until 1878. Mind you, the road was finished in 1869 and accepted by the Government. The Government, indeed, during the whole progress of construction had its commissioners to inspect the work as it went along, week by week, month by month, and year by year, and if there was any criticism to be made, those commissioners had the right to point it out to these companies and have any wrong corrected. But the work was accepted.

It was soon seen, after the roads started in and these other competing lines were projected and completed, that the provision made under the legislation of 1862 and 1864 would be insufficient to meet the debt at its maturity.

The Supreme Court of the United States had meantime decided that the interest upon the subsidy bonds was not due from the companies until the maturity of the bonds. The provision in the statute is that the bonds shall be issued running thirty years, the interest thereon payable semiannually, and that these companies should meet and pay that interest. But the court says, and I think it is a unanimous opinion, that under the language used in that enactment the interest upon the subsidy bonds paid by the Government could not be taken from the company until the principal of the debt matured. And the result of that is the interest has been accumulating against these companies, and to-day we are confronted with a vast amount of unpaid interest, as well as the balance of principal.

In 1878 this matter was again taken in hand by Congress, and Judge Thurman, then a Senator from the State of Ohio, prepared and secured the passage of a bill known as the Thurman Act, the essential provisions of which, so far as this question is concerned, are these: That instead of paying into the Treasury 5 per cent of its net earnings, which upon an actual experience had proved to be insufficient, the Thurman Act provides that there shall be 25 per cent of the net earnings paid in. I ought to have said, in passing, what the two acts of 1862 and 1864 provides. The act of 1862 provided that the whole amount of the indebtedness from the Government to the railroads for the transportation of mails, for the transportation of its troops, and for other purposes, should be retained by the Government.

In 1864 Congress modified that by providing that of these transportation charges only one-half should be retained in the Treasury and the other half paid to the company. You observe that the Government thus was one of the very best customers of these roads. It had to pay these roads an enormous sum, and they took care to provide in the act itself that they should not be charged any higher rate than that charged private individuals for similar service. These transportation charges, which were enormous in amount, were to be retained, under the act of 1862, altogether in the Treasury; under the act of 1864 one-half only, and under the act of 1878, the Thurman Act, the whole was to be retained, but one-half of it should be applied to the current interest on the subsidy bonds, and the other half go to the sinking fund, the theory of the Thurman Act being that one-half of its transportation charge, plus some other reserve, would take care of the current interest on these bonds, and the sinking fund itself would at the maturity of the bonds be large enough, if well invested, to take care of the principle.

Now, I will restate these propositions, because it is a pretty important piece of arithmetic. Under the act of 1862 the security retained by the Government was a first mortgage on the road, plus 5 per cent of the net earnings and the whole transportation charges; under the act of 1864 the security of the Government was a second mortgage on the road, plus 5 per cent of the net earnings and one-half the transportation charges; under the Thurman Act of 1878 the security of the Government was 25 per cent of the net earnings, made up in this way: First, the transportation charges

ond, 5 per cent of the net earnings; third, such a proportion of the aggregate sum of \$1,200,000 in the case of the Central Pacific, and \$800,000 in the case of the Union Pacific, should be paid into the Treasury of the United States, which with the other two reservations, transportation charges, and 5 per cent, would aggregate in the whole 25 per cent of their net earnings.

Now, if I have not made myself understood on that proposition, I desire that some gentleman advise me of the fact, because it is an important consideration.

Now, then, Judge Thurman, in one of the most elaborate discussions of this question that has ever been made in its entire history, practically demonstrated, as the reader will see, the facts that his provision amply secured the repayment of this money. Why did it fail? Why, it failed, Mr. Chairman, just as many times the best laid plans of men as well as mice fail. The reduction in the rates of transportation was a very important contributing factor to bring about this result. The freight rates from the east to the west have been going down, down, down, as time advanced, to such a point that they hardly pay the charge made necessary by that transportation. This, however, is not peculiar to the history of these roads. It is peculiar to the history of all railroads in this country. How many of these roads have gone into the hands of receivers from the same cause exactly? Not only that, but the Government itself has divided this patronage with the Pacific roads. Instead of sending all its freight, all its transportation business over this line, the child of its own creation, the child that it should nourish and encourage, especially if it expected a repayment of its debt, it has divided its patronage. Some of it has gone to the Central Pacific, much of it to the Santa Fe, and much of it has gone to the other roads, thereby reducing the receipts in the treasury of the company, and to a corresponding degree the receipts in the Treasury of the United States have necessarily been cut down.

But that is no fault of the railroads. It was a wise policy that promoted the building of these other lines. Other sections of this country needed opening and development as well as that central portion, and therefore the Government was wise in encouraging it, and no man has a right to criticise that policy; but the necessary result of it was to diminish the earning capacity of these roads which the Government itself had assisted in building, and therefore that policy contributed very largely to bringing the road into its present insolvent condition.

The Thurman Act was based upon the theory that Government money was worth 5 per cent interest, and if that theory had proved correct, no doubt the Thurman Act would have worked out the result anticipated by its author. But instead of the Government borrowing money at 5 per cent interest, it can borrow at a rate nearer to 2 per cent, and this appreciation in the credit of our Government, which ought to thrill with pleasure the heart of every patriotic American, has also contributed very largely to the disastrous result which has overtaken these roads.

Mr. BOATNER. Does the gentleman from Vermont advocate the passage of this bill on the ground that the management of the companies has been such that they have paid to the Government all that judicious and proper management would have enabled them to pay?

Mr. POWERS. I do; and I might as well come right to that point now as at any other time. My friend from Louisiana [Mr. BOATNER] was a member of the Committee on Pacific Railroads two years ago, and I know what his views are. His views are that the promoters of these railroads are a set of rascals, that they have got rich, and that they ought to disgorge and pay off this debt themselves. Now, if they have got rich out of the United States of America, I say amen to his proposition. But if, on the other hand, they have discharged every obligation they were under to the Government and have got rich from other sources, I say it is none of our business. I say that men who will build a railroad through snow banks 35 feet deep, and who will shed over miles of a railroad so that they can go on through the storms of winter and complete their road and operate it, men who undertook an enterprise that nobody had any faith in when they started upon it, ought to get rich if they succeed in accomplishing what people generally supposed to be an impossible task. I do not mean that they ought to get rich out of the Government, but if in the exercise of their wits they get rich I say that is their business.

Mr. BOATNER. The gentleman from Vermont—

Mr. POWERS. I decline to yield further, Mr. Chairman. I would yield to the gentleman, but I know he is going to have time in this debate, so that he will have full opportunity to advocate his side of the question.

Let me suppose a practical case by way of illustration. The Government has been engaged for several years past in building in this city the most magnificent Library building on the face of the earth. I think it was Mr. Batterson, of Connecticut, who took the contract for that work. My friend from Connecticut [Mr. HILL] nods his assent. Mr. James G. Batterson, of Connecticut, took the contract to construct that Library for \$6,000,000, a large

sum of money. The Government made its plans and specifications and said to Mr. Batterson: "If you will go ahead and construct that building we will pay you six millions."

Now, suppose that Mr. Batterson made a net profit of \$2,000,000 upon the work, is that any reason why he should be called upon to "disgorge" those two millions? Is it any reason why we should mark him down as a "rascal" because he has succeeded by his wit, by his enterprise, by his intelligence, in making a handsome profit on the job? Certainly not. The Government said to these Pacific road companies: "Gentlemen, we want a line of railroad constructed from the Missouri River to the Pacific Coast; we want to open up our great possessions between the two great ranges of mountains; we want to lessen the cost of transporting supplies and munitions of war across the continent, and supplies for the Indians to the interior of our country; we want a cheaper mode of transportation. If you will take all the risk and peril of building the road and will construct it to our satisfaction, we will give you so much money, we will give you such and such a land grant, and we will lend you each \$33,000,000 by way of subsidy, which you may repay according to the terms of contract. If these conditions are acceptable to you, go on and build the road."

Now, if those companies went on and built the road, what man is there outside of a lunatic asylum who will say that they have got rich out of the Government? They have gotten out of the Government just exactly what the Government contracted to give them; no more. Not only that, but under the provisions of the acts of 1862 and 1864, as well as the Thurman Act of 1878, they have paid into the Treasury of the United States, notwithstanding the fact that the Union Pacific Company during the last three years has been in the hands of a receiver, every dollar that the Government required of them. Not a cent has been defaulted. Where, then, is the ground for saying, as my friend from Louisiana [Mr. BOATNER] will say when he comes to discuss this question, that the men who built this railroad ought to "disgorge" and pay this debt themselves? They are nothing but stockholders in a railroad company. If any of you gentlemen are stockholders in an insolvent bank, do you pull out your own pocketbooks and pay its debt, or do you insist that the bank itself must pay?

Mr. BOATNER. Mr. Chairman—

Mr. POWERS. I decline to be interrupted, Mr. Chairman.

Mr. BOATNER. Well, if the gentleman declines to be interrupted, I beg him not to undertake to state what I am going to say. [Laughter.]

Mr. POWERS. Well, Mr. Chairman, I know what the gentleman is going to say. [Laughter.] We might just as well understand it now as at any other time. Now, I repeat, these railroad companies have discharged every obligation which they were under to the Government, and you are to note, gentlemen, that the obligations imposed upon these roads were imposed by you. Your predecessors, who occupied these seats, imposed the obligations. They fixed the requirements to which the companies should be held. They provided that the companies should pay so much into the Treasury every year, and if it was not enough you might just as well scold about your predecessors here as to scold about the companies, and you might do it more reasonably, because the company had no voice in fixing the obligation. The Congress of the United States, the supreme power, fixed that requirement at its own will, and usually the companies had no voice in the matter. If they fixed it at too low a sum, we must simply scold about the faulty judgment of our predecessors. We all know that there never was a Congress assembled on this continent that was so wise, so pure, and so handsome as the present Congress. [Laughter.]

They fulfilled all those obligations. What has been the result? Why, gentlemen, the result of those requirements exacted of those companies has been this, that the Union Pacific Railroad Company has actually paid into the Treasury \$5,000,000 more than the total amount of the subsidy bonds originally granted to them. I reiterate that statement: The Union Pacific has returned to the Treasury of the United States the total principal of the subsidy bonds issued to it plus \$5,000,000, and the Central Pacific has returned into the Treasury under those various requirements a sum that lacks only about \$10,000,000 of the amount originally granted to that road.

Mr. MCCREARY of Kentucky. Will the gentleman state the whole amount paid in?

Mr. POWERS. I will give those figures in a few moments. I will state, however, that they appear in the report of the majority of the committee.

So that these railroad companies have actually returned to the United States Treasury all the money that was originally granted to them, less about \$5,000,000. That leaves, therefore, this difference of \$5,000,000, plus the accrued interest; and that is the most important item of the whole; that is the subject-matter of this proposed legislation.

Now, without taking more time on this branch of the subject, I will go at once to the provisions of the bill which the majority of this committee have proposed for your consideration.

Mr. CORLISS. If the gentleman will allow a question, I would like him to state, before he proceeds further, what the indebtedness of these roads to the Government was at the time the roads were practically completed.

Mr. POWERS. The gentleman will find those figures in the majority report; but I may as well call attention to them now. I should say that the report to which I now refer was made up at the last session of Congress, and therefore it is six months short in the computations of interest that should be allowed. I make this explanation so that gentlemen may not be misled. I have, however, in my desk a statement, which I may as well now refer to, of the exact amount of this indebtedness as it will be on the 1st day of July next. As I have already said, the bill under consideration was prepared last winter. Its terms contemplate that it shall go into effect on the 1st day of January, 1897. That time having passed, it is necessary to revise the bill, substituting July for January at the appropriate places in the bill.

On the 18th of last December, after it was understood that this bill was to be brought up at this time for consideration, I wrote to the Treasury Department, asking for a computation of the amount of the debt of both these roads as well as the amount of the sinking fund applicable to them. I have here a letter of Mr. Curtis, the Assistant Secretary, transmitting this statement. The actual amount due, I will say to the gentleman from Michigan [Mr. CORLISS], on the 1st day of next July from the Central Pacific will be \$57,904,177.36, as appears from the report of the Government actuary, which I hold in my hand. On the same date the actual amount due from the Union Pacific Railroad will be \$53,289,593.45; that is the net balance.

Mr. SPALDING. That includes the accrued interest?

Mr. POWERS. It includes everything; it is the grand total of the whole debt.

Mr. CORLISS. Neither the statement which the gentleman has made nor the report to which he has referred us gives distinctly the information for which I asked.

Mr. POWERS. Did the gentleman want the original amount of the indebtedness?

Mr. CORLISS. Yes, sir; the indebtedness when the roads were completed.

Mr. POWERS. The gentleman will excuse me; I thought he wanted the present amount.

When the first subsidies were granted, the Union Pacific and the Kansas Pacific (that is this upper line displayed on the map and this lower line extending 394 miles, which is all one road received from the Government \$33,539,512; and the Central Pacific Railroad of California and also the Western Pacific, which is now a part of the Central Pacific, received \$27,855,680.

Mr. FAIRCHILD. Is the difference between the amount of the original indebtedness and the figures at the present time made up solely by the interest that has not been paid?

Mr. POWERS. By that and by the application of the sinking fund. Now, then, this Congress is confronted with this condition: These subsidy bonds have some of them already matured, and the balance of them mature on the 1st day of January, 1898, and the 1st day of January, 1899. The time for action has come. The Government must do something to close out its relations with these roads. The President of the United States under the act of 1887 already has authority to foreclose the lien of the Government, and if necessary, pay off the underlying first mortgage. The first question, therefore, that presents itself to us is this: Is it wise business policy for the Government to foreclose its lien or to seize the property, as some gentlemen contend it may be seized under the act of 1882, and get out of it what it can by the foreclosure?

Supposing that these gentlemen are right—that the Government can seize this property; the act of 1882 provides that upon a default in the payment of this interest as it matures the Government shall be authorized to take possession of the property; but every lawyer knows that that does not mean at all that the Secretary of the Treasury can walk into the office of this company and demand possession of the road and its property, and by force of arms or otherwise actually take possession. It means that he can take possession only by judicial process. He must resort to some judicial process if his request is not granted peaceably. That implies litigation. That raises all the questions that the company might raise as to the right of the Government to do that. It does more: It would require that the Government pay off its underlying first mortgage in order to realize any benefit from the seizure. Suppose that the Government, instead of taking that course, should foreclose the mortgage by proceedings in the courts. Now, under the practice of the Federal courts where this case would go, the Government does not have what is known in New England as a strict foreclosure; that is, when the mortgage upon the foreclosure takes the property itself.

Under the Federal Legislature the procedure must be to expose the property to public sale. The Government, therefore, if it forecloses the mortgage, must put the road and its property up at auction subject to the lien of the first mortgage, or it must pay off the

lien and sell the fee of the property. Is that wise? Now, let us consider that matter for a moment. What would it amount to? It will cost the Government, to pay off the underlying mortgages upon the road, between sixty and seventy millions of dollars. Does the condition of the Treasury at this time, and the condition of the business of the country, warrant us in imposing on the Treasury a burden of sixty or seventy millions of dollars for the purpose of trying an experiment—for the purpose of trying the experiment of foreclosing the mortgage, and trying to get something for the property or the land that is left behind? Is it a wise proceeding? Would we do that in our dealings with individuals?

Why, gentlemen, it seems to me that the absurdity of the proposition needs no illustration. Take a common case familiar in your own business experience and illustrated in everyday life. If you have a man who owes you a debt—and every man who hears me has undoubtedly some time in his business life had an insolvent debtor to deal with—if he had an insolvent debtor, and he held a second mortgage on the farm, a farm encumbered by an underlying mortgage big enough to sweep it all away, would he send for the debtor and say to him what you propose to say to these railroads? How would he conduct the business? Would he do it by pounding his debtor, swearing at him, calling him a thief, abusing him for the faults committed in the past; or would he deal with him on a business footing and proceed to get the very best settlement available? Would he say to him, "My dear sir, you are a gambler, or a thief; you are dabbling in politics, or worse, you have been dabbling with Polly, and to punish you for your sins I decline to deal with you on a sound business basis or on ordinary business principles. I will sacrifice your property as a punishment for your past sins, although probably by the same operation I lose the amount of my debt." Would any sensible man act in that way? That would be the act of a child. It would be simple.

The CHAIRMAN (Mr. HULL in the chair). The time of the gentleman from Vermont has expired.

Mr. POWERS. I believe, Mr. Chairman, that I have, by the consent of the House, entire control of the time.

The CHAIRMAN. That is correct; but under the rules of the House, even where unlimited time is within the control of a member, he is not allowed, except by unanimous consent, to occupy the floor for more than one hour.

Mr. POWERS. I ask unanimous consent to proceed. I shall not detain the committee very much longer.

Mr. WATSON of Ohio. I move that the gentleman be permitted to conclude his remarks.

The CHAIRMAN. Without objection, the gentleman from Vermont will proceed.

There was no objection.

Mr. CURTIS of Kansas. I would like to ask the gentleman from Vermont a question in connection with the matter he has just been discussing.

Mr. POWERS. Very well.

Mr. CURTIS of Kansas. If this property is now unable to pay the debt, why have you increased by your bill the first lien on the Union Pacific road for \$21,000,000 and the first lien on the Central Pacific over \$24,000,000?

Mr. POWERS. Because we get two dollars for one of additional security. But I will meet that point further on, if the gentleman will permit me to proceed.

Mr. CURTIS of Kansas. I make the suggestion for this reason, that the Union Pacific, according to the appraised value of the increased securities, is only worth \$36,000,000 to-day, and the land is put in at \$16,000,000. No one acquainted with the facts will dispute the assertion that that land is not worth \$16,000,000 now.

Mr. POWERS. I will come to that later on.

Now, Mr. Chairman, as I was saying, as individuals dealing with an insolvent debtor we would be very likely to say "My dear sir, what I want to find out is your debt-paying capacity; the ability of your farm to meet the obligations. I want to know the average income of your farm under ordinary conditions?" When we have ascertained that fact we will adjust the burden to his shoulders in such way as he can bear it. Now, if by reducing our rate of interest and extending the debt for four or five years, it will enable him to work out from under the load and permit him to pay in full, why, manifestly every man here would adopt that plan. We have adopted the same plan in all of our dealings heretofore. We say that a foreclosure would be unavailing; that the receipts of the property would be unavailing from the fact that the thing you seize or foreclose is nothing in the world but an interior or underlying property.

But suppose, for instance, the Secretary of the Treasury should go to Denver and take possession of the Union Pacific line, under the act of 1862, and begin to operate it. What would be the effect? Why, he would start his trains from Denver and get within 3 miles of the bridge across the Missouri River, and be stopped there. There would be a fence built across his line and he could

not get a mile farther without the consent of the parties who control the remainder of the line.

Mr. OGDEN. But could he not expropriate to get into the terminal point?

Mr. POWERS. You mean that it could be condemned under the right of eminent domain?

Mr. OGDEN. Yes.

Mr. POWERS. I should say, no. If one road has the property condemned under that right already, there is no authority, as far as I know, that would allow another road to come in and condemn again and take away the possession.

Mr. OGDEN. Not if they are not using it.

Mr. POWERS. But they can use it. The city of Omaha is a great city, and the roads from the East want to get in there. There is not any trouble but what the bridge will be used, and these terminals down in Kansas City will be used. If he wanted to start out his train for Denver over that line he would have to jump over a half mile of track belonging to some one else before he could get onto his own road.

Mr. MAGUIRE. Will the gentleman permit a question?

Mr. POWERS. Yes.

Mr. MAGUIRE. Is not Omaha as great a city from the West as an eastern terminal as it would be from the East for the other roads?

Mr. POWERS. Well, I hope so. I do not know what the facts are.

Mr. MAGUIRE. Well, I should hope so.

Mr. POWERS. It is a pretty big city from the East.

Mr. SWANSON. I should like to ask the gentleman a question for information, because I could not find it in the report. I see you have, as the gentleman from Kansas [Mr. CURTIS] has said, an additional amount of \$21,000,000—

Mr. POWERS. I will explain that.

Mr. SWANSON. What I want to know is how that item is made up?

Mr. POWERS. I should prefer not to be diverted from my line of thought, because I am coming right to that point.

Mr. BARHAM. Will it interrupt the gentleman—

Mr. POWERS. I can not be interrupted by the gentleman from California [Mr. BARHAM]. He is going to talk, and he must talk in his own time.

Mr. BARHAM. I wanted to ask about the Omaha Bridge.

Mr. POWERS. I will give you all the information I have about it presently.

Now, as I have already said, if we are going to seize the property, or if we are going to foreclose the mortgages, it is important for us to consider what we are going to get under that proceeding. And, as you see, instead of getting a road with terminals, and with these branch lines, a network of which, as you will observe, runs all along in connection with these roads; instead of getting a system that can be worked as a railroad, we get an empty trunk, without terminals anywhere, and we have got to take our chances in dealing with somebody else.

Now, it may be said that these owners of these terminals, perhaps, and the owners of these branch lines are in just as bad a predicament as we are, that they want the trunk lines as much as we want their help. That is true, but how does that help the argument at all? It makes no difference what they want. The question is, What shall we have as a matter of legal right? And we have got to depend upon the graciousness of these parties or upon some inducement that we can hold out to them in order to have a completed railroad. That is what we are going to get.

Not only that. This road would have to be put up at public sale under foreclosure proceedings. Who on earth would be likely to bid it off? Would you or I or any outside party take the risk of stepping in and bidding on that property that was nothing but an interior property, without terminals or anything else? Certainly not. We should not dare to. The ownership of these branch lines, the very ownership of these terminals, the very ownership of everything essential to make that railroad worth a copper is in the hands of other parties and probably hostile parties. Now, where will you find the man with capital, the man who has millions of money to invest, who will step into a hornets' nest of that kind and make a bid? What is the practical result? These very men whom you are now scolding about, the very men who own the terminals and own these connecting lines are the only ones who can safely bid on the property, and probably they will be the only bidders. They would get the property at their own figures.

Every man can see what that would necessarily lead to. So that the procedure of a foreclosure compels the Government to raise sixty or seventy millions more of money to put into this hopper, and also leaves the Government with an insecure property after they have got their decree.

Mr. NORTHWAY. Will the gentleman permit me?

Mr. POWERS. Certainly.

Mr. NORTHWAY. If we accept the bill of the committee, do

we get security upon all of these terminals and branch lines clear through?

Mr. POWERS. We do. I am coming right to that.

Now, it struck the committee, and it has struck every committee that has ever considered this subject since the Pacific railroads have been built, it has struck all the railroad commissioners, everybody who has investigated the matter, and they have all reported with one voice, that the true way to solve this problem was to fund this debt by an extension at a lower rate of interest, get a security upon a line which, if we are obliged to take it, will be a railroad line and not a section of a railroad line.

This committee have therefore proposed this bill, the essential features of which are these: That the amount of the Government indebtedness shall be ascertained as of July 1 next. The present bill before you reads January 1; but, as I said before, this will have to be corrected, and I will ask for an amendment. On the 1st of July this indebtedness is to be ascertained by getting at the present worth of the subsidy bonds that have not yet matured, bringing them down to the 1st day of July, 1897, so that on that day we will know just exactly what is the debt from the railroad company to the Government; and that thereupon the companies themselves shall issue first-mortgage bonds, taking up the existing mortgage, not only on the aided portions of the lines, but on their entire system, issuing a first mortgage equal in amount to the principal of their existing first mortgage; and that the Government shall take a second mortgage, lapping over the same property, lapping over the terminals, the Omaha Bridge, worth \$2,000,000, and lapping over the Denver and Pacific road that runs from Denver to Cheyenne, and lapping over the branches forming the Union Pacific. In other words, a blanket mortgage, resting upon all this property, from branch to branch, to the same extent as the first mortgage that we allow to be put on.

Now, will we gain anything by that? My friend from Kansas called my attention to this fact. I say we do. We get a mortgage on a system of roads. We get a mortgage on a railroad instead of a mortgage on a portion of a line. It covers the whole thing, the terminals at Council Bluffs, the Omaha Bridge, the Omaha terminals, and on the line clear through. Essentially it covers also this line from Kansas City out to the three hundred and ninety-fourth milepost, where it now ends, to Denver, together with all the branches and feeders that supply this line. So that if the worst comes to the worst in the end and the Government is obliged to foreclose its indebtedness, it can then take a property that can be operated as a railroad. There is one advantage.

Mr. FAIRCHILD. Mr. Chairman, will the gentleman allow me to ask him a question?

Mr. POWERS. Certainly.

Mr. FAIRCHILD. What would be the western terminus of that road that would be covered in the new mortgage to the Government?

Mr. POWERS. Ogden.

Mr. FAIRCHILD. How about the road still west of Ogden?

Mr. POWERS. That is the Central Pacific.

Mr. FAIRCHILD. That is operated by the Southern Pacific?

Mr. POWERS. That is now operated by the Southern Pacific.

Mr. FAIRCHILD. And this proposition would not include any of the property of the Southern Pacific?

Mr. POWERS. Certainly not. We can only deal with these two corporations as the Government has always dealt with them. The debt of the Government has not run against them jointly, but severally.

Mr. FAIRCHILD. One more question. Can the gentleman state how many alterations have been made as to the security given by these roads since the original subsidy was granted to them?

Mr. POWERS. Three.

Mr. FAIRCHILD. What better position would we be in fifty years from now, in view of the fact that we have no road farther west than Ogden, if they again should come in and ask for a fifth alteration?

Mr. POWERS. The original act provides that these two lines shall be operated as one continuous line, and they always have been.

Mr. NORTHWAY. But not a continuous mortgage.

Mr. FAIRCHILD. But not a continuous mortgage.

Mr. POWERS. Congress could not make a continuous mortgage over the two corporations. The Union Pacific is our several debtor, and the Central Pacific is our several debtor. They are not our joint debtor; therefore we can not impose a joint mortgage upon the two.

Mr. FAIRCHILD. But they are operated by the same men?

Mr. POWERS. Not at all; they are operated by distinct corporations.

Mr. FAIRCHILD. By distinct railroad corporations, but by the same interest.

Mr. POWERS. No, not in the same interest. The Union Pacific is separate in its interests from the Central Pacific, and the Central Pacific is separate in its interests from the Union Pacific.

Mr. FAIRCHILD. Are not the men of the same interest making the same proposition as to both railroads?

Mr. POWERS. Both railroads will take this bill, but they do not have a joint interest in this property, and this bill is not framed that way.

Mr. FAIRCHILD. My question is as to the individuals in interest in both companies, not as to the corporate identity. I understand that these companies are both here asking for this legislation and that the same people who are interested in them are also interested in the Southern Pacific.

Mr. POWERS. You say they are here asking for this legislation. I can not say that.

Mr. FAIRCHILD. Will the gentleman deny it?

Mr. POWERS. Yes; I will deny it.

Mr. HILBORN. Then who is asking for this bill?

Mr. POWERS. The Pacific Railroad Committee of the House of Representatives, representing the Government of the United States, are asking for it. This bill is objectionable to both companies.

Mr. MAGUIRE. Then they can simply refuse to accept it.

Mr. POWERS. They can refuse, and it is not certain but that they will do so. This legislation is objectionable to them, and we have had to force upon them an unwilling dose.

Mr. MAGUIRE. Let me ask the gentleman—

Mr. POWERS. Mr. Chairman, I can not be interrupted by a gentleman who is doubtless going to talk upon this subject three times as much as I shall.

Now, the bill proposes that this indebtedness shall be extended with interest at the rate of 2 per cent.

Mr. SWANSON. I wish to ask the gentleman a question for information, to see if I understand this matter. I understand that from the three hundred and ninety-fourth milepost on the Kansas Pacific up to Denver the Government has at present a first-mortgage lien?

Mr. POWERS. No, sir.

Mr. SWANSON. I do not mean the subsidized portion—

Mr. POWERS. No; the Government has no lien on that road from the three hundred and ninety-fourth milepost to Denver. The Denver and Pacific Railroad Company has an outstanding first mortgage, and we propose to allow the Union Pacific Company, under a reorganization, to place a first mortgage on its own property that shall be equal to the face value of the existing mortgages on the same property.

Mr. SWANSON. Now, from the three hundred and ninety-fourth milepost to Denver and to Cheyenne, Wyo., the first-mortgage bonds are included in the \$21,000,000, are they not?

Mr. POWERS. Certainly.

Mr. SWANSON. What is the earning capacity of that road to pay off the existing mortgage bonds?

Mr. POWERS. I will come to that in a moment, if the gentleman will be a little patient. As I was saying, Mr. Chairman, the provisions of this bill are simply these, that this debt shall be extended at 2 per cent interest. That looks like a small rate of interest, and the committee did their best to make it 3 per cent, but they studied and took into consideration the debt-paying capacity of the debtor, and they found that if they levied 3 per cent interest they would simply leave the debtor worse off than he was before. He would not be able to meet the obligations of the first year, and the whole arrangement would fall to the ground.

Mr. SMITH of Michigan. Let me ask the gentleman upon what the committee's estimate was based?

Mr. POWERS. Upon the net earnings for a series of years, down to the present time.

Mr. SMITH of Michigan. Another question for information. You stated a while ago that the Government had diverted its traffic and had sent it over competing lines. I would like to know whether there has been any other diversion of traffic by the people owning the Union Pacific.

Mr. POWERS. Do you mean the Union or the Central Pacific?

Mr. SMITH of Michigan. The Union and the Central both. Has there been any other diversion of traffic to competing lines which are within the influence of the owners of the Central and the Union Pacific?

Mr. POWERS. You will be told by my friends from California as this debate progresses that the Southern Pacific road has absorbed the earnings of the Central Pacific. That is not true. I shall not stop at this time to demonstrate that it is not true, but I can do it. I propose to wait, however, until they make the statement, and then I will undertake to show the House that there is not a particle of truth in it. As to the Union Pacific, I know of no diversion of its earnings to any other road whatever. I never heard any intimation made that it had diverted its earnings.

Mr. SMITH of Michigan. Is the gentleman from Vermont prepared to say that the Union Pacific has had its proportion of the business; that there has been no diversion of traffic from it? I understand that there are competing lines, and it has been stated that the traffic has been diverted to those lines.

Mr. POWERS. It is quite true that there are competing lines running from Chicago to Denver. I think there are three of them; certainly two.

Mr. SMITH of Michigan. Are they not controlled by the same people who control the Pacific roads?

Mr. POWERS. No, sir; they are not controlled by the same people, and one of those roads, as we are informed, is here now, trying, in its own interest, to defeat this bill. There are competing roads, but no man has asserted, and I do not think any man will assert, that either the Burlington or the Missouri Pacific or the Rock Island is part and parcel of the Union Pacific.

Mr. SMITH of Michigan. I am not hostile to the gentleman's plan. I am asking for information.

Mr. POWERS. Well, these other roads are hostile to the Union Pacific. That is the fact.

Now, then, as to the Union Pacific and the Central Pacific, it may be generally said that, in order to get at what the companies have paid on this indebtedness, the committee made a careful study of their net earnings in the situation in which they are placed and with the circumstances surrounding them, for several years back, including not only years of prosperity, but years of adversity. All railroads, like all other business enterprises, are the beneficiaries of good times and the victims of bad times. In order, therefore, to get at a fair average we have studied that question very deeply; and we have come to the conclusion that \$4,000,000 in each case will cover the last dollar that can be safely counted upon as certain net earnings of this company. We have started on that basis; and starting upon that basis we have prepared this bill, which figures out like this—

Mr. LACEY. I would like to ask the gentleman a question in connection with the dividends. Why does the bill provide for dividends at 4 per cent on the stock, when the Government can get only 2 per cent on the bonds that are held for the stock?

Mr. POWERS. Well, my dear sir, if you expect a railroad company to undertake to pay a debt, do you imagine you can ignore the stockholders? Can you say to the stockholders of a railroad corporation under these circumstances, "Gentlemen, you never shall hope to get a dollar out of this property; but we are going to compel you to pay this debt?"

Mr. LACEY. The point of my question was why the dividends should be larger than the interest on the bonds?

Mr. POWERS. We propose to allow a 4 per cent dividend in order to bring the stockholders into this arrangement. We want them to undertake this burden, and we can not get them to do so unless they can see a chance some time of getting something out of the property for themselves; and 4 per cent is a small dividend with which to tempt them into this arrangement.

Mr. MOODY. Will the gentleman tell us what is the present market value of the stock upon which it is now proposed to pay a 4 per cent dividend?

Mr. POWERS. The market value of the Central Pacific stock, so far as I have known anything about it during the last six months, is about 17. The market value of the Union Pacific is nil. You will see the Union Pacific stock quoted in the papers as selling at \$9 and \$10; but the explanation of that is this: The Union Pacific reorganization committee has corralled 95 per cent of this stock—has gathered in the certificates under an agreement with the holders that they will stand an assessment of \$15 a share, and has issued to each stockholder a certificate that the stock is so held. Those certificates, coupled with that obligation, are put on the market and sold to-day for nine or ten dollars. The last market quotation which I saw was about \$10; and those same certificates obliged the holder to stand an assessment of \$15 a share.

Mr. HILBORN. Will the gentleman allow me to ask what dividend the Central Pacific is now paying on its stock?

Mr. POWERS. My friend from California [Mr. HILBORN] is going to make a very eloquent and plausible speech before this debate closes, and I suggest that he ask that question of himself and answer it.

I should go back, perhaps, a step in this debate and say that in addition to this mortgage which it is proposed to place upon the whole property of the system, it is provided in the bill that the companies shall secure the payment of the annual requirements made of them by giving the Government the right to withhold the money that will be due from the Government to the company for transportation services until these current annual requirements are met.

As I have already said, the Government is a patron of these roads. It hires them to transport its mails and to do all the freighting that it has occasion to do in that part of the country. Their patronage has amounted in the past to a large sum of money. In the case of the Central Pacific it has reached annually as much as \$600,000; in the case of the Union Pacific, a much larger sum, I think about double that amount—about \$1,200,000 a year. So that by giving the Government the right to retain their money in its Treasury until the companies have met and discharged their

annual obligations, the entire interest charge, at least, due from the companies will be met by that money alone, leaving nothing to be provided for on the part of the companies except the annual cash payment, which, as I shall presently show, is a requirement that both of the companies must come under. We provide that they shall pay this rate of interest semiannually; we secure the payment of it and the payment of all the obligations we assume by this first mortgage, plus the right on the part of the Government to retain in its own hands money enough to meet the annual interest charge.

Now, in addition to that interest we require them to pay an annual installment upon the principal of the debt, amounting in the case of each road to \$365,000, so that each road, as will be seen, will pay into the Treasury, if it complies with these requirements, \$1,000 a day, or, for the two roads, \$2,000 a day, for the first ten years that this contract will be in force. For the second decade they are to pay the sum of \$550,000 each, plus the interest as it matures, or a little over \$1,500 each per day. And thereafter, until the whole debt is paid, they are to pay annually the sum of \$750,000.

Mr. McCREARY of Kentucky. I wish to ask the chairman of the Committee on Pacific Railroads, who is now on the floor, whether he believes that these companies can comply with these obligations if the relief contemplated in this bill be granted them?

Mr. POWERS. I am very glad the gentleman has put that question. It is a pertinent one. My friend from Kentucky has struck the very kernel of this whole question. That is the question—Can the companies comply? There is no use in harassing your debtor so that he can not comply. The question is a very pertinent one, and coming from the source it does, I am very grateful to my friend for asking it.

Now, we think the companies can comply with these requirements. As I have already said, their net earnings per year are safely enough counted at \$4,000,000, and that under the most adverse conditions that we can reasonably expect the companies to rest under in the future.

Now, Mr. Chairman, I think I may say, without undertaking to prophesy, that the times could clearly be worse in the future than they have been in the past three years, and yet during that time these roads certainly had earnings enough to comply with the requirements of the Government.

In the case of the Central Pacific Railroad we require, inasmuch as they are leased to the Southern Pacific, that the Southern Pacific Company shall be required to enter into an obligation and guarantee to the Government, or rather to assume the payment of this annual requirement of the Government. The Southern Pacific Railway Company is a large corporation. It was chartered in the gentleman's own State. It has a vast amount of property. Some of our friends will no doubt tell you in the course of this discussion that it is not good for anything. But it is one of the heaviest corporations in the country. Certainly it does not hurt your security to have a second indorser, even though he may not be regarded as strictly good. We say in this case that the indorser is good.

Not only that, but there is a sum of money, amounting to \$2,414,000, or thereabouts, now in the Treasury of the United States belonging to the Southern Pacific Company—not the Central Pacific, but belonging to the indorser, the guarantor, of the Central Pacific—which we demand shall be presently applied in reduction of the Central Pacific debts of the Government. We have no right to it as a matter of law. It is a question that has been in contention as to whether it belonged to the Central or the Southern Pacific road for a long time. The courts have decided that it belonged to the Southern Pacific, and we can not legally demand payment of the same; but the committee exacts, as a requirement for this bill and to bring this company to a strict compliance with the terms of the bill, that this payment shall be made, and they have filed an assurance that it may be done.

Now, to answer the question of my friend from Kentucky. The payment of both the Central Pacific Company and the other roads will be about as follows: The payments on behalf of the Central Pacific will be for the first year, interest on bonds of the United States, \$1,153,630.28; installment of principal, \$365,000; compensation for services on nonaided lines to be applied (with consent of Southern Pacific Company) to the extinguishment of bonds, \$2,409,818.20, making a total of \$3,928,448.48 which the Government will receive for the first year.

On account of the payment by the Union Pacific the Government will receive, interest on bonds to the United States, \$1,074,308.07; installment of principal, \$365,000, being a total of \$1,439,308.08.

Now, of course, that does not count interest on the first-mortgage bonds, which must be provided for, and we have prepared, as will be seen on page 10 of the report, a table which shows, in the case of the Central Pacific Railroad, that the interest, at 4 per cent, on the first-mortgage bonds on the entire line will amount to \$3,307,260.57; interest on the Government indebtedness,

\$1,153,630.58; and installment of principal, \$365,000; making a total of \$3,825,890.85. You will see that this is some \$100,000 less than the \$4,000,000 limit.

The question may be asked, Why do we leave it at that? The answer is, We can not make it 3 per cent interest, because that would add some \$550,000 to the burden of the Union Pacific road and carry it beyond the limit. In the case of the Central Pacific it would carry it above the average by some \$570,000 beyond the four-million limit. And so you see we are necessarily tied down to 2 per cent.

Besides that, Mr. Chairman, these companies should have a little margin in their treasury. Who does not know that every railroad is compelled to meet unexpected demands, such as a valuable bridge burning down, a valuable depot property being destroyed by fire; accidents by which personal injuries are received and compensation necessarily demanded therefor. In other words, the debtor must have a little pocket money to meet the contingencies. Is that not the case in all business matters? What business man does not conduct his business on something of that same principle? Would he say to the debtor, "Give me the last cent you have left in your pocket; I will not leave you anything; your family may be sick, your house may burn up, a thousand and one things may happen to you; but I don't care, I will leave you nothing?" What sensible man would not leave him something to cover contingencies.

Mr. WATSON of Ohio. If the gentleman will allow me, in that connection, I wish to call his attention to a statement in the report. On page 10 of the report you say that the Government would receive from both roads annually, for the first decade, for principal and interest, some \$3,000,000. Is that not a mistake? Should it not be \$5,000,000 as the receipts from both?

Mr. POWERS. Possibly there may be an error there. I will be glad if the gentleman will make the computation.

Mr. WATSON of Ohio. I think it is a mistake in the print. It ought to be something over \$5,000,000.

Mr. POWERS. Now, the Union Pacific will make the following payments:

Interest at 4 per cent on first mortgage.....	\$2,189,240.00
Interest on Government debt.....	1,074,308.17
Installment of principal.....	365,000.00
Total.....	3,628,548.17

Now, if I have not answered the question of my friend from Kentucky [Mr. McCREARY], I shall be glad to do so.

Mr. McCREARY of Kentucky. I am very much obliged to the gentleman. I think he has answered the question very fully. I desire to ask another question in that connection. I think the gentleman touched upon it before. In your bill you provide for the extension of the Government lien on certain property.

Mr. POWERS. Yes.

Mr. McCREARY of Kentucky. If you have stated it, I did not hear it, and I ask you to state it again. What do you value the property at which is covered by this extended lien?

Mr. POWERS. In reference to the valuation of this additional property that the Government will have a mortgage upon, of course it is a question that every gentleman must judge of for himself.

Now, take the case of the terminals at Denver. I have a statement which shows the amount of property. This railroad owns 2,000 acres of land there. I am speaking now of what appeared in 1890, six years ago. They owned 2,000 acres of land and 60 miles of side tracks, together with their warehouses, their depots, and everything of that sort. At Kansas City they owned 233 acres of land and 30 miles of siding. At Omaha they owned 319 acres in the very heart of the city, and 45 miles of side track. At Council Bluffs they owned 1,000 acres of land, together with all their warehouses and everything of that sort.

Well, now, to say how much that property is worth in dollars and cents is a very difficult question to answer. Connected with this railroad and as a part of this railroad, it is invaluable. If you want to get at it by asking me how much it will take to duplicate it, I answer that Mr. Choate, the division superintendent of the Union Pacific, says you can not duplicate the terminals in Denver for less than \$10,000,000. Not only that, they say that the coal lands that are owned by the Union Pacific Railroad are themselves worth the entire Government debt.

Why, the Union Pacific Company has coal beds along its line, so that it is supplied with coal at a nominal price per ton. It costs them hardly anything. These coal lands of the railroad are invaluable adjuncts.

And of course if they are so valuable to the railroad, they must necessarily be so to the Government, if the Government is compelled in the end to take the railroad.

Mr. McCREARY of Kentucky. Just one more question. Your report shows that the Government lien is extended over very valuable properties indeed, including about 20 per cent of the main-line mileage of the Union Pacific Railroad. The point I desire to

get at is this: The prior lien, which is now about \$31,000,000, will be increased, as I understand it, by your bill, \$21,000,000 on the Union Pacific and about \$24,000,000 on the Central Pacific. I want to see if the property that the lien would be extended to, not now embraced, would cover about that?

Mr. POWERS. I will say in answer to my friend from Kentucky [Mr. McCREARY] that in 1890 the Senate appointed a committee, of which Mr. FRYE was chairman. They went out over this property and made an extended examination of it. They had experts with them. They looked into the question of the value of this property, and they reported unanimously that in their judgment these railroads were worth \$47,000 per mile of main line, and that the terminals were worth the figures which I have been quoting from their report.

They reported a bill which was very similar to the one now under consideration. It provided for an extension of time, at 2 per cent interest. It provided for an annual payment, not so much as we provide, but they estimated at that time the value of that property, and made out that the excess of security over and above what we now have was not less than \$92,000,000.

Now, that was six years ago. Whether the property is worth more in dollars and cents to-day I leave to every man here to consider. Of course, these railroad terminals have been expanded; new sidings have been put in; new buildings have been completed; so that I think it is fair to reason, although we have no expert testimony on the subject, that the terminals at all these places are worth more to-day than they were worth six years ago.

Now, then, I have taken more time than I intended to in the discussion of this measure.

Mr. PERKINS. Before the gentleman concludes: I have listened with much interest to the debate. I have heard nothing in regard to the Sioux City and Pacific road. The gentleman is aware that the people of the Northwest are somewhat interested with reference to connection along the line originally proposed by the Sioux City and Pacific. Now, I would like to inquire of the gentleman if there is any consideration involved for the Sioux City and Pacific road?

Mr. POWERS. I am very sorry to say, in reply to my friend from Iowa, that this committee has not felt itself permitted or justified in according any aid to the Sioux City enterprise. I suppose, and I have no doubt my friend knows that fact, that some amendment will be proposed covering that ground, and when it is it will be time enough to discuss that. I prefer not to exhaust my time and be diverted in that way. This bill does not do any good to the Sioux City road.

Mr. PERKINS. The Sioux City and Pacific road is a branch of the Union Pacific?

Mr. POWERS. Yes.

Mr. PERKINS (continuing). And that property is not considered in this bill?

Mr. POWERS. Nor is the property of the Central Branch considered another one of the parts of the Union Pacific Railroad Company. They have nothing to do with it.

Mr. PERKINS. I do not understand at this time anything in the way of aid is asked for the Sioux City and Pacific Branch, but it is proposed to ask for recognition in the way of connection, etc., if that line is built. An amendment to accomplish that purpose will be offered if an opportunity is afforded.

Mr. POWERS. Very good. I will assure my friend that no objection will be made to any proper amendment that he or any other gentleman may offer.

I have already taken more time than I intended in the discussion of this measure, my purpose mainly being to bring to your mind a little résumé of the history of this transaction, so that, knowing what the past of these roads has been, you would be better able to know what their future ought to be and what you should do in disposing of this question. This committee are in accord with every committee in either House that has considered this subject. They present a plan here similar to that which has received the sanction of other committees, and one that has received the sanction of every person that has ever investigated the matter. It may be imperfect. I wish it were better. I wish we could get a mortgage with ample security paying 6 per cent interest. But we have taken the best we could, and we have squeezed them, to use a homely expression, to the last cent. We have approached the very verge of their possible pecuniary ability in the requirements we have imposed upon them.

Now, the practical question remaining is, Will this Congress undertake to collect this debt from these companies, or will it ruthlessly throw it away? You will doubtless be regaled by some of the bitterest denunciations against the managers of these companies. I have tried to forebend against that by saying they have not taken a dollar from the Government. If they have taken it from somebody else, let somebody else do the fighting. We can not go into the fight between Mr. Huntington and Mayor Sutro, of San Francisco. We are engaged in making an effort to collect a debt from an insolvent debtor, and the question, gentlemen, with

all its momentous issues, is submitted to your sound judgment in the hope that you will find, after you have investigated it, that this is the best possible way to get along with this uncomfortable question.

Mr. HENDERSON. Before the gentleman takes his seat, perhaps my attention was diverted, but the gentleman from Kansas [Mr. CURTIS] asked a question about the increased stock, and the increased amount in bonds and mortgage bonds upon the lines. Did the gentleman touch upon that?

Mr. POWERS. I intended to. The gentleman did not complain about the answer I made.

Mr. HENDERSON. I knew the gentleman asked the question. Do I understand that it is a doubling up of its indebtedness?

Mr. POWERS. We take the exact first mortgages on every foot of this system and put them in a hotchpot at their face value and say that the company may issue a new first mortgage of the same amount as the first mortgages now existing on the property, and that we then put our debt on the top of that.

Mr. PATTERSON. I apprehend that the gentleman's inquiry goes to this point, whether the contemplated mortgage increases the first-mortgage lien on the subsidized line.

Mr. HENDERSON. That is exactly the point I wished to get at.

Mr. POWERS. It increases it in one sense, and in another it does not. Take this line [indicating]; in ascertaining the amount of the new mortgage we count the existing first mortgage on this line, plus the existing first mortgage on that line [indicating], and add them together, which gives the amount of the general first mortgage, and the debt to the Government goes on top of that.

Mr. SWANSON. I see in the report that you make this amount \$21,999,000, but the report does not state the names of the securities of which that sum is made up. Now, I would like to know the names of the securities that make it up, so that we may ascertain their value in the market.

Mr. POWERS. I have stated once or twice that they are the terminal properties.

Mr. SWANSON. The Omaha Bridge, for instance, is named, and we can look and see what that is worth; but for the remaining part of this amount no names of securities are specified, and I think they ought to be stated, so that we might be enabled to see what is their value to-day.

Mr. POWERS. I can not give the names of the securities without consulting the reports, because they are quite numerous.

Mr. CURTIS of Kansas. The gentleman will find that information in Mr. BELL's report.

Mr. SWANSON. I have Mr. BELL's report. He simply gives the estimated value. What I want to know is what the securities are. As I understand, this estimate puts them at par. Now, if the securities are not worth that amount, it might perhaps be better for us to pay \$10,000,000 for them rather than extend them over the entire line.

Mr. POWERS. There is no question, Mr. Chairman, as to the value of the property, and before the discussion ends I will submit a table which will satisfy the gentleman.

Mr. PARKER. Did I understand the gentleman correctly when I understood him to state that the new first mortgage would cover all of the system?

Mr. POWERS. The entire system of the Union Pacific Company.

Mr. PARKER. And all of the first-mortgage debt?

Mr. POWERS. The first mortgage on the entire system will be made up of existing first mortgages on the different parts of it. There are several corporations, each of which has first mortgage.

Mr. PARKER. In the receiver's report I find: First-mortgage bonds, \$40,000,000, with \$2,500,000 interest also, other bonded debt, \$40,000,000, and \$2,500,000 interest; making \$45,000,000 on that system. Now—

Mr. POWERS. If the gentleman will pardon me, I have not seen that report, and I do not like to talk about it without having examined it, but I will try to answer the gentleman's inquiry before the debate ends.

Mr. PARKER. Another question. Why is the description of the property of the Union Pacific Railroad so different from the description of the Central Pacific Railroad's property? I notice that the description of the Central Pacific property includes every property of that railroad company, all bonds, stocks, etc., owned by it, and that those words are left out of the description of the property of the Union Pacific.

Mr. POWERS. The gentleman, I think, is laboring under a mistake. The description covers the same thing in both cases. A more careful examination will show the gentleman that the descriptions are alike and we require an inventory of the property to be filed in the Treasury.

Mr. PARKER. I think the gentleman himself is mistaken on that point.

Mr. POWERS. Mr. Chairman, I do not like to be discourteous, but I have taken so much time that I must decline to answer

further questions at this time, and now I leave the matter in other hands, reserving the balance of my time.

Mr. HUBBARD. Mr. Chairman, that the House may be a little further informed as to the history of this property, more particularly in its financial aspects, that it may act more intelligently, I wish to state that, in pursuance of the laws of 1862 and 1864, while there were privileges granted these railroads, there were also some restrictions, to one of which only I wish to call attention at this time. A portion of the second section of the act of 1864 provides:

That the said company shall make assessments upon its stockholders of not less than \$5 per share, and at intervals of not exceeding six months from and after the passage of this act, until the par value of all shares subscribed shall be fully paid, and money only shall be received for such assessments, or as an equivalent for any portion of the capital stock hereinafter authorized.

The Union Pacific Railroad Company was incorporated with a capital stock of \$60,800,000, of which there was paid in, under assessments, 16 per cent, instead of 100 per cent as required by this law. The Central Pacific was incorporated for \$68,000,000 capital, upon which but a little over 10 per cent was paid in accordance with the provisions of the act. The Western Pacific organized with a capital stock of \$7,900,000, upon which 2½ per cent was paid. The Kansas Pacific was organized with a capital stock of \$9,600,000, and not one dollar was ever paid for any of that stock. It would be interesting to go over the history of the construction of these roads—the manner in which they were built; but I do not propose to do so. Suffice it to say that in the construction of the Central Pacific Railroad there accrued to those who built it a profit of \$62,000,000.

In the construction of the Union Pacific there was a profit to those who built it of \$44,000,000. That was prior, of course, to the time when the roads were completed and when they were earning money on the other lines. Upon this profit of \$62,000,000 on the Central Pacific (which is now joined for all practical purposes with the Western Pacific) there was paid \$43,000,000 in dividends. Upon the Union and the Kansas Pacific, which have been consolidated and now constitute one road, there has been paid in dividends \$28,000,000.

Now, understand, Mr. Chairman, I do not speak in any hostile spirit of the gentlemen who have made this money. If they have violated any law, the proper executive officers of this Government are the ones to attend to that matter; if they have not violated any law in the accumulation of this money, neither myself nor anyone else has any right to complain. My object in stating these profits, first upon the construction of the roads and second upon the dividends that have been earned and paid upon the properties, is to show that the railroads themselves are strong financially, while the corporations that have control of them are bankrupt and unable to discharge to-day, as they claim, a single dollar of their indebtedness to the Government.

I agree with the gentleman from Vermont [Mr. POWERS] that this is a business proposition. I am glad that he wishes to have the matter submitted to the House on that theory. Now, the first principle for us to investigate is as to the earning powers of these roads. Surely the net earnings of these properties ought to be our guide in ascertaining what the companies could pay. The only statement that we had in regard to the earnings of the Central Pacific was given by Mr. Tweed, who appeared as attorney for the Central Pacific Railroad. Here is his statement:

In 1890 the earnings were \$898,000; in 1891, \$2,144,000; in 1892 (the year after the abnormal year), \$861,000; in 1893, \$784,000; in 1894, \$141,000; in 1895, estimated at \$42,000.

I say that such a decline as this requires some explanation. Mr. Tweed went on to show that upon the company's net earnings that company could stand practically the requirements of this bill—that is, about \$1,200,000 a year. The money would be secured by refunding its debt at 4 or 5 per cent interest, and also by the company being permitted to withhold from the sinking fund of the United States the payment of about \$530,000 a year.

Now, in opposition to the statement of Mr. Tweed, I wish to call attention to Poor's Manual, page 815. The net earnings of that road for 1890, as given in Poor's Manual, were (I am giving merely round figures) \$6,000,000. Mr. Tweed gives the amount as \$398,000. In 1891, according to Poor's Manual, the earnings were \$7,000,000; according to Mr. Tweed, \$2,000,000. In 1892, according to Poor, the earnings of the road were \$5,707,000; according to Mr. Tweed, \$81,000. In 1893 the earnings, as given by Mr. Poor, were \$5,739,000; by Mr. Tweed, \$784,000. In 1894, according to Poor's Manual, the earnings were \$4,854,000; according to Mr. Tweed, \$144,000.

Mr. MAGUIRE. Will the gentleman permit a single suggestion?

Mr. HUBBARD. Yes, sir.

Mr. MAGUIRE. I think it is fair to state, in justice to Mr. Tweed and other gentlemen who appeared before the committee, that none of them were put under oath.

Mr. HUBBARD. Well, I assume that all men are honest; they ought to be, if they are not.

Mr. ARNOLD of Pennsylvania. Does Poor's Manual give the gross earnings or the net earnings?

Mr. HUBBARD. It gives the net earnings. Very likely it will be said in answer to this that if we deduct the interest on other bonded indebtedness of this road, the net earnings would be reduced to the amounts stated by Mr. Tweed. *Prima facie*, this can not be pertinently done to any great extent. The indebtedness underlying the lien of the Government, and which is the first mortgage, with the application of the sinking fund already accumulated and which is applicable to the discharge of that first mortgage, need not be over \$19,000,000, which at 5 per cent would make less than \$1,000,000 to be taken from the figures given in Poor's Manual. If we refer to the report of the Railroad Commissioner for 1895, page 29, we will find this view sustained. It gives the total net earnings at \$13,622,000. That is the revenue received from all departments of the railroad, operating departments and all. The expenses are as follows:

Operating expenses	\$8,624,534.99
Interest on first-mortgage bonds	1,671,180.00
Interest on other funded debt	

Now, I wish gentlemen to bear this item in mind, because I am going to call attention to it again in a very few minutes—

Interest on other funded debt	\$1,678,772.50
Interest on other debt, credit	86,024.41
New construction and equipment	111,288.60
Rentals, no-aided road	8,100.42
Expenses of land department, including taxes	162,525.55
Sinking-fund requirements, company	647,451.67
Losses on stocks of other companies	695,466.41
United States sinking-fund requirement	599,700.90
Land receipts paid to trustees of land mortgage	161,262.43
Miscellaneous	323,616.33

It will thus be seen that the miscellaneous expenses amount to almost \$1,000 a day. I submit that this matter of miscellaneous expenses ought to be very carefully dissected in order to ascertain where so much money has gone. The amount, I repeat, is almost \$1,000 a day—the sum which it appears under the pending bill this company proposes to pay every day in liquidation of its debt to this Government, amounting now to practically \$57,000,000, and which will require eighty-three years to extinguish.

This statement, as I have given it, shows a deficit of \$975,871. The question we have to consider, therefore, is the amount of the income above operating expenses and taxes to carry fixed charges. Before going into that, however, let me premise:

On page 28 of the same report of the Commissioner of Railroads we are given a table showing the bonded debt of the Central Pacific Railroad Company as \$37,879,000 in round numbers, made up roughly of four classes—about \$28,000,000 of the first-mortgage bonds, about \$28,000,000 of the subsidy bonds, about \$15,000,000 of bonds on the land—land-mortgage bonds, they call them—and about \$17,000,000 on the California and Oregon and the San Joaquin Valley Railroad. The interest on these bonds is 5 per cent, save the interest on the San Joaquin Valley Railroad, being \$6,080,000, which is 6 per cent.

From these facts it will be seen that the item of interest, to which I called attention a moment ago and which I asked you to bear in mind—that that interest, while not being exactly right for the interest on the subsidy bonds of the Government or the combined interest on the land-mortgage bonds and the California and Oregon and San Joaquin Valley bonds, may mean either for the purpose of showing a deficit. The Railroad Commissioner could not tell me to what bonds that interest was to discharge.

But, Mr. Chairman, it does not make any difference whether it means the Government subsidy bonds, or the interest on the land mortgages, or the California and Oregon, or the San Joaquin Valley Railroad. If it meant interest on the subsidy bonds, since it was never paid there is no deficit, but a surplus of \$702,901.41. The item of losses on the stock, amounting to \$395,466, is not an ordinary railroad expense, and has no business there. Here is a company's sinking-fund requirement of \$647,000; the United States requirement of \$599,000, making a total available to show the net earning capacity of the road to sustain new bonds of \$2,648,000. There are also other items of expense not necessarily or usually included in this connection. For instance, the interest on other debts, credits, \$80,000; new construction and equipment, \$111,000, making about \$200,000 more. This brings up the surplus to almost \$3,000,000. Then if you apply the sinking fund that is in the California sinking fund to the reduction of the first mortgage, it leaves that debt at about \$19,000,000, which, refunded at 5 per cent, would be a further saving of some \$700,000 a year to go into the fund available to carry new bonds. Then the Government's own mortgage of about \$27,500,000, reduced by the sinking fund of about \$3,000,000, will make a further increase in the earnings sufficient to run that fund above operating expenses and taxes to about \$4,000,000.

If the hypothesis in respect to the third item of the expenditures be wrong, and that item refers to interest paid on the California and Oregon and San Joaquin Valley Railroad Company's bonds, the result is quite as inconsistent with the proposition in the bill

reported, for if the company must assume those bonds to realize the above income, then the company is entitled to the security of the bonds, and in that event equal benefit would be derived from the application of the company's sinking fund to any of the bonds; but the Railroad Commissioner's report shows that the consolidated companies received Government land grants of 12,500,000 acres, enough of which have been sold at \$3.50 per acre to realize over \$9,000,000, and that the balance—something short of 10,000,000 acres—are held by the company at an average price of \$3 per acre, which amounts to nearly enough to pay off both the \$15,000,000 land mortgages and the San Joaquin Valley and California and Oregon Railroad Company's bonds, too.

The material inference as to earning capacity to be drawn from these figures is, of course, entirely inconsistent with the impression made by Tweed's statement. Very likely the inference is erroneous somewhere, but we have no information to correct it. Others who are accustomed to speak intelligently upon such matters seem to be as little advised. Thus the Railroad Commissioner has deemed it important to insert in his report a statement from Poor's last manual, as follows:

It is reported that an arrangement has recently been made whereby the Southern Pacific guarantees a minimum of 1 per cent yearly on the stock of this company until satisfactory legislation has been obtained for the adjustment of the debt to the Government, when the dividend will be increased to 2 per cent for a guaranteed period of two years. Payments will be made half-yearly the 1st of July, 1895.

The par of the outstanding stock is \$67,275,500, and the Manual shows a 2 per cent dividend paid upon it in 1893, amounting to \$1,345,510.

For these reasons we do not know what Mr. Tweed was taking into account or to what purpose he was speaking when he said that the net earnings of the road last year—the same year of the Commissioner's report which we have quoted and analyzed—were \$42,000, and the earnings in 1893, \$784,000; that the average earnings were \$812,000 per year for five years, and yet his statements and that of Mr. Huntington—that the company could not carry out Mr. Hubbard's plan, hereinafter mentioned, and that this bill is the best he could do—are all the foundation we know of for the terms fixed in the bill.

Recommendation of this bill by the committee, as qualified to advise, as a bill adapted to the assets or resources of either company, would therefore seem to be founded on mere assumption.

The only knowledge we have peculiar to this bill is that it is satisfactory to the companies. That does not mean that it would be carried out, for they are both insolvent, and their undertakings are, of course, idle. The bill, so far as the Union Pacific is concerned, is an option to its successors—it is substantially so stated—unlimited in time, and binding on the Government, while the Government's own lien may be extinguished by the foreclosure of the first mortgage.

In 1893, when Mr. Tweed says that the net earnings on that property were but \$784,000, Poor's Railroad Manual says that there was a dividend paid on the stock of the Central Pacific Railroad of \$1,345,510. Of course, if you can deduct dividends paid on the capital stock, you can cut the net earnings of any road down very seriously. You can make a deficit easily if that is to be the kind of calculating and the method of mathematics employed in demonstrating the net earning capacity of the road.

Mr. COOPER of Wisconsin. Will the gentleman allow a question?

Mr. HUBBARD. Certainly.

Mr. COOPER of Wisconsin. Is it not a fact that in 1893 there was \$600,000 more paid by the Central Pacific Company in dividends—that is to say, \$1,345,510 in all—than Mr. Tweed, their attorney, said to the committee was the amount of the net earnings of the road in 1893? He said the net earnings were \$700,000.

Mr. HUBBARD. That is correct.

Mr. COOPER of Wisconsin. Yet that same year that road paid over thirteen hundred thousand dollars in dividends?

Mr. HUBBARD. That is what I tried to say. There came before that committee representatives of the various companies, and they submitted plans. Those plans at first were not alike. They were very different indeed. I will give you first the plan submitted by the reorganization committee of the Union Pacific Railroad Company, represented by their attorney, Mr. Pierce, and their secretary, Mr. Kreh. They came before the committee and offered in settlement for the debt due the Government \$35,000,000 of 4 per cent first-mortgage bonds, out of a total authorized issue of one hundred millions, limited to an actual issue of eighty-seven millions, and that for the unreimbursed interest, amounting in round numbers to \$20,000,000, they would give the Government a 4 per cent preferred stock in the discharge of the debt of practically fifty-five millions. They showed that the company was sufficiently strong to carry this obligation of \$100,000,000 4 per cent bonds, and also the authorized issue of \$75,000,000 preferred stock limited to an actual issue of \$68,000,000.

Those bonds were to be fifty-year bonds, but in order to compare with the bill that has been adopted by the committee and

which is sought to be passed, I have proposed to carry the figures out to the full term that the bonds will run under the present bill, as for comparison this is fair.

In the case of the Union Pacific Railroad it will require eighty-three years to discharge their debt. Now, 4 per cent on \$35,000,000 first-mortgage bonds for eighty-three years amounts to \$111,000,000. Your principal will still be unimpaired. Adding that to the interest that you receive, you will have collected and due \$146,000,000 in the eighty-three years.

This plan was not looked upon favorably by the committee, was not accepted, and they offered then, instead of giving the twenty millions of preferred stock, to issue a second mortgage for the twenty millions at 2 per cent, to go annually to the reduction of the principal, and the bond itself to bear no interest. That is, they would virtually pay the bond in fifty years; but in case they did that they wanted the interest reduced from 4 per cent to 3 per cent on the first-mortgage bonds. Now that is just about \$5,000,000 better proposition for the company than the first proposition. Neither one found favor with the committee.

Then appeared the present bill, the Smith-Frye-Huntington bill—I scarcely know what to call it, but it is the bill introduced by Mr. SMITH of Illinois, and is practically the bill that the company say they can comply with. They seek to pass through this House this bill, giving an eighty-three-year bond, with 2 per cent interest on the decreasing capital, with a small payment every year to go to the reduction of the principal.

Now, the Hubbard plan was made first by the Central Pacific Railroad Company. General Hubbard, of New York, as attorney for the former Hopkins estate, thinking that the bill we have now could not pass, came before the committee and said that that company would undertake to do something which has never yet been ingrafted in bill, and which has introduced a new element in the discharge of these debts. He said that the Central Pacific Company, after the application of the sinking fund that now is in the Treasury, and which can be applied to the reduction of the subsidy bonds—that if the Government will apply that to the extinguishment of the subsidy mortgage as far as it will go, the Central Pacific Company would raise money enough to discharge the balance of the subsidy bonds, and thereby stop the interest the Government has to pay in carrying these mortgages along.

The Government would stop by that plan the carrying of any Pacific railroad mortgages. For the unreimbursed interest he proposed to give what he called an income bond, which should bear interest at the rate of 2 per cent per annum with no sinking fund. The Government was to retain in the Treasury of the United States the earnings which those roads make every year by carrying the mails, munitions of war, and similar transportation as a further guaranty of the payment of this annual interest on the income bonds. That income bond would have amounted to about \$38,000,000. The interest on that \$38,000,000 at 2 per cent is \$760,000 a year.

Now, it will be observed that that is an entirely new feature in this transaction. By the company coming forward and relieving the Government from paying a dollar on these subsidy bonds that are now rapidly maturing, and of which about twenty millions are now matured and due on two roads, the balance coming in two years, and which will have to be paid by the Government—they propose to furnish the money to extinguish those bonds, to stop the Government paying interest to carry them along.

Now, take the Hubbard plan for the eighty-three years, and you have \$760,000 a year interest for eighty-three years, which amounts to \$63,422,000. Adding that to your principal of \$38,000,000 gives a total of \$101,628,000.

It will be observed that under the Pierce plan the Government will receive \$144,000,000. Let us see how the plan adopted by the committee will work out. Under this, we take a second mortgage for \$55,000,000 on the Union Pacific Railroad. The interest on this \$55,000,000 for eighty-three years is \$50,000,000, making a total payment, in interest and in the extinguishment of the debt, of \$105,000,000. But in order to do that, in order to carry the balance of the subsidy bonds which the Government must carry, practically \$16,000,000—I put it down low; I give them every advantage—these bonds must be carried at an interest of 3½ per cent, if we take the average of the last bond sale, which is the only thing we have to go by, the interest on that \$16,000,000 at 3½ per cent for eighty-three years is \$46,000,000, and that added to the subsidy bonds that yet must be paid, requires the Government to pay \$62,480,000 to carry our part of this debt alone. That is, the difference between what the Government has to pay and that which the railroad company is to pay must be the profits and the sum total of the payments that are to be made in the discharge of this debt.

In the Powers bill they pay \$105,000,000. The Government pays \$62,000,000, leaving the net sum of \$43,000,000 at the end of eighty-three years to discharge a debt that is to-day \$55,000,000. If they will pay into the Treasury of the United States \$29,000,000 in cash,

it is a better proposition than is contained in this bill. The present worth of that money is about \$29,000,000. In the Pierce plan that same element exists. The Government must carry along that \$16,000,000 of bonds. Under the Pierce bill the Government receives \$144,000,000. It cost the Government \$62,000,000, leaving a balance to the Government of \$82,000,000. Now subtract the difference between what the Government receives under the Pierce plan and what it receives under the present plan, and there is a difference of \$39,000,000 in cash to the Government in favor of the Pierce plan.

It is still worse under the Hubbard plan. Under that the Government only receives \$101,000,000, without carrying the \$16,000,000 of subsidy bonds along. That is eliminated, and you have to subtract nothing from the \$101,000,000 that he pays in eighty-three years except the \$43,000,000 that the Government gets under the present plan, and that leaves you \$58,000,000 in favor of the Hubbard plan over the one adopted by the committee and sought to be passed through this House. The same argument applies to the Central Pacific, only more so. The same condition exists there, and they could comply with it. General Hubbard never gave up his position that the Central Pacific could not carry out this plan, and afterwards submitted a draft of a bill for the purpose of carrying this method out. The Union Pacific assented to the Hubbard plan and said they could and would carry it out, although it would be hard for the Union Pacific to match the peerless Central Pacific.

It is worthy of notice that the cost of transportation is more than ample to pay the interest of 2 per cent on these bonds. The companies were both asked to make a similar proposition. Just why I do not know. I do not see that it was necessary that they should both make the same proposition and the same terms. But if they must do that it is clear that those terms must be such only as the poorer could afford.

Since, however, this bill treats both alike, which if it be just to each is a marvelous coincidence, and as a basis for a judgment of the claim that it has been hard for the Union Pacific to match the Central, we submit the following brief comparison of the Union and Central Pacific.

The proposed reorganized Union and Kansas Pacific (they are now consolidated) will be between 1,800 and 1,900 miles long; the aided Central is about half as long. The former owes the Government a principal debt of \$33,500,000, with a sinking fund of nearly \$17,000,000 to apply in reduction. The Central owes the Government a principal debt of nearly \$28,000,000, with a sinking fund of about \$7,000,000 to apply. The former has paid the Government on bond and interest account, to go in reduction of unreimbursed interest paid by Government on subsidy bonds, about \$20,000,000; the latter less than \$8,000,000. The unreimbursed interest already paid by the Government on the subsidy bonds issued to the former company is about \$35,000,000, and on those to the latter it is about \$34,500,000.

The present balance of indebtedness from the former to the Government is about \$52,000,000 (it will mature at about \$55,000,000), and that of the latter about \$58,000,000. The net earnings of the former while undergoing dismemberment in the hands of receivers, in the darkest railroad year in our history—year before last—were \$4,315,000. Last year they were \$4,800,000. And those of the Central for the same years, respectively, were apparently about half as much, but Mr. Tweed said that after taking out interest on first bonds and about \$530,000 for present sinking fund the earnings of the Central in 1894 were \$144,000, and in 1895 \$42,000.

The former company (the Union) has millions of collateral resources; the Central is leased to the Southern Pacific, and has nothing but a rental of its earnings. The Union Pacific could refund its first-mortgage and whole Government debt in 4 per cents, imposing a charge much within its average net income. It was put into the hands of receivers by its stockholding interest, and but for its guaranty of interest and dividends on the bonds and on stock of other but unsubsidized roads need never have failed at all.

A man simply does not know what he is talking about when he says that the Union Pacific is not stronger financially than the Central Pacific. As to which of the two companies showed the most strength there is no room for doubt, because the negotiation offering the same terms to each was carried to a point where the Central broke down, or said it must do so, and the Union still stood up.

The very last time I saw Mr. Pierce, the attorney for the Union Pacific, I told him that I could not agree to this bill which had been introduced here, and he asked me if I would not urge as a substitute his last proposition, to redeem the subsidy bonds and give the income mortgage for the \$38,000,000 of unreimbursed interest.

Now, Mr. Chairman, it would be useless to follow these figures further, but I will present them in another way, for I know how members feel when they are tangled up without warning in a

maze of figures like these. If the Central Pacific would pay these subsidy bonds and then pay \$800,000 a year interest on their income bonds, it would be worth to the Government just the same as if they paid \$1,500,000 a year under this bill. If the Union Pacific would discharge the subsidy bonds and pay \$760,000 a year, that would be equal to the payment of \$1,350,000 a year under this bill.

Again, putting it another way, take the Union Pacific debt at \$55,000,000; under this bill the Government receives the first year 2 per cent interest on that, or \$1,100,000. But in order to do that we must carry, say, \$16,000,000 of subsidy bonds. That, at 3½ per cent, is \$600,000. The Government receives for interest \$1,100,000, and it pays out for interest, say, \$600,000. That leaves \$500,000 interest which the Government gets. Under the Hubbard plan the payment made for interest would be \$760,000 a year; while under this plan we receive \$500,000, making a difference of \$260,000 a year in favor of the Hubbard plan. This is a simple matter; it is not like figuring out a tariff schedule; it is a simple matter of mathematical calculation.

Mr. NORTHWAY. Why was not the proposition accepted?

Mr. HUBBARD. The gentleman will have to ask that question of some other member of the committee.

Now, Mr. Chairman, another statement in regard to this bill in this connection. The bill is not so good, even, as the existing law. Under the requirements of laws now on the statute book, the Union Pacific Company has paid to the Government \$1,500,000 a year on an average since 1879.

Mr. BARHAM. Under the Thurman Act?

Mr. HUBBARD. Yes; since the Thurman Act went into operation. Gentlemen will remember that our principal debt has not diminished. It has remained just what it was, less this Union Pacific sinking fund of \$17,000,000. The annual average payment of the Union Pacific has been \$1,500,000, while under the bill here proposed the annual payment would be only \$1,250,000. Not only that; the \$1,250,000 would pay not merely the interest, but would extinguish the debt as well, in eighty-three years. It is idle to dwell longer upon these figures. They are too plain.

Now, I want to call the attention of the House to the conditions that surround these railroads and the security that ought to be taken to preserve the interest of the Government in that property. You can not expect this money to be paid. There is nobody who can assemble a sufficient amount of money to discharge this debt, especially the first and second mortgages. Now look at the situation. The Union Pacific road, just before it reaches Ogden, and at Granger, joins the Oregon Short Line. That road practically parallels the Central Pacific to the coast. The Central Pacific, coming east, meets at Ogden the Rio Grande Western and the Denver and Rio Grande, which, in connection with the Missouri Pacific, the Burlington, or with the Rock Island and Pacific, parallels the Union Pacific to the Missouri River.

Whatever value may attach to any security that the Government takes from the Central Pacific will be measured by the indissolubility of the tie of the Central Pacific with the Union Pacific. Once put it into the power of each of these roads to carry on competition with each other, and either one of them can be "bottled up" until even the first mortgage will not be worth a continental. Suppose that in the future the Central Pacific—not the Union, not both roads, but just the Central—should fail, how much would the Government's \$60,000,000 second-mortgage lien be worth? All that would be necessary would be for the Union Pacific to join with the Oregon Short Line (and that road was, until the Union Pacific went into the hands of a receiver, under the control of the Union Pacific)—all that would be necessary would be for the Union Pacific road to join with the Oregon Short Line and thus bottle up the Central so that the Government could not get a dollar.

The same is true of the Union Pacific. It also could be bottled up, because the Fremont, Elkhorn and Missouri Valley runs out to Casper, Wyo., going through the northern part of Nebraska, and, by building about 150 miles of road, that line also could reach the Oregon Short Line, so that there would be not only two or three competing lines on the south, but also another one on the north. In that way the Union Pacific would absolutely be bottled up, so that the Government could not get anything out of it. But, fortunately for the Government, fortunately for the people, those roads have both failed, and now, if we avail ourselves of the opportunity, we can put them in a condition so that one mortgage shall extend over the entire line from the Missouri River to the Pacific Ocean.

I would not insist on a high rate of interest. Whatever these railroads pay to the Government in the future must be paid from charges levied on the people and the property along their lines, and if the Government can keep supervision over them, so as to compel them to give the people reasonable rates and prevent them from making exorbitant charges, then it will not be necessary to insist on a high rate of interest. It is better in the first place to have your debt secured than it is to have a big rate of interest,

which the roads can not carry. Why these roads were ever permitted to be separate I am unable to explain. It would be as wise to now divide the Union Pacific at the North Platte.

Mr. NORTHWAY. A single question, if the gentleman will allow me. It has been said or intimated by the gentleman from Vermont [Mr. POWERS] that these are separate corporations and that it is not possible to get one consolidated mortgage. Will the gentleman kindly explain whether that is possible or not?

Mr. HUBBARD. That is one of the conditions under which the companies come to us. They say the companies have nothing whatever to do with each other.

The suggestion that the various companies owning these roads have no relation to each other as companies, and do not want to be mixed up with each other in their settlements with the Government, is wholly irrelevant. If we have a controlling mortgage on each of the two halves or four quarters of a railroad that is worth enough as a whole to pay all the debts of every part, we do not mix up the mortgagors by refusing to compromise with any of them for 50 cents on the dollar. This is not our side of the case.

Mr. WATSON of Ohio. What does the gentleman mean by the expression "a controlling mortgage?"

Mr. HUBBARD. The Government is the greatest creditor of these roads. It is assumed that the party who has the most money involved in a given piece of property, and who in that way holds the controlling mortgage, will not let it go, but will take advantage of his control before consenting to lose his money.

Mr. WATSON of Ohio. Do you mean that the party that holds the highest amount of indebtedness will control the property?

Mr. HUBBARD. Not necessarily in every case.

Mr. WATSON of Ohio. The gentleman's expression struck me as a rather odd one.

Mr. HUBBARD. By a controlling mortgage I mean that the Government holds the largest amount of the indebtedness.

Mr. WATSON of Ohio. I would like to have the gentleman's definition of a "controlling mortgage."

Mr. HUBBARD. It is this—that the Government does not propose to see this debt extinguished without payment when it has so large an interest in this proposition.

Mr. WATSON of Ohio. In other words, the Government, in order to save itself, as the matter now stands must assume still further indebtedness.

Mr. HUBBARD. I do not know that it is necessary to do that. The Government owns the controlling mortgage on these lines. Not only that, but there is the Sioux City and Pacific Railroad and the Central Branch of the Union Pacific. About \$7,000,000 is due from both those roads. The subsidy was granted at the same time as it was to the main lines. But those lines were not even considered in the committee. We do not know what they propose to do with them—whether to give them away or just to let them "hang fire." All these roads ought to have been before the committee and treated the same way. They ought all to be put up and sold and the first mortgage cleared off.

The gentleman from Vermont says it will take \$60,000,000 or \$70,000,000 to clear off the incumbrances that precede the Government lien. With the application of the sinking fund that is available for the discharge of the debts of these companies, the United States can, with less than \$30,000,000, have a clear title to that road, including the terminals and everything else from the Missouri River to the Pacific Ocean. That does not mean Government ownership of railroads, but the Government has the power to bring those roads to a foreclosure, so that men who have business qualifications, who have the capital and the brains to run these roads, may take hold of them. If such men come here and ask the Government what it has to sell and the Government replies that it has an equity in these roads, that offers no sufficient inducement to capitalists. People do not run into the purchase of equities very fast. But if you tell them that you have a clear railroad from the Missouri River to the Pacific Ocean, that there is not a dollar against it, and ask them what they will give for it, I guarantee you will have bidders for these properties offering much better terms to the Government than those embodied in this bill. The net earnings of the Union Pacific Railroad for the last ten years have averaged \$7,500,000 a year, yet the committee proposes to make this settlement on the hypothesis that \$4,000,000 is all the money that the company can have available for the purpose of liquidating the annual interest charges after paying operating expenses and taxes.

With these railroads united and with the Central Pacific cut loose from the lease that it has made with the Southern Pacific of Kentucky, what would be the situation? Now, I want to call attention to the statement of one of the Government directors, and a receiver of the Union Pacific Railroad Company, in regard to the freights hauled by the Central Pacific. He ought to know something about this matter. He is a man who has given his life almost to the attempt to save the interest of the Government in these roads. I refer to Mr. E. Ellery Anderson. He says that we

ought to foreclose. But let me read his exact statement as made before the Senate Committee on Pacific Railroads:

Senator STEWART. You suggest that if the Central Pacific and the Union Pacific were sold together, the line would be more valuable than if they were sold separately?

Mr. ANDERSON. Yes.

Senator STEWART. Would that be because it would have a monopoly as against those other roads that are attempting to get to the Pacific Ocean?

Mr. ANDERSON. There would be no monopoly; but the Union Pacific, controlling the Central Pacific, would be protected from the plans of construction which now exist in those several other roads, and would also be able to take for itself a larger portion of the California business than it now obtains. Our relations to the Central Pacific are friendly and pleasant in many ways; but they naturally take all they can by the Southern road, and only give us what is necessary to preserve friendly relations with us; whereas, if we owned the Central Pacific, we would take very much more business than the Central Pacific now gives us.

That is the testimony of a man who knows something. That is the evidence that comes to show that these roads ought to be united. So far as the line of the Central Pacific and the Southern Pacific of Kentucky is concerned—and understand that that is not a railroad company; it is not a railroad corporation—it does not own a mile of railroad; it was not a purchase of capital stock in the road, but it was trade of stock in the road for the purpose of securing a controlling interest, and it is an arrangement that could be dissolved at any time. Whatever benefit possible to accrue from the Southern Pacific Company to the Government under this bill could go up into the air at any moment.

Mr. ARNOLD of Pennsylvania. Will the gentleman allow me to ask him a question?

Mr. HUBBARD. Certainly.

Mr. ARNOLD of Pennsylvania. How is it possible, I would ask the gentleman, by any legislation of this Congress to unite the two roads?

Mr. HUBBARD. Am I urging any such legislation?

Mr. ARNOLD of Pennsylvania. I understand you to suggest that they should be united.

Mr. HUBBARD. Certainly. That is one of the features—one of the objections to your bill. It does not unite them.

Mr. ARNOLD of Pennsylvania. But that is just the question I ask you. How can they be united by any legislation?

Mr. HUBBARD. We are not suggesting legislation for that purpose; we are only combating your bill.

Mr. WATSON of Ohio. Let me ask the gentleman how he proposes to unite them?

Mr. HUBBARD. I am not making any such proposition.

Mr. WATSON of Ohio. But you say you are combating the bill because you claim that it does not propose to unite them. Now, if you propose to combat the bill on that ground, you are bound, in good faith, to show how the bill could accomplish that purpose, and how they could be united. I think myself that ought to be done. And if it could be done, I would vote for the proposition in a minute.

Mr. HUBBARD. I say let the Government proceed as the President is proceeding.

Mr. BARHAM. That is it.

Mr. HUBBARD (continuing). Let him proceed to clear off the first mortgages; and let me say to the gentleman that it would require less than \$30,000,000 to do it. We have then the united road from Omaha to the Pacific Ocean.

Mr. WATSON of Ohio. But they are not any more united than they are now.

Mr. HUBBARD. Wait a moment; I am making the statement against the argument of the gentleman from Vermont. I say that you will have a united road from Council Bluffs, Iowa, to the Pacific Ocean, including the terminal at Council Bluffs, Iowa, and including the terminal at Kansas City, Mo. It will be taking all of the liens made by the Union Pacific, for what purpose I do not know, and the line can be extended from Kansas to Cheyenne, by way of Denver, without the expenditure of a dollar. And I deny the position of the gentleman, both as a matter of fact and of law, that the lien of the Government does not attach to the terminals.

Mr. WATSON of Ohio. Will the gentleman allow me a question?

Mr. HUBBARD. In a moment. It covers the terminals at Omaha; it covers the bridge; it is a continuous line from the point fixed by the President, in pursuance of the acts of 1862 and 1864, and the Government lien extends to all.

Now I yield to the gentleman.

Mr. WATSON of Ohio. Does not the gentleman from Missouri know that the Supreme Court has decided that the Government lien extends to any of the bond-aided portions of the road?

Mr. HUBBARD. On the contrary, I am aware of nothing of the kind.

Mr. WATSON of Ohio. Do you deny it?

Mr. HUBBARD. As a matter of fact and as a matter of law, as to the Supreme Court decisions you are wrong.

Mr. WATSON of Ohio. Do you deny that the court has so decided?

Mr. BARHAM. I do.

Mr. WATSON of Ohio. I am asking the gentleman from Missouri.

Mr. HUBBARD. I construct it differently. I say that the decision of the Supreme Court saying the lien did not extend farther than 394 miles was as clear a decision as was ever given. There can be no question about it. It does not extend west of the three hundredth milepost.

The CHAIRMAN. The time of the gentleman has expired.

Mr. CURTIS of Kansas. I ask unanimous consent that the gentleman be permitted to conclude his remarks.

The CHAIRMAN. Is there objection to the request of the gentleman from Kansas?

Mr. HEPBURN. A moment, before the consent is given. This is not to encroach upon the arrangement already made? It simply extends his remarks in the time he controls?

The CHAIRMAN. That is all.

Mr. HEPBURN. I have no objection to that.

The CHAIRMAN. The gentleman from Missouri will proceed.

Mr. HUBBARD. That decision was correct; it was right; it was law. The reason why the line of railroad west of the three hundred and ninety-fourth milepost to Cheyenne by way of Denver can be subjected to the Government mortgage without costing a dollar I will explain in a few minutes. The United States Supreme Court has never decided that the lien of the Government does not extend to the Omaha bridge and to the terminals at Kansas City and at Council Bluffs. It has never passed upon that question. You can not cite a decision of the United States Supreme Court in which it has decided that in any way, shape, or form. It never has been passed on; but I will tell you what was done. After that proceeding of 1887, they took advantage of that, and have been insisting all the time since that the Government had no lien except upon such specific miles as its money had gone into. In other words, if the money of the Government went into 20 miles of road here, and did not go into 20 miles at another place, the railroad companies have been insisting that the lien of the Government did not attach to the last property.

I say that that position is absurd. The officials of the Government, the men who have had the interests of the Government in their care, to guard them against these Pacific railroads, seem to have acquiesced in that opinion that the Government lien did not attach; but understand that acquiescence does not make nor construe law. Then the question came up on the earnings of the Omaha bridge. If the Omaha Bridge was not a part of the Union Pacific system, if the Government had no lien on that, as it had not on that line west of the three hundred and ninety-fourth milepost, then the earnings on that bridge should not have been attached under the 25 per cent net earnings fixed by the Thurman Act. Not a dollar of the Government's money went into that bridge. You all understand that. The railroad company brought a suit for the purpose of testing that, but they never pressed their suit. Why did they not?

The Supreme Court of the United States has declared strongly and specifically, in language that could not be improved upon, that the Union Pacific Railroad commences at Council Bluffs, in Iowa, includes the Omaha Bridge, and runs to a point 5 miles west of Ogden; and if the Government lien does not attach to that, the Supreme Court will have to reverse itself.

Mr. WATSON of Ohio. In what case was that decided?

Mr. BARHAM. In 91 U. S., 343.

Mr. HUBBARD. The case of *Hall vs. Union Pacific Railroad*. Now, in regard to the property west of the three hundred and ninety-fourth milepost, the Denver extension and the Denver Pacific Railroad, or the Cheyenne Division, as it is sometimes called: As appears from the statement of the gentleman who presented the report and the bill from the committee, the reason why the Government is to raise, as it were, its present lien a little bit higher and permit, in so far as the Union Pacific Railroad Company is concerned, the putting of an additional first-mortgage lien of \$21,000,000 beneath us, was because the Government was securing property against which we had now no lien, and which was worth many million dollars.

Now I want to take one of the trusts, the tenth, as it is given in Poor's Manual.

This trust is a mortgage to Russell Sage and George J. Gould to secure mortgage bonds to the authorized amount of \$30,000,000, of which amount about \$11,000,000 has been issued and are outstanding. It is called the consolidated mortgage. It covers the Kansas Pacific from Kansas City to Denver. It is subject to the first mortgage and Government lien on the Eastern and Middle divisions, so called, of the Kansas Pacific—the Eastern Division extending from Kansas City west to the one hundred and fortieth milepost and the Middle Division from the one hundred and fortieth to the three hundred and ninety-fourth milepost. The consolidated mortgage is a third mortgage on the Eastern Division, a fourth mortgage on the Middle Division, a second mortgage on the Denver Extension, and a mortgage on the terminals at Kansas City, but we do not know the order of its lien on the terminals.

It is also a first mortgage on one and a second mortgage on another large body of land and land contracts, and is further secured by the pledge with the trustees of a good many millions in par of stocks and bonds, including a little less than \$1,000,000 of the bonds on the Cheyenne Division.

The third mortgage on the Middle Division, which precedes it, is an income mortgage of about \$5,000,000, but all of those income bonds except \$20,000 appear to be up as collateral to the consolidated mortgage itself. The mortgage which precedes it on the Denver Extension secures bonds outstanding on that extension to the amount of \$5,887,000, but the Denver Extension mortgage securing these bonds is also secured by a first mortgage on one of the bodies of land covered by the consolidated mortgage and by a sinking fund, which are sufficient to pay off the Denver Extension mortgage and yield a surplus to go to the security of the consolidated mortgage of nearly \$5,000,000. This surplus, with the lands on which the consolidated mortgage is a first lien (and the land contracts), are, as stated by the company, of sufficient value to pay off the consolidated mortgage to within \$2,415,679.22. This would free the \$5,000,000 income bonds on the Middle Division and allow them to be canceled, and there would still be left, to make good the above deficit on the consolidated mortgage, other bonds pledged under it to the par value of \$4,314,000 and stocks to the amount of \$1,797,500 more. So that there would seem to be a premium in assuming the consolidated mortgage, besides freeing the Denver Extension wholly, and the Cheyenne Division for the most part, from any mortgage whatever; but if not, then we may turn to another of the trusts—the third or 8 per cent sinking-fund trust, in which there is a clear surplus of nearly \$3,000,000.

Wherefore, in any event, if the Government can reach these assets or has any lien under the Thurman Act or otherwise, even on the equity or right to redeem, it is easy to give to the Government the property the company purports to contribute for the completion of the Kansas Pacific system, and seemingly free from all mortgages and without cost. But it may be said this is not all; that there is the Union Pacific Railway Company Kansas Division and collateral mortgage of \$5,000,000 mentioned in the Drexel-Morgan securities. This, it is true, purports to rest upon the Kansas Pacific Division clear through to Cheyenne. It was made in May, 1891. In respect to this mortgage Mr. Pierce made a somewhat startling claim. He said:

The \$5,000,000 of Kansas Division and collateral trust 5 per cent bonds are secured by mortgage to the Mercantile Trust Company, and constitute a lien on the entire Kansas and Cheyenne divisions. It is also the claim of that mortgage that it constitutes a first lien on the equipment on that part of the property, inasmuch as all the equipment which had originally been bought by the constituent companies consolidated into the present Union Pacific Railway Company had been worn out, and the present equipment was purchased by the present consolidated company—the Union Pacific Railway Company.

If that is the effect of consolidation upon prior mortgages that included the rolling stock of the constituent companies, we think the information will astonish investors. It is timely for us, however, for the proposed mortgages in the bill do not cover after-acquired property; or if so, that would not seem to matter in the event of any consolidation. An amendment, put into this bill on motion of my friend from Iowa [Mr. HEPBURN], intended to secure equal privileges to all companies that should build lines to connect with these Pacific roads, impliedly gives to them the power to enter into any consolidation not in conflict with the terms of that amendment. We assume that the present equipment of these companies will be worn out long before our claim will be paid under this bill, and a good way to release new equipment from the Government lien will be to consolidate with some body.

But glance at the history of this five-million-dollar mortgage. It contains the curious provision that it may be further secured at the election of the company by the pledge of all or any of the following mortgage bonds:

Colorado Central Railroad Company	\$1,378,000
Oregon Short Line and Utah Northern consolidated first-mortgage bonds	1,810,000
Oregon Short Line and Utah Northern collateral trust	4,745,000
Union Pacific, Denver and Gulf consolidated first-mortgage bonds	7,766,000
Utah and Northern	297,000
Utah Southern Railroad Extension Company	898,000

Total 16,894,000

These securities were worth much more than the \$5,000,000 to which they were to be collateral, and were more salable, too. Indeed, the \$5,000,000 were not sold, any of them; but, with the foregoing optional collaterals, were apparently, only four months later, all put up with the Drexel-Morgan loan, from which, the indications are, a large part of them has been sold; but, in any event, a taking up of the Drexel-Morgan loan would release any collateral to the five-million-dollar loan, for all of the bonds of that loan itself would be released.

This kind of financing seems, on the slightest examination, to have been guided by no business foresight or prudence.

We are aware that such transactions lend some little color to

the rumor that the Pacific roads have been fixed to meet the Government claim. We do not think they warrant such a charge. We do, however, submit that the making of bonds unsalable and never to be sold, even seemingly absurd bonds like the foregoing and the income bonds on the Middle Division of the Kansas Pacific, and other bonds to be pledged and themselves to be secured at the option of the company, by large amounts of salable bonds, challenge attention. They indicate that the right key to the right trust unlocks many millions of bonds in excess of the debt secured, which bonds in turn dissolve other trusts, whose securities, thus freed, release one mortgage after another, and so on.

In short, if there had been a design to embarrass the company by unnecessary incumbrances as foundation for extraordinary claims, and to create trusts to secure bonds never to be issued, and to stuff the trusts with securities which it was desirable to protect, assert, or cover for a time, and then get rid of or retain, those purposes could have been accomplished by mortgages and trusts such as are manifest here, which, nevertheless, in this instance, we have but little doubt will be found to have been availed of for fair purposes.

However, I do not know. It is impossible to get full information in regard to these roads. You have to get your information from half a dozen different books, from newspaper clippings, and from the wind and streets.

Just a few words at this time in regard to the pending bill. The gentleman from Vermont was asked the very pertinent question why the bill did not include the personal property, stocks, and bonds of the Union Pacific Company, as it included those of the Central Pacific, and he said that it did. I deny that statement. It does not do anything of the kind. It covers the personal property, stocks, and bonds of the Central Pacific, and that company has not a stock or bond to its name. It is leased to the Southern Pacific of Kentucky, and depends upon its rental for its income. The Union Pacific, on the other hand, is not required by this bill to mortgage any of its bonds or stocks, and it has millions of them. There are nine y-odd millions, par value, up behind that Drexel mortgage alone, although there are only about \$8,500,000 of that loan outstanding to-day. There was an authorized issue of \$24,000,000, an actual issue of \$18,000,000 or \$19,000,000, and the amount outstanding has been brought down to \$8,500,000. My report says that the amount was \$11,000,000 last year, but it has been reduced so that it is now only about \$8,500,000, and proceedings have been already instituted to foreclose that trust in order to eliminate the claim of the Government. Lest the Government should have any right in equity to redeem that property, the foreclosure is going on, in order to put the property beyond our reach in this settlement.

This bill, I say, does not require the Union Pacific to mortgage its bonds and stocks. The bill further permits the Central Pacific Railroad Company to remain under lease to the Southern Pacific of Kentucky, which is certainly in violation of laws passed by several of the States, and in violation of a principle which has been recognized even by Congress, feeble as it has been in its effort to legislate to prohibit the consolidation of parallel or competing lines of road.

This bill, I say, permits that to be continued and carried on. The time that the bonds are to run under this mortgage is eighty-six years for the Central Pacific and eighty-three years for the Union Pacific, taking a second-mortgage 2 per cent bond, which is practically worthless, and giving away these properties, because if they should fail again it would require over a hundred million dollars to come in and clean off the underlying mortgage, whereas now it can be cleaned off for less than thirty millions and give the Government a clear road to sell. The bill is inadequate to guard the interests of the Government, delusive, and visionary, and the results of its practical application will be to destroy, not conserve, the rights it vainly assumes to protect.

I reserve the balance of my time. [Applause.]

#### MESSAGE FROM THE SENATE.

The committee informally rose; and Mr. HAINER of Nebraska having taken the chair as Speaker pro tempore, a message from the Senate, by Mr. PLATT, one of its clerks, announced that the Senate had passed without amendment bills and a joint resolution of the following titles:

A bill (H. R. 7945) to provide for the entry of lands in Greer County, Okla., to give preference rights to settlers, and for other purposes;

A bill (H. R. 5407) to remove the charge of desertion now standing against Oscar A. Bulette, known in his military title as Austin Bulette, late private in Company E, Fifty-second Illinois Infantry Volunteers, during late war;

A bill (H. R. 7777) to authorize the Secretary of the Navy to furnish condemned cannon to Fort Thomas, Ky.; and

Joint resolution (H. Res. 205) authorizing the building of a telephone line in the District of Columbia.

The message also announced that the Senate had passed bills of

the following titles; in which the concurrence of the House was requested:

A bill (S. 3328) to amend an act entitled "An act to repeal the timber-culture laws, and for other purposes;" and

A bill (S. 1781) making an appropriation to furnish flags for the schoolhouses of the District of Columbia.

The message also announced that the Senate had passed with amendment the bill (H. R. 3719) to provide for appointment by brevet of active or retired officers of the United States Army in which the concurrence of the House was requested.

#### PACIFIC RAILROAD BILL.

The committee again resumed its session.

Mr. BELL of Texas rose.

Mr. POWERS was recognized.

The CHAIRMAN. To whom does the gentleman from Vermont yield?

Mr. POWERS. I do not yield to anyone, Mr. Chairman, but I understand that the gentleman from Missouri [Mr. HUBBARD] yields to the gentleman from Texas [Mr. BELL].

Mr. HUBBARD. That is right.

Mr. BELL of Texas. I suppose that I had a right to the floor as a member of the committee.

The CHAIRMAN. The time is controlled by the gentleman from Vermont on the one side and by the gentleman from Missouri [Mr. HUBBARD] on the other.

Mr. BELL of Texas. Mr. Chairman, I am aware that a great number of gentlemen whose constituents are much more directly interested in the proper settlement of the Pacific railroad debts than are those whom I represent desire to address the committee on the pending measure, and I should not occupy any of the limited time which has been allowed for debate but for the fact that I think the gentleman from Vermont has fallen into error as to many of the propositions which he has submitted. Most of what I have to say will be directed to attempting to correct some of the erroneous impressions which, I fear, his remarks might have created.

To begin with, as a member of the Committee on Pacific Railroads, I of course, in common with others, have become somewhat familiar with the details of the legislation proposed by this bill and with the previous legislation on the subject, as well as with the history of the construction of the subsidized railroads and their subsequent operations.

The gentleman who opened the discussion [Mr. POWERS] has very clearly and fairly stated the history of the legislation authorizing the building of the roads, but in order that my remarks may be reasonably complete I desire to repeat briefly some of the things which he has so well said:

The act of Congress approved July 1, 1862, authorized the Secretary of the Treasury to issue bonds to certain companies named therein, which bonds were to be a loan to them, and to secure the payment of which, together with the interest thereon, the Government was to have a first lien on the roadbed, the property of the companies, to aid in the construction of which the bonds were issued. No work was done under this law.

By the act approved July 2, 1864, the companies were authorized to issue first-lien mortgage bonds of even tenor, date, and amount of the Government bonds, and the lien of the Government was to be subordinate thereto.

The Government was to retain one-half of all the compensation for services rendered it by the several companies, which sum, together with an amount equal to 5 per cent of their net earnings, was to be applied to the payment of the said bonds and interest.

Five companies accepted the benefits of the act. They were—

The Sioux City and Pacific road, which extends from Sioux City, Iowa, 101.77 miles in a southwesterly direction, and to it subsidy bonds were issued to the amount of ..... \$1,628,320

The Central Branch of the Union Pacific, which extends from Atchison, Kans., 100 miles westerly, and to which were issued subsidy bonds to the amount of ..... 1,600,000

Total ..... 3,228,320

As it is not proposed in this bill to legislate with reference to these properties, it is not necessary to go further into details with reference to them.

The Union Pacific, which extends from Omaha, Nebr., to Ogden, Utah, a distance of 1,038.68 miles, and to which were issued subsidy bonds to the amount of ..... \$27,236,512

The Kansas Pacific, which extends from Kansas City, Kans., westward 393.94 miles, and to which were issued subsidy bonds to the amount of ..... 6,303,000

Total ..... 33,539,512

These two companies have been consolidated and are now parts of the Union Pacific Railway system, and in the subsequent dis-

cussion I shall refer to them collectively as the Union Pacific Railway Company.

The Western Pacific, which was absorbed at an early date by the Central Pacific, the two roads constituting a continuous line from San Jose, Cal., to Ogden, Utah, a distance of 860.66 miles, and to the two companies, which are designated as the Central Pacific, bonds were issued to the amount of ..... \$27,855,680

It was thought when the bonds loaned the companies were issued that the one-half of the compensation due by the Government for services rendered it by the respective companies and the 5 per cent of the net earnings which was to be applied to the payment of the bonds and interest as stated would pay the interest and supply something to be devoted to the gradual extinction of the debt due the United States.

This proved to be a delusion, and the companies having failed to keep the interest paid, a suit was instituted to recover judgment for the amount they were in default. It was decided by the Supreme Court in 1875, in the case of the United States *vs.* The Union Pacific Railway Company (91 U. S., 72), that the interest paid by the Government was not due from the companies until the bonds matured.

As the companies made no effort to provide a fund with which to discharge their indebtedness secured by the prior lien on the property upon which the Government had a lien, or to satisfy the Government's debt when it should become due, and as it was rapidly increasing owing to the fact that the interest it was paying annually largely exceeded the amounts paid by the companies, it was apparent that the claims against the subsidized portions of the roads would, before the Government debt matured, amount to much more than the value of the property upon which the Government had a lien to secure its debt.

In 1878, by what is known as the Thurman Act, in order that a sinking fund might be accumulated with which to pay off the debts of the companies when they should become due, it was provided that the whole amount of compensation due to the Union Pacific and Central Pacific Railway companies, respectively, for the services rendered for the Government should be retained, one half to be applied to the liquidation of the interest paid by the United States upon the bonds loaned the said companies and the other half to be turned into a sinking fund. By the same act, in addition to the 5 per cent of their net earnings which was to be applied to the payment of the interest on the bonds, as I have explained, the said companies were required to pay into the sinking fund a certain portion of their net earnings. The amounts paid into the sinking fund were to be invested in bonds of the United States, and the semiannual income thereof was to be in like manner invested, and the fund thus accumulated was to be held for the protection, security, and benefit of the lawful and just holders of any mortgage or lien debts of said companies, respectively, paramount to the rights of the United States. This law, having been tested in the courts and having been held to be a proper exercise of legislative authority, has been enforced, and consequently there has been accumulated in the sinking fund and is held in the United States Treasury securities and cash which is now available for the purpose of paying off the mortgage debts of the Central Pacific Railroad Company \$6,493,126.94, and of the Union Pacific Railroad Company \$15,825,985.63.

It is proposed by the bill reported by the committee to apply the amounts in the respective sinking funds to the extinguishment pro tanto of the Government's debt, and to this suggestion there can be no objection.

A careful computation of the amounts which would be due the Government on the 1st of January, 1897, after deducting the amount which the Government would realize from the securities in the sinking fund, shows that the Union Pacific Railroad Company will be indebted to the Government in the sum of \$53,715,408.78 and the Central Pacific \$57,681,514.29.

To secure the indebtedness of the Union Pacific Railroad Company, the Government has a lien on the 1,038.44 miles of road extending from Omaha, Nebr., to a point 5 miles west of Ogden, Utah, and on the 393.94 miles of road extending from the eastern line of the State of Kansas to a point 393.94 miles west therefrom, making in all 1,432.38 miles; but the Government lien on this property is subordinate to a prior lien to the amount of \$33,532,000.

To secure the indebtedness of the Central Pacific the Government has a lien upon the 737.50 miles of railroad extending from a point 5 miles west of Ogden, Utah, to Sacramento City, Cal., and from Sacramento City to San Jose, a distance of 123.16 miles—in all, 860.66 miles—but the lien of the Government upon this property is subordinate to a prior lien of \$27,855,680.

A part of the Government's debt against each road has matured, and the remainder will mature in a short time; consequently it is necessary that some steps be taken to protect the interest of the Government at an early date.

About the facts which I have repeated there can be no dispute,

but I do not agree at all with the gentleman from Vermont that the owners of the stock of the Union Pacific and the Central Pacific railroad companies are in an attitude which entitles them to the least favorable consideration at the hands of this body. I did not suppose there would be anyone who would attempt to defend either the builders of these railroads or those who have subsequently operated them. The scandals that grew out of their construction, and particularly out of the construction of the Union Pacific, are a disgrace to the civilization of the age and ought to be a warning to all who might be inclined to loan the credit of our Government to the prosecution of private enterprises. I do not, however, intend to be diverted from a discussion of the real merits of the proposed settlement by questions of this kind, and would not refer to them except for the fact that it has been assumed that those who have been the beneficiaries of outrageous peculations and frauds had conferred some great favor upon our country, and especially upon that section of it which is traversed by the roads which they constructed and have subsequently wrecked.

It has been asserted that it should make no difference to us and was none of our concern, if the Government of the United States was not directly defrauded, whether the manipulators who constructed the roads acquired a fortune or not. From this proposition I utterly dissent. I entirely agree that if any man by his labor, or by his superior judgment, can accumulate a fortune honestly and honorably, he ought to do so, and that he ought to be commended for doing so; but I dissent entirely from the proposition that it is honest or honorable to accumulate a fortune in building railroads, or in other public enterprises, by watering stock or issuing bonds which do not represent an actual investment. I deny that those who accumulate fortunes in this way are public benefactors, and I particularly dissent from the suggestion that we, as representatives of the people, are not interested in preventing such transactions, or in preventing those who have been the beneficiaries of them from enjoying the fruits of their ill-gotten gains. If gentlemen see proper to build a railroad, and if they issue stock or bonds in excess of the actual cost of the enterprise, the excess represents so much indebtedness which the public, who from the very nature of the thing are compelled to patronize the road have to pay the interest upon. If I were not anxious to explain the details of the substitute which I propose to offer for the bill, and if I had sufficient time, I would like to elaborate upon this particular subject at length; for, while I am one of those who believe that we can not have the prosperity to which we are entitled in this country under the financial legislation which now prevails, and while I believe in the injurious effects which have followed the high-tariff systems of the past, still it is my deliberate judgment that far more injurious than all these has been the effect of the fictitious debts which have been created upon our great transportation systems, and which have occasioned (and I fear will continue to occasion) the transportation charges to be so oppressive upon our people; but I shall forego any discussion of this subject, and shall recur to the measure under consideration.

Enormous land grants were made to the railroad companies, but it is unnecessary to discuss the disposition which has been made of those lands, as they were a gift and not a loan, but so far as the subsidy bonds are concerned the case is entirely different. It was not intended, and never was suggested, that these bonds should be given to the companies, but only that they should be loaned, and it was always understood that the Government was to be repaid the entire principal and interest upon them; but it has been suggested by the gentleman from Vermont that inasmuch as there had been repaid to the United States an amount equal to the original amount of the bonds granted, that, therefore, the Government ought to deal more leniently with its debtors in collecting the remainder of its debt. It is a familiar principle of law that partial payments upon a debt must be applied first to the payment of the interest, and this was in contemplation at the time the bonds were loaned. It was expressly provided, as I have already stated, that the Government should be paid one-half of the amount that might be due the companies, respectively, for transporting mails, troops, etc., and 5 per cent of their net earnings, and these amounts were to be applied to the payment of the interest, and if there should be any surplus then it was to be applied to the payment of the principal of the indebtedness, and it was thought, as I have already stated, that these payments would not only extinguish the annual interest charges but would furnish something to discharge the principal of the Government's debt. If those who constructed the railroads had used the money which they realized from the sale of the bonds secured by the first mortgage, as well as from those which had been loaned by the Government, to the construction of the roads, and had issued no stock except for the money which was used in the construction of the roads, the annual charges against the companies would not have been so great but that the amounts which were to be applied under the law of 1864 to the Government's debt would have been sufficient to have paid the interest on the Government's debt, and inasmuch as that was not done, and as those who constructed the

roads made use of these moneys to accumulate immense fortunes, and did do so, I think they at least are in no position to ask favors at the hands of this body.

When the Thurman Act became a law it was believed by those who passed it, as the discussion on the measure shows, that the sinking fund would be sufficiently large by the time the Government's debt matured to pay it off; and it is probable that if the roads had faithfully carried out the law such would have been the case; but as soon as the law was tested, and was sustained by the courts, efforts to divert the earnings of the companies from the sinking fund were made, and they have been very successful. So far as the Central Pacific Railroad is concerned, a lease was made to the Southern Pacific Railroad under which there could be no net earnings to amount to anything, and as to the Union Pacific, the construction of branch lines or feeders, as they are called, was undertaken, and the Union Pacific guaranteed the payment of the interest on the debts of these lines; and the result has been that very little has come into the sinking fund from either of the roads, except from the compensation due by the Government to them for services. We can well understand how this could be accomplished if we will imagine a more simple case. Let us suppose, for instance, that some one is the owner of a livery stable and that he is compelled to pay one-fourth of the net earnings of it to another person. Suppose, then, that the same man owns the horses and vehicles which are used in the stable, but does not have to divide any profits that may arise from their use. It can readily be seen that there would probably be a good profit on the stock and vehicles and none on the stable. And so it has been with these railroads. The same gentlemen who own the stock in the subsidized portions of the railroad systems own the stock in the feeders, as they are called, and the main line having guaranteed the payment of the charges against the auxiliary lines, they have received the benefits from the diverted traffic and an excessive proportion of the earnings of the system.

I concede that most of what I have been saying on this subject is foreign to the real question at issue. We must recognize the fact that, as a matter of law, we are confronted with conditions for which we are in nowise responsible, and must secure the best settlement we can of a debt which we did not create and the security for which was fixed by others. But I have made these statements for the purpose of showing that we are under no moral obligation to deal leniently with those who have made immense fortunes out of the bounty of the Government and who have shamefully abused the confidence and generosity of our predecessors. Nor do I agree at all with the statement that these companies have built up and turned into a garden the waste places which formerly existed where the roads now run. It is a great mistake to suppose that the railroads make the country. The hardy and honest people who have settled up our frontiers have made the railroads possible, and the railroads have shared but not occasioned the prosperity, so far as it has prevailed. Prosperous communities were planted on the banks of the Mississippi and Ohio, and the fertile lands of Illinois and other Western as well as Southern States were occupied before there was a railroad.

I maintain that from the time the first contract was made for the construction of either of the roads concerning which we are now legislating, every step has been taken with a view of rendering it more difficult, if not absolutely impossible, for the Government to collect its debt; but at the same time we are not in nearly as bad a condition as some of the gentlemen seem to imagine. For instance, it was stated by the gentleman from Vermont that inasmuch as our lien did not attach to that part of the Union Pacific road which was within 3 miles of its eastern terminus, therefore we could not use it in the event the Government should become the owner of the road, or that the purchaser of that part of the road upon which the Government has a lien could not do so. There is an express provision in section 15 of the original act chartering the road which covers this case, and no one need have the least fear of such a catastrophe as the gentleman anticipates.

Mr. POWERS. Will the gentleman allow me a question in that connection?

Mr. BELL of Texas. Yes, sir.

Mr. POWERS. Is it not true that there was no Government aid extended to that portion of the line?

Mr. BELL of Texas. I think the gentleman is right on that point. I do not concur with the gentleman from Missouri in his contention on that score.

Mr. POWERS. The Government has no mortgage on that part of the road.

Mr. BELL of Texas. So I think. I listened with interest to that part of the argument of the gentleman from Missouri and did not agree with him. That, however, is not the point to which I was referring. The contention of the gentleman from Vermont, as I understand it, was that the company could prevent the use by the Government or of any purchaser of that part of the road upon which the Government has a lien of the 3½ miles of road west of its eastern terminus. It is in opposition to this theory that I called

attention to the provision in the fifteenth section of the act of 1863, which covers that very case. I think, however, the general provision of law with reference to common carriers would have covered it anyway, but the provision to which I have referred is express.

Mr. POWERS. My position was that if we foreclose our mortgage or seize the property of the road we could only foreclose or seize a line which would end at the Omaha Bridge.

Mr. BELL of Texas. But the gentleman went further, as I understood, and stated that the company could fence off that part of the road and we could not get into Omaha.

Mr. POWERS. What I meant was that we could not own the line beyond the point I have named.

Mr. BELL of Texas. Then I see that I misunderstood the gentleman's position entirely.

Mr. BOATNER. Does the gentleman consider the ninth section of the Thurman Act as void?

Mr. BELL of Texas. No, I do not.

Mr. BOATNER. Well, that expressly declares that the United States shall have a lien on the entire line of the road, and was evidently intended to correct the interpretation of the law given to it by the Supreme Court in the Kansas Pacific case.

Mr. BELL of Texas. I do not think Congress could or that it has attempted to interfere with vested rights. A mortgage that existed at the time was a lien, and Congress could not, if it desired do so, interfere with it.

Mr. BOATNER. Certainly not; but could not the ninth section of the Thurman Act be enforced without interfering with any other rights? Of course Congress can not dispossess existing liens. It can not divest them of existing rights, but could it not declare that a lien could exist to secure the entire indebtedness of the Government?

Mr. BELL of Texas. There is no controversy on that point.

Mr. BOATNER. And the reason I make the suggestion was on account of the concession the gentleman has made to the position taken by the gentleman from Vermont, that the United States has no lien except on the portion of the line against which the subsidized bonds would show.

Mr. BELL of Texas. That was not the contention, as I understand, of the gentleman from Vermont. I did not understand the gentleman to claim, and I certainly do not intend to concede, that the Government has no lien on the property of the company other than that in aid of the construction of which bonds were issued. The only point that I intended to concede, and all that I understood the gentleman from Vermont to contend for, was that the Government's claim on the terminal properties was not only subject to the lien to secure the \$35,000,000 debt, commonly called the first-mortgage debt, but was subject to other debts against the company. Of course, the Government could pay off all the debts of the Union Pacific Railroad Company and take all this property.

Mr. BOATNER. The gentleman from Texas was mistaken as to the contention of the gentleman from Vermont, who contended that the Government has no lien on that part of the line.

Mr. BELL of Texas. Well, I do not so understand the gentleman's contention, and state that I do not intend to concede that it is correct, if that was what he stated.

But all this, Mr. Chairman, is merely preliminary to what I wish to say. After all, the whole question is a plain business proposition, and we should decide it from purely a business standpoint. We should not allow ourselves to be swayed by any prejudice against those who may have abused the generosity of our Government; nor, on the other hand, should we allow ourselves to be influenced in their favor on account of imaginary benefits which they have conferred upon our country, for, as a matter of fact, if they have conferred any favors they have been remarkably well paid for them.

But now to come to the real merits of this controversy. It is a fact that these railroads owe an enormous debt of \$112,000,000 to the Government, and to secure the payment of this debt the Government has a second mortgage on certain lines of railroad. Some people contend that the property upon which we have a second lien is not worth as much as the debt secured by the first lien.

If this was true, then there is no occasion for us to legislate on the subject. No railroad corporation cares to pay more for property than it is worth, and if the debts secured by the first mortgage is for a greater amount than the value of the roads, it is useless for the railroad companies to pretend that they are going to secure our debt by giving us a lien on other property. We would not do this in our ordinary business affairs, and certainly there has been nothing in the conduct of those who are in control of the Pacific railroads to justify us in supposing that they at this late day are going to do something as a favor that they can not be compelled to do as a matter of law. But I do not concede the correctness of the statement that our debt is in no wise secured. We had a number of gentlemen before the committee which reported this bill, and they were persons who were entirely familiar with

the subject. We asked them time and again what they thought of the value of the property. I particularly remember that Mr. Anderson, who has been connected for many years with the management of the railroad as a representative of the Government, gave it as his opinion that, so far as the Union Pacific was concerned, that part of it upon which the Government had a second lien would sell for enough to pay off the debt secured by the first mortgage and at least one-half of the Government's debt. So the Government is not absolutely without security. We are not entirely driven to the wall. We are not so far embarrassed as to justify us in surrendering our debts or settling on the terms that may be proposed by those who owe them. But what is it that this bill proposes to do? So far as the Union Pacific Railroad is concerned, the proposition is that we allow the debt which is secured by a mortgage prior to that of the Government to be increased from \$33,539,512 to \$34,731,000. If it is not proposed to lose our entire debt, the question is whether we would be in a better position and more able to collect it if the settlement is allowed than before. It is true that our second mortgage will cover some other property, but the trouble is that this property is not worth \$21,000,000, the amount by which the debt secured by a lien prior to that of the Government is to be secured. Of course, there is a difference of opinion among gentlemen as to the value of this property. Those who appeared before the committee and gave their estimates of the value of the property did not think that the Government's position would be materially improved by the additional security.

The bill proceeds upon the theory that we ought to accept the proposition made by the railroad companies themselves instead of making a proposition of our own for them to accept or decline. No business man would ever make a settlement upon that principle. When people are dealing with others, they get the best offer they can, instead of taking the most favorable offer from the other party to the proposed contract. We have accepted, or it is proposed that we shall accept, the offer of the railroad company, just as if they were entirely insolvent, and as if all we could do is to take what they are willing to give us. Now, I believe that by submitting a fair and reasonable offer to the companies, with the distinct understanding that they may accept or decline it, we can reach a satisfactory adjustment of our debt; that is, an adjustment that will be satisfactory to all those who are simply trying to collect the Government's debt, instead of trying to secure legislation by which their particular section would be benefited to the exclusion of other portions of the United States. It is true that these roads have not been making satisfactory earnings for several years past, but the reasons for this are very plain. It is not to the interest of those who have managed and operated these roads that they should make money.

There are two reasons for this: First, and one which by all means should be considered, is the fact that if the roads had been making a satisfactory showing this body would not be disposed to settle on so liberal terms as they otherwise would; and another reason is the one which I have explained—that is, that one-fourth of the net earnings of the roads would have to go into the sinking fund. But the settlement proposed by the committee proceeds upon the theory that we should take the present net earnings of the roads as a basis for settlement, and that we should fix only such charges as the present earnings of the road would meet. I think this is entirely an erroneous basis upon which to proceed. If those who own the stock in and the properties of the companies are not going to raise money in some way for the purpose of putting the corporations on a more solid basis than they are now, then we had better refuse to treat with them and let some other person get control of the property who will be disposed to do right by the Government. What is it that we propose to do for these companies? If they, or others who may be their successors, have to go into the market and borrow money, they would be compelled to pay probably 6 per cent per annum interest upon it.

I do not discuss the proposition to extend the debt at the rate of 2 per cent per annum, because I do not believe that proposition will meet with favorable consideration at the hands of any considerable number of the members of this body, but at the rate of 3 per cent per annum there is a saving in round numbers of \$3,000,000 per annum to these companies in interest charges alone. This is a bonus greater than has ever been conferred by any government upon any corporation. It is one which we ought not to be compelled to consider the propriety of extending, but we must face the conditions as we find them. Without any fault of ours the conditions exist, and if we do not act cautiously and wisely our Government may lose its enormous debt. So, then, it is proposed that we confer upon these corporations a privilege which is equivalent to loaning them the credit of the Government, and thereby saving them \$3,000,000 annually for an average period of forty-four years. What is it we ask in return? According to the bill recommended by the committee, absolutely nothing. We do not ask that they materially increase our security and make our debt more safe; in fact, that they do anything that will place the

Government in a better condition than it has heretofore been. But I assert that we are in a position which enables us by exercising some degree of firmness in dealing with these corporations to compel them to deal justly with the Government in settling its debt, and if they will not do so there are others who will. I think the theory upon which the committee has proceeded—that is, that we determine what the companies can pay and accept that—is entirely wrong. We must insist, if we are going to confer the great favor of loaning our credit, and thereby enabling these companies to obtain cheap money, money, in fact, so cheap that no other company has ever been able to get money at nearly so low a rate—we ought to exact something considerable of them in return. But if the theory of the committee that the earning capacity of the roads affords a correct basis for determining the amount of the debt which could be placed upon them is accepted, then I maintain that what the roads can earn is not properly shown by returns of recent years.

I have already explained some of the reasons for this, but I shall repeat part of what I have said. The black lines upon this map represent the main system of the Union Pacific Railway Company, while the red lines represent the feeders or auxiliary lines. The testimony of the witnesses before the committee was that these short lines were operated at a loss to the main system. They were built as feeders to the main system and the payment of the fixed charges upon them was guaranteed by the Union Pacific Railway Company, and from the time the process of extension began the whole system has been drifting into bankruptcy. But if we sever the branches from the trunk and let those who own the stock and bonds of the branch lines take their property, and if the main line should then be operated in its own interest, a very different return of net earnings would become apparent. Besides, owing to the universal depression which has prevailed in our country for the last five years, railroad earnings throughout the entire country have fallen off greatly, and perhaps in no section of the country has the depression been more acute and more protracted than in that traversed by the Pacific railroads.

For these reasons, as well as others which I have already mentioned, the Union Pacific Railroad's earning capacity is not properly reflected by the recent showings. Conditions have been even more unfavorable to the Central Pacific. I have already discussed at length the motives of those who have control of the Central Pacific, but there is another reason which is even more controlling than those I have mentioned. The Southern Pacific Railroad of Kentucky has leased the Central Pacific Railroad. It also controls the line of railroad commonly known as the Southern Pacific, which extends from California to New Orleans. Is it not plain that, not only for the purpose of having the net earnings of the Central Pacific Railway as small as possible, so as to avoid the necessity of paying a considerable amount into the sinking fund, and also so as to make as bad a showing as possible as to the earning capacity of the Central Pacific Railroad, for the purpose of influencing legislation, but also for other reasons, it would be to the interest of the Southern Pacific Company, which controls the Central Pacific, to divert as much traffic as possible from the Central Pacific road? Freight shipped over the Central Pacific from California to Ogden would at that point have to be transferred to the Union Pacific, and the Union Pacific would of course receive a part of the charges for transporting such freight. On the other hand, the Southern Pacific, having a through line, as I have stated, from the Pacific Ocean to New Orleans, would not have to divide with any other road.

Mr. HUBBARD. And from New Orleans they have a water haul to New York.

Mr. BELL of Texas. Yes; so I understand.

For these reasons, and others which I have stated, the several roads have not been operated for years past in the interest of the roads themselves, and the showings they have been making can not be assumed as correct showings of their real earning capacity. Therefore, in any event, what they have been earning does not afford a proper test as to the terms upon which we ought to settle with them. But we ought, as I have stated, to proceed upon the theory that if those who owned the properties of the roads will not do something in some way to place us in a very materially better condition than we are at present, then we will not treat with them; and when I speak of a materially better condition, I mean in a very much better condition.

Our debt is an enormous one, and if we are not to receive materially better security than we already have, we had better take what we can get as the result of a forced sale and make the best of a very bad bargain. At present if the Union Pacific Railroad Company should refuse to provide for its debts, the Government, to protect itself, will be compelled to pay in round numbers \$33,000,000. If within, say, six months after the consummation of the settlement proposed in the committee's bill they should refuse to carry out the conditions of the new obligation which they have assumed, the Government, to protect itself, would have to pay off \$55,000,000 indebtedness which would be secured by the lien prior to that of the Government.

Mr. POWERS. Fifty-five million dollars on the same amount of mileage.

Mr. BELL of Texas. No; \$55,000,000 on the whole road.

Mr. POWERS. Then we would get the whole road.

Mr. BELL of Texas. Yes; we would get in addition to that which we would get now by paying \$33,000,000 certain other property, which I do not believe would be worth near the \$21,000,000 which we would have to pay for it. The portion of the road upon which we have a lien mostly runs through a very fine agricultural country. The eastern part of Kansas is perhaps as fine agricultural country as there is in the United States, whereas the western part of Kansas and Colorado, through which the other parts of the road run, is very broken and almost worthless from an agricultural standpoint. It is not susceptible of supporting a dense population, and, as all understand, the profit to a railroad company is principally derived from the local traffic, the rates on through traffic being so low that little is derived from that source. So again I say that if the additional property upon which the Government gets a lien is worth more than the \$21,000,000 which we have to pay to secure it we would be benefited; if it is worth less we would be injured.

Now, as to the Central Pacific it is not assumed that we will receive any additional security except that which will be derived from having the Southern Pacific Company of Kentucky guarantee the payment of its obligations. We must not confuse the Southern Pacific Company of Kentucky with the Southern Pacific Company proper. The Southern Pacific Company of Kentucky is a corporation chartered by the legislature of the State of Kentucky. It was organized for the purpose of and is engaged in leasing and operating railroads. It does not, as I am informed, own any railroads. It simply has leased a great many railroads, and has leased and operates lines which extend from California to New Orleans. This corporation could wind up its affairs at probably an expense of a hundred thousand dollars. Suppose that this corporation should determine six months after it had guaranteed the payment of the obligations of the Southern Pacific Railway Company that it did not wish to longer comply with its contract, the holders of the mortgages against the Southern Pacific Company of Kentucky could institute suit and have the property of the Southern Pacific Railway Company of Kentucky sold; and, if the Government should obtain a judgment against it, there would be no property which would be subject to sale out of which the Government could collect its judgment.

Mr. MAGUIRE. Is it not a fact that the Southern Pacific Company of Kentucky, which is the company spoken of by the gentleman, has limited liability for its stockholders, and limited to a small proportion?

Mr. BELL of Texas. I must acknowledge that I did not know of that fact; but it is very easy for stockholders to transfer their stock and avoid liabilities anyway. I am not supposing an imaginary case. Practically all of the large railroad companies in the United States have at one time or other gone through the bankrupt courts, and in this way have wiped out all of their existing liabilities, except those which were secured by a lien of certain property. Those whose indebtedness was secured by a mortgage in rem generally secured payment of their debts, all others having to lose. This is the case with many of the railroad corporations in the State in which I live, and, I understand, has been the case everywhere else. Of course, if the debt is so small that it would not be profitable for the corporation to wind up its affairs and be converted into a new corporation, the debt would be paid. But it is proposed to have the Southern Pacific Company of Kentucky guarantee a debt of \$24,000,000. It could avoid the liability, as I have shown, and I think it is perfectly safe to assume that it would do so. I remember when Mr. Huntington, who is president of this corporation, was asked the question as to the value of the stock of the Southern Pacific Company, he stated that it had only a nominal value, and that dividends were not paid upon it.

Mr. Chairman, I think the facts which I have stated show that we would not materially improve the condition of the Government and not increase to any considerable extent the prospect of the collection of the Government's debt by adopting the bill reported by the committee. For that reason I oppose the legislation. But I do not wish to appear in the attitude of antagonizing measures that others recommend without suggesting some other remedy.

There are three courses which naturally suggest themselves as those which ought to be pursued in attempting to settle the Pacific railroad debts.

First. That the Government should pay off the indebtedness which is secured by a prior lien, and should thus become the owner of the roads. I do not desire to enter into a discussion of the merits of this proposition. I do not at all favor the proposition that the Government should become the owner of railroads or engaged in the railroad business. I am aware that there are very few members of this body who favor that policy, and so it is useless to consume any time in attempting to antagonize it.

Second. A foreclosure of the Government lien and a sale of the property. Of course, if the property would bring the amount of

the Government's debt, as well as that which is secured by the prior lien, this would be the most satisfactory way in which a settlement could be effected; but there has been no evidence before the committee, and, so far as I know, no one believes that if the property should be sold at forced sale it would bring anything like enough to satisfy the debt due us; that is, after satisfying the debt secured by the first lien. Hence, if it can be avoided, we ought not to adopt the second proposition.

Third. An extension of the debt due the Government by the respective railroads for a long period of time, at a low rate of interest. If it was likely that at a forced sale the property would bring very nearly enough to satisfy the Government's debt after paying off that which is secured by the prior lien, I should be in favor of having the Government take what it could realize and sever itself entirely from the railroad business; but the debt is so enormous that if there is any possibility of our being able to secure a reasonably satisfactory settlement, we ought to forego our individual preferences and attempt by every possible means to preserve the Government from loss.

The bill recommended by the committee provides for funding the Government's debt at 2 per cent per annum interest. Inasmuch as the Government can not obtain money at this rate, but must pay 3 per cent per annum, I do not think we ought to entertain any suggestion of a lower rate.

The other question then is, How can the company secure the Government in the collection of its debt? I have prepared a substitute for the committee's bill which I propose to offer at the proper time. This substitute provides that the moneys in the sinking fund shall be applied as a payment upon debt which is now due the Government, and that if the companies will pay off and discharge the debts which are secured by mortgage, which is prior to that of the Government, then the debt shall be extended for an average period of about forty years at 3 per cent per annum interest.

I presume everyone will agree that this settlement would be much more satisfactory and beneficial to the Government than that proposed by the committee's bill. But the question arises, Can the companies comply with the terms of the proposed substitute? I agree fully that if the present owners of the stock and properties of the companies do not propose to assess themselves or in some other way raise money for the purpose of discharging and paying off the debts secured by the prior lien, then it can not be done; but I insist that they can and will do so. It is true that the evidence which we have had on the subject shows that the properties if sold under forced sale would not bring the amount of the debts which are secured by the first mortgage upon it and what will be owing the United States; but I am confident that in order to secure the use of the \$112,000,000 at the low rate of interest of 3 per cent per annum efforts will be made, and successfully, too, to raise the money and accept the terms of the proposed substitute. If the companies would settle upon the terms I suggest, the Government would probably be able in a short time to sell its bonds; and the substitute bill expressly confers authority upon the Secretary of the Treasury to do so.

Mr. BOATNER. Will the gentleman yield for a question?

Mr. BELL of Texas. Certainly.

Mr. BOATNER. I have been very much impressed with the gentleman's proposition, but I should like to know what course he would suggest in the event the railroad companies refused to accept the proposition which his substitute contemplates.

Mr. BELL of Texas. The substitute bill provides fully for the contingency which the gentleman speaks of, and I will now discuss that particular branch of it.

The substitute provides that if within three months of the time it becomes a law the railroad companies, through their proper officers, do not signify their acceptance of the settlement proposed, and if within a given period thereafter they do not comply with the terms of the bill, then the Attorney-General shall institute proceedings for the foreclosure of the Government's lien and proceed as directed in the act of March 3, 1837, which authorizes the proper officers to fully protect in every way the interest of the United States. It is not suggested how the United States, if it has to acquire title to the respective roads, will dispose of them. I suppose that it would be better to leave that question for subsequent legislation.

Mr. MAGUIRE. The gentleman will let me suggest that the Attorney-General has asked for some legislation.

Mr. BELL of Texas. Yes; he asked that the venue of these suits shall be fixed in the District of Columbia. I have copied in full as a part of my substitute the bill prepared by the Attorney-General, and which has been introduced into both branches of Congress, and which confers jurisdiction upon the courts of this District to try these cases. I also embodied the suggestion of the Attorney-General that the foreclosure proceedings could run against each of the roads at the same time and that the two properties should be sold together.

Mr. HEPBURN. So that is included in the substitute?

Mr. BELL of Texas. Yes, sir.

Mr. TERRY. If the gentleman will permit me, instead of directing the suits for foreclosure to be brought under certain conditions, why not stand on the rights reserved under the act of 1862?

Mr. BELL of Texas. We could do that, of course, if it were thought best.

Mr. TERRY. It is more effective.

Mr. BELL of Texas. I do not think so. I think it would be better to have the foreclosure proceedings and have the property sold and all questions of conflicting liens adjudicated in the suit; and, besides, I do not want Congress to do anything which might be regarded as committing it in the direction of Government ownership of the railroads of this country.

Mr. TERRY. In regard to that proposition, permit me to say to the gentleman that we would be committing ourselves to no new doctrine. We would be standing on the doctrine that this Congress stood on in 1862, when it was declared that in the event of a default in the payment of the debt due the Government the Secretary of the Treasury could take possession of the roads for the use and benefit of the United States. It is, therefore, no new departure.

Mr. BELL of Texas. If it be not a new departure, still I believe in repudiating that feature of the act of 1862. If it be the law, it is one which is more honored in the breach than in the observance.

Mr. Chairman, I hope I have made the propositions which are embraced in the substitute clear. I regret as much as anybody the necessity of our being compelled to even consider the proposition to refund the debts which are owing to the Government by the Pacific railroads, but we must face the conditions as we find them, and we must collect the enormous debts which are owing to the Government if we possibly can. This, I believe, we can do if we give those with whom we have to deal to understand that we propose to insist upon our rights and not allow them to dictate terms of settlement which certainly will not be beneficial to the Government and which may not be creditable to us.

Mr. PERKINS. Mr. Chairman, if the gentleman from Missouri will yield to me for a moment, I wish to ask permission to present an amendment which I propose to offer at the proper time to the bill, in order to have it now printed in the RECORD.

Mr. HUBBARD. I yield to the gentleman for that purpose.

Mr. PERKINS. I simply desire to present the amendment and have it printed in the RECORD, now waiving the reading of it.

The CHAIRMAN (Mr. SHERMAN in the chair). Without objection, the proposed amendment of the gentleman from Iowa will be printed in the RECORD for the information of the House.

There was no objection.

The proposed amendment of Mr. PERKINS is as follows:

An amendment to be inserted in House bill S189:

"And for the purpose of enabling a connection between said Union Pacific Railroad and Sioux City, Iowa, and the benefit and advantages thereof as originally intended, Daniel L. Plumer, of Wausau, in the State of Wisconsin; Thomas A. Stoddart, of St. Louis, in the State of Missouri; Fred W. Estabrook, of Nashua, in the State of New Hampshire; William Reynolds, of Marblehead, Commonwealth of Massachusetts; William B. Weedon, of Providence, in the State of Rhode Island; Joseph C. Head, of Latrobe; Adolph Woll, of Philadelphia; E. O. Macfarlane, of Towanda, in the State of Pennsylvania; John Ellis, of Kewanee, and James S. Huey, of Chicago, in the State of Illinois; Isaac C. Elston, of Crawfordsville, in the State of Indiana; Robert McCurdy, of Youngstown, in the State of Ohio; W. C. McNeil, of Postville, and Fred L. Eaton, of Sioux City, in the State of Iowa; W. R. Kinyon, of Owatonna, in the State of Minnesota; B. S. Spofford, of Coldwater, in the State of Michigan, and S. T. Jones, of Oakland, in the State of Maryland, and their associates and successors, be, and hereby are, created a body corporate under the name of the Northwestern and Union Pacific Railroad Company, with the usual powers of railroad corporations and with all such powers as Congress may bestow in the premises, to construct, acquire, assemble, operate, and maintain a railroad from Sioux City, in the county of Woodbury and State of Iowa, in a general southwesterly direction to and connecting with the main line of the Union Pacific Railway Company at North Platte, or any point on said main line to the east thereof, and using the bridge recently constructed across the Missouri River at or near Sioux City, in pursuance of an act of Congress entitled 'An act authorizing the construction of a high wagon bridge across the Missouri River at or near Sioux City, Iowa, approved March 2, 1859, and amendments thereto,' all, however, subject to such State recognition or further incorporation, and the obtaining of such State franchises, if any, as may be necessary or convenient for the exercise of any rights and franchises herein bestowed.

"And if and whenever, at any time within a period of six years from the date hereof, said company herein incorporated shall acquire, construct, or assemble a line of railroad between the points so located as aforesaid, then said Union Pacific Railway Company, its successors, lessees, or assigns, shall cooperate in making track connections with said railroad, and shall afford to such connecting road reasonable time, terms, rates, and facilities for the interchange of traffic, both passenger and freight, delivering to it on the same terms a fair distributive share as between it and other roads connecting with the road of said Union Pacific Railway Company of unconsigned freights destined for points reached by the line or road of the company herein incorporated, or the connections thereof, and such other roads connecting with the road of said Union Pacific Railway Company, and, upon like terms, so much of such unconsigned freights as may be destined for points more directly and by a shorter haul accessible over the road of the company herein incorporated and its connections.

"And the times, term, rates, facilities, and interchange of traffic to be afforded to the line of the company herein incorporated shall be as advantageous as are accorded to or enjoyed by any other, and in that respect the most favored of any of the roads or lines connecting with said Union Pacific road or any part thereof.

"And any contract, arrangement, or device, by sale, lease, consolidation, through-car service, or otherwise, entered into or observed by said Union

Pacific Railway Company, its successors, lessees, or assigns, intended for or resulting in any preference or advantage whatsoever over the line of the company herein incorporated and in behalf of any other railroad so connecting with the road of said Union Pacific Railway Company, or which shall subject the road of the company herein incorporated to any prejudice or disadvantage whatsoever, is hereby declared to be unlawful, and the Federal courts having territorial jurisdiction in the premises shall have jurisdiction to prevent the same and to secure the observance thereof."

Mr. POWERS. Mr. Chairman, the gentleman from Pennsylvania [Mr. ARNOLD], if present, will be entitled to the floor under an arrangement that I have made with him.

Mr. OWENS. I suggest to the gentleman that I have several amendments I desire to have printed. I ask that I may have permission to offer them now, simply to have them printed in the RECORD.

The CHAIRMAN. Does the gentleman from Vermont yield to the gentleman from Kentucky?

Mr. POWERS. If the gentleman from Kentucky will withhold the amendments for a few minutes, I shall have no objection to his request. I want to occupy the time, if possible, until the usual hour of adjournment, and had intended to yield to the gentleman from Pennsylvania [Mr. ARNOLD]. I do not see him at present on the floor, and I will yield to the gentleman from Pennsylvania [Mr. GROW].

The CHAIRMAN. How much time does the gentleman yield?

Mr. POWERS. All the time he desires.

Mr. GROW. Mr. Chairman, not expecting to discuss any of the features of this bill, I shall not trespass long upon the attention of the committee.

The gentleman from Texas [Mr. BELL] has just given us a statement of his plan for disposing of this important question. He informs us that under all the information the committee had received, if the road was sold under foreclosure proceedings the first mortgage would be paid off, and perhaps one-half the Government lien, and possibly not so much. This is all that could probably be received from the foreclosure proceedings. And yet he proposes and assures us with great confidence that moneyed men will be ready to take the road and pay off the first lien and allow the Government lien to be made first lien at 3 per cent interest. Who will invest money in the purchase of property that is not worth, by your own showing, the amount of money that would have to be invested?

Supposing, for instance, that the road should sell for \$5,000, or \$10,000, we will say; the Government lien is \$2,000, the first lien is \$8,000. Now, by the testimony, according to the gentleman's own statement, if sold, the \$8,000 would be paid and \$1,000 on the second lien. That is all the property is worth. It would bring \$1,000 less than the amount of the investment. Who is going to invest money to make a first lien of our second one? Why should they make it a first lien? That is not a Yankee speculation, and if the gentleman had come from one of the New England States, where the boys serve apprenticeship in making wooden nutmegs, he would not have much confidence in such a proposition.

Now, Mr. Chairman, we represent the United States here as a board of directions, having a junior lien on property.

The reorganization of railroads has been a common thing in the country during the past few years. The first rule in reorganization is that the junior creditor must be the loser, if anybody. If the property is not worth the first lien, then the junior has no remedy. If the property is not worth both liens, the junior loses, not the first creditor. Now, we are here as junior creditors—

Mr. HUBBARD. May I ask the gentleman a question?

Mr. GROW. Yes.

Mr. HUBBARD. Suppose you have a second mortgage for \$10,000 on a piece of property. You are preceded by a mortgage of \$8,000 on that property. If that property shows by its net earnings that it would earn a sufficient amount of money to pay a fair rate of interest, say 4 per cent, on the entire debt, would you permit the first lien to be foreclosed without bidding for it and protecting yourself?

Mr. GROW. The gentleman can make all the suppositions he pleases.

Mr. HUBBARD. That is not a supposition; it is a fact.

Mr. GROW. Gentlemen can make all the suppositions they please. The gentleman himself claimed that the only basis of value on railroad property is its earnings, and there is no use in issuing a bond beyond what the earnings will pay interest on.

Now, the first thing in reorganizing a railroad is the question of issuing new mortgages. There may be a first, second, third, or any number of liens. The first mortgage, if the property is good for anything, is a perfectly good security. Hence first mortgagees are not required to make much if any sacrifices, unless in a fair business way they might be required to reduce their rate of interest. In reorganizations everywhere the first point is the securing of the principal of each of the liens if it can be done. By reducing the rate of interest the principal of all liens may be saved. But without a reduction of the rate of interest and extension of time for payment some lien must lose. It is expected that the greatest reduction should be on the junior mortgage. Our junior

mortgage has been receiving 6 per cent interest on its principal, and, as was shown by the chairman of the committee [Mr. POWERS], the Government has received back an amount substantially equal to the principal invested, if there had been no interest to calculate. The interest is calculated at 6 per cent, which is above the rates of interest paid by solvent debtors for a few years back. Six per cent is the interest reckoned to make up the sum that these people owe the Government. The junior creditor has been receiving a greater amount of interest on its money than his money was worth. Its principal has been paid back. What is owing now is only an accumulation of interest.

The question is, what can this property pay in indebtedness? That depends upon its net earnings, and if its net earnings are not enough to pay the interest on \$10,000,000, there is no use of issuing \$15,000,000, because it will be sure to go into bankruptcy again after its reorganization. There is no railroad in the United States, managed by any directors who are business men or whose stockholders have any business capacity, that expects upon reorganization of the property to have greater liens upon it than its net earnings will pay interest on.

As I said before, I do not propose to enter into the details of this question; but under the showings which have been made by gentlemen on both sides of this question, if you let this property go to public sale the Government can not collect the amount of its claim. That is conceded by the gentleman from Texas [Mr. BELL] in his proposition; and it is conceded on all hands, under the information which the committee bring before the House, that on a foreclosure and sale the Government must lose about one-half of its debt or perhaps more.

Now, Mr. Chairman, if I had my say, I would say to these people, "Pay the Government the largest amount of money that you can raise" and let us pocket the loss of the difference.

Mr. MAGUIRE. Is not that the thing to be done by foreclosure and sale?

Mr. GROW. The evidence is that foreclosure and sale will not give you your debt.

Mr. MAGUIRE. It will give you more than you can ever get in any other way.

Mr. GROW. Oh, no; it will not. We had a rate once on the public lands of this country of \$1.25 an acre, and a proclamation was issued by the President. Who ever heard of an acre of public land at these sales selling for more than \$1.25? Put up these railroads at public sale on foreclosure, and in my judgment, unless this Government raises the money to pay the first lien, they will not pay a cent more than the first lien, for the reason that—

Mr. MAGUIRE. We have testimony that they will sell for \$120,000,000, which would give the Government \$60,000,000.

Mr. GROW. There are some more suppositions and beliefs. With the testimony before us that these roads are not worth the first and second liens, what is the use in talking about somebody giving more than that amount on a supposition or belief?

Mr. MAGUIRE. This committee had no testimony taken; not a word of testimony was taken.

Mr. GROW. The gentleman from Texas who last spoke stated that they had gentlemen before them, and spoke of the whole evidence they had collected, and that they went into a full examination of the subject. He says that the Government could not get more than one-half of its debt from the sale of the property.

Mr. MAGUIRE. That testimony was unsworn statements.

Mr. GROW. What is your statement but an unsworn statement? [Laughter.] Your statement is just as good as theirs.

Mr. MAGUIRE. Exactly; and theirs is worthless and should not be acted upon.

Mr. GROW. And yours is worthless if you have not the money.

Mr. MAGUIRE. Mine is negative.

Mr. GROW. You have not got the money and do not guarantee that any amount of money would be paid. Money is the most timid of all things; and there is nothing more timid than \$1,000,000 except \$2,000,000. [Renewed laughter.] Moneyed men do not invest their money in any kind of enterprise without knowing as to its value; and when they have the net earnings of a railroad they know how to invest. If the evidence as to the net earnings do not show that they are sufficient to pay the interest on the first mortgage and on our lien, which is second, at a rate of interest not greater than 2 per cent on the bonds, why expect moneyed men to put their money into this property and give us a first lien and they take a second? There is no money circle in the world charitable enough to do that for our Government.

Should these roads be put up for sale on foreclosure, the Government would have either to take out of the Treasury money enough to pay the first lien, or the owners of the first lien will make the same combination that was always made when we made a sale of public lands by the Government, fixing the price at \$1.25 per acre. There would be no probability of the Government realizing anything unless the Government pays the first mortgage. Are we

ready to raise money and pay off the first lien? Right here let it be distinctly understood the Government has no more right in this case than any other junior creditor that has invested his money in an enterprise, I do not care what it is.

The Government passed a law in 1862, as was stated by the chairman of the committee [Mr. POWERS], when the bonds of this Union were loosened, when the spirit of disintegration swept over the country, and when on the western limits of the country, over the Sierras, a spirit was growing up that if there was to be a dismemberment of the Union they would have a republic on the shores of the Pacific. The great motive for the passage of the act was to bind the country together, when the last spike was driven in the connecting rails of these roads that bound the Pacific to the Atlantic with iron and steel bands. At a time when the air vibrated with the boom of hostile cannon, and the continent shook under the tread of armed men, this enterprise was commenced, and it was an enterprise on the part of Congress of patriotism.

Congress did not care then whether the Government ever got back a cent or not if anybody would build the road; and a hundred million dollars would have been voted just as quickly if we could have had a certain guaranty that a road of this kind would be built within five years. If it had been proposed to make it a donation even, it would have passed that Congress, if necessary. It was not an investment of money for percentage of profit. It was an investment for a percentage in patriotism, an investment that would bind the Union together and hold it forever. While one-half, almost, of our territory was in arms against the other, that law passed. It was a year and a half before any capital made any move to build the Union Pacific. It stood for a year and a half without capital seeking it as an investment. We are told now that money is ready to take this road and pay off the first mortgage; and yet the evidence shows that it is not worth the amount of the first and second mortgage, and would not on foreclosure sale pay more than 50 or 75 cents on the dollar of our claim.

Mr. Chairman, to go back to my first point. We are a board of directors in council settling a plan for reorganizing a railroad, and to submit to the stockholders a proposition by which the road is to be reorganized and continued instead of being disintegrated and sold at foreclosure at whatever it will bring in the market. The Government has no more right, and in fairness and in business honesty, because we have a vote in our power to give as we please, we have no more right, as the junior creditor, to put an exaction upon the first mortgage than we would have as men sitting on the board of a private corporation and because of some power to do so we might have to compel the first-mortgage bondholders to release a part of their claim. We are bound in good business faith to do the same as we would as individuals (without any vote or power to coerce a particular course of action) of a board of directors in reorganizing a road in which we had individual interests as junior creditors.

Money seeks investment, and those who put money into great public enterprises are entitled to the benefits that come from them if they take the risk. In this case the capital of this country stood back a year and a half after we passed the law for giving the bonds and the public lands in aid of this enterprise. And right here permit me a diversion. I was always in favor, from the time the bill for the construction of a Pacific railroad came into the House, of passing it and building the road. I did not care what amount of bonds per mile were to be given, but I would not vote for the land grant, because in my whole life I never gave voice or vote for any disposition of the public lands except to actual settlers. Hence I was opposed to the land grant and would not vote for it, and as I could not vote for the bill without it, I am not on the record either one way or the other. If I stood in the same position to-day, I should favor the bill for bonds, caring nothing about what amount per mile should be given if necessary to secure the building of the road; but I would withhold the land grant, and if necessary I would make the amount of bonds large enough to take their place—if absolutely necessary. But that is among the bygones, and I refer to it now only as a historic incident of a personal character.

Mr. Chairman, the question is now, What shall we do in this case? We are legislators voting to give legal power for reorganization to those who invested their money in a great enterprise. It was an enterprise which has made the dream of Columbus a reality. The people of the land of his birth now go westward to find the Indies. It opened this great central line of communication around the globe. Our Government invested \$64,000,000 of bonds in that great undertaking, and now legislation is necessary for reorganization, and we as legislators, in dealing with this question, have no more right to govern our action according to our view of the character of the men who engaged in the enterprise and carried it through than we would have in dealing with any merely individual enterprise. Neither this enterprise itself nor the men who carried it to success ever received from the Government one bond more than the law gave them. The law fixed

the amount at so much per mile, and they never received one dollar in bonds or one acre in land more than the law gave. If they could make money out of the enterprise under those conditions, that was their good fortune. They took the risk of losing it.

The Central Pacific Company, under a law of California, first commenced work, and soon after Congress passed the law for the building of the roads was in full force in construction. When the idea of building a railroad to the Pacific was first taken up, three railroads were in contemplation. One was to be a southern road and there was a controversy between the city of Memphis and one or two other points in the South as to which should be the eastern terminus of the Southern Pacific. Another was to be a northern road, starting somewhere on Lake Superior, and, of course, there was to be this great central road. These projects of three lines across the continent were presented to Congress before the time when a part of the people's representatives here went forth to the battlefield to destroy the Union of our fathers.

Soon after that event this single line was started, and the effort was made to have it completed in as short a time as possible. That effort was successful. The enterprise has been accomplished. The country has received its benefits. We, sitting here to-day, are not required to determine whether the legislation of that day was wise or unwise, or whether the men who engaged in that great enterprise have made money or have lost money by it. Neither are we to inquire whether they have managed their railroads differently from the way the directors and stockholders in other enterprises have managed their roads. The question before us is not one that we can settle by the main strength of our votes if we propose to act fairly and justly with the men who invested their money in this great enterprise which originated in legislation for the unity and benefit of the country and of mankind. [Applause.]

Mr. POWERS. Mr. Chairman, I understand that there is no other gentleman who desires to speak upon the bill this evening. As I have already said in the hearing of the members of this committee, it was intended when the bill was presented that it should go into operation the 1st of January. That time having passed, it now becomes necessary to change the word "January" wherever it occurs in the bill to the word "July," and also in one or two instances to change "July" to "January." My desire is to offer this amendment and ask the committee to agree to it, in order that the bill may be printed in correct form to-morrow morning. I propose now to offer the amendment for the purpose I have stated.

The CHAIRMAN. That would require unanimous consent under the rules.

Mr. POWERS. I am aware of that, so I ask unanimous consent.

I did not quite finish my statement. My proposition embodies one or two other very slight amendments designed to make the language of the bill conform to the differences in the computation of interest. On sundry pages which are specified in the amendment the word "January" should be erased and "July" inserted. Everybody familiar with the bill will understand the reason for that change.

Further amendments which we propose are as follows:

Page 6, lines 7 and 8, strike out "beginning on the 1st day of July, 1897," and insert "beginning on the 1st day of January, 1898."

Page 17, line 24, and page 18, line 1, strike out "beginning on the 1st day of July, 1897," and insert "beginning on the 1st day of January, 1898."

Page 27, lines 6 and 7, for "\$2,406,818.20" insert "\$2,414,320.51."

Page 27, line 12, before "upon the constituent parts," insert "to the 1st day of July, 1897."

That has reference, I will say, to the computation of interest on the amount of the sinking fund.

Page 27, line 15, after "officers of the Treasury," insert "except that on amounts ascertained to be due on account of services for the Post-Office Department, interest to be computed from the dates of the respective certificates of the Post-Office Department."

That relates to the section of the bill providing that the officers of the Treasury Department shall ascertain the amount which will be due the companies on the 1st day of July for transportation charges. I understand that as to postal transportation charges it is necessary to wait until a certificate can be obtained from the Post-Office Department as to the amount due. This amendment is designed to make that matter plain.

Mr. MAGUIRE. I understand the committee reporting this bill now asks leave to make those corrections in its own bill.

Mr. POWERS. That is all.

Mr. MAGUIRE. You do not want the Committee of the Whole to adopt any of these amendments now?

Mr. POWERS. Not at all.

Mr. MAGUIRE. Then I have no objection to the gentleman's proposition.

Mr. POWERS. There is one further amendment:

Page 2, line 23, add at the conclusion of clause 2 the following:

"And any amounts heretofore forming part of the sinking fund applicable to said companies which shall have been applied toward payment or satisfaction of such subsidy bonds."

I understand that the Treasury Department has sold, or is about to sell, certain bonds in the sinking fund. When this bill was drawn, there was no such sale contemplated. The object of the amendment is that if there should be such a sale before the bill goes into effect the amount of the bonds which may actually have been sold may be applied to the discharge of indebtedness due the Government. I ask unanimous consent that the bill be amended in these respects.

Mr. MAGUIRE. The gentleman proposes that the committee which reported the bill be allowed to correct it in this way?

Mr. POWERS. Exactly.

Mr. MAGUIRE. I am perfectly willing that all those corrections be made, but I do not want it understood that they are adopted by the Committee of the Whole as amendments to the bill.

Mr. POWERS. Well, I ask that the bill be amended so that it can embrace these points. When we get back into the House, I shall offer a resolution to print some extra copies.

The CHAIRMAN. The gentleman from Vermont asks unanimous consent, as the Chair understands, that the amendments which the Clerk will read be reported to the House—

Mr. MAGUIRE. As I understand, the gentleman's request is that the Committee on the Pacific Railroads have leave to make these corrections and have them printed in the bill. That, of course, I am willing to consent to.

The CHAIRMAN. The reprinting of the bill can only be ordered by the House.

Mr. POWERS. With a view to having the bill reprinted, I ask that before the Committee of the Whole rises the Committee on the Pacific Railroads have leave to make these corrections in the bill.

The CHAIRMAN. The Committee of the Whole can not make the order which, as the Chair understands, the gentleman requests. The Committee of the Whole might agree to these amendments and report them to the House.

Mr. MAGUIRE. The gentleman had better make his request in the House. I shall object to it in the way in which the Chair states it. I will make no objection to the committee being allowed to make those corrections in the House.

Mr. POWERS. That is all I ask. I yield for a moment to the gentleman from Texas [Mr. BELL].

Mr. BELL of Texas. I desire to offer a substitute for the bill, that it may be printed.

The CHAIRMAN. That can only be done in the House.

Mr. POWERS. I move, then, that the committee rise.

The motion was agreed to.

The committee accordingly rose; and the Speaker having resumed the chair, Mr. PAYNE reported that the Committee of the Whole on the state of the Union, having had under consideration House bill No. 8189, had come to no resolution thereon.

Mr. POWERS. Mr. Speaker, I now ask unanimous consent that the Committee on Pacific Railroads be allowed to amend their bill in the particulars that I have already indicated in the Committee of the Whole, respecting a change of dates when the bill is to take effect, and also that 1,000 extra copies of the bill shall be printed for the use of the House.

Mr. MC EWAN. I object, Mr. Speaker, for the purpose of asking a question.

Will not the amendments which have already been stated, that are to be made to the bill, be printed in the RECORD to-morrow morning? I refer to the amendments you have just now sent up.

Mr. POWERS. That is probably true. But I will say to the gentleman that several members who have been using the original bill to-day find it difficult to follow the changes that have been made, and at their request and for the convenience of the members of the House I have asked that the bill be printed in the amended form.

Mr. KYLE. I suggest to the gentleman that he also ask for a reprint of the report.

Mr. POWERS. I think there is a sufficient number of the reports, if the gentleman will permit me.

Mr. MC EWAN. I withdraw the objection.

Mr. POWERS. There are several amendments indicated on a slip of paper that the Clerk has, and also on a copy of the bill as prepared by the committee. The request is for unanimous consent for the adoption of these amendments by the committee, and then that the bill be printed as so amended to the number that I have stated.

The SPEAKER. The gentleman from Vermont asks unanimous consent that the bill, amended in accordance with the suggestion submitted by him to the Committee of the Whole, be printed, 1,000 extra copies for the use of the House; and that that bill be considered as the pending bill before the Committee of the Whole. Is there objection?

Mr. MAGUIRE. I understand that these are mere corrections made in the bill by the Committee on Pacific Railroads, for which the gentleman asks consent. To that I have no objection.

Mr. POWERS. That is correct.

The SPEAKER. The Chair hears no objection, and that order will be made.

Mr. POWERS. Now, Mr. Speaker, to further complete the bill, I ought to say, in the hearing of the House, that an amendment proposed by the gentleman from Iowa [Mr. HEPBURN] was agreed to by the Committee on the Pacific Railroads, but in his absence it was inadvertently omitted in preparing the printed bill. We have assured him that he should lose no standing by reason of that fact. I therefore ask unanimous consent to incorporate that amendment in the bill which is to be acted upon by the Committee of the Whole.

On page 30 of the bill, after the word "service," in the fourth line, he proposes to strike out the remainder of that section and insert in lieu thereof what I send to the desk.

The SPEAKER. The Clerk will read the proposed amendment. The Clerk read as follows:

Strike out, in line 4, on page 30, section 22, all after the word "service," down to and including the word "thereon," and insert:

"And that said companies hereinbefore mentioned, their successors, lessees, and assigns, shall cooperate in making track connections with all railroads of other companies now or hereafter built to points of junction with their roads; and at any point where two or more railroads shall connect with their roads or either of them they and their successors, lessees, and assigns shall afford to all such connecting roads equal times, terms, rates, and facilities for the interchange of traffic, both passenger and freight, between such connecting roads and their respective roads and every part thereof. And any contract, arrangement, or device by sale, lease, consolidation, through-car service, or otherwise, intended for or resulting in any preference or advantage whatsoever to any such railroad so connecting at such common point, or which shall subject any such railroad so connecting at any such common point to any prejudice or disadvantage whatsoever, is hereby declared to be unlawful."

The SPEAKER. Is there objection to the additional correction proposed by the gentleman from Vermont?

There was no objection.

The SPEAKER. The bill will therefore be printed, and submitted to the committee with the changes indicated.

Mr. HUBBARD. Mr. Speaker, I ask unanimous consent that those members who have addressed the House on this subject may be permitted to extend their remarks in the RECORD.

There was no objection.

Mr. BELL of Texas. Mr. Speaker, I have a substitute for the bill which I propose to offer at the proper time, and I ask unanimous consent that it be printed in the RECORD.

The SPEAKER. Without objection, that order will be made.

There was no objection.

The proposed substitute is as follows:

Strike out all after the enacting clause and insert the following:

"That the Secretary of the Treasury be, and he is hereby, authorized and directed to ascertain the amounts of the respective indebtedness of the Union Pacific Railroad Company and the Kansas Pacific Railway Company, to which the subsidy bonds of the United States were advanced in aid of the construction of the Pacific railroads and branches as of the 1st day of January, 1893, upon the same principle as if the whole sum of said bonds and interest paid and to be paid by the United States thereon and not theretofore repaid by credits on account thereof were to be paid to the United States in cash on said day; and the said sum shall be computed and ascertained as follows:

"First. To the whole of the principal of said subsidy bonds attributable to each of said companies shall be added the interest paid or to be paid by the United States upon the same, so as to ascertain the total amounts that would have been due the United States for principal and interest paid on the bonds issued to each of said companies at their maturity if no payments or reimbursements had been made thereon by the companies.

"Second. From said amounts so ascertained shall be deducted any payments or reimbursements made by or on behalf of either of said companies upon their indebtedness at any time before the 1st day of January, 1893, as shall appear in the bond and interest accounts of the said companies, respectively, with the United States, or from the sinking fund thereof, or otherwise.

"Third. Compute the present worths of the amounts so found as of the 1st day of January, 1893, on the basis that money is worth 3 per cent per annum during the period between the date of average maturity of the said bonds and the 1st day of January, 1898. From the sums so ascertained there shall be deducted the amounts in the sinking fund applicable to said companies, respectively, computing the value of any bonds in the said sinking fund at their market value at the time of such computation, as estimated by the Secretary of the Treasury; and said sinking fund shall thereupon be applied as a payment upon the debt of such company to the United States. The aggregate amounts so arrived at shall be deemed the sums that would be required to be paid on the said 1st day of January, 1898, by said companies for the purpose of completely discharging their entire debts to the United States."

"Sec. 2. That the Union Pacific Railway Company, successor to the Union Pacific Railroad Company and the Kansas Pacific Railway Company, be, and it is hereby, authorized to make, issue, and deliver to the Secretary of the Treasury, who is hereby authorized and directed to receive the same, its certain indenture of mortgage, which shall bear date the 1st day of January, 1898, covering and embracing all the lines of railway, rights of way, terminals, terminal properties, bridges, rolling stock, lines of telegraph, and all the other property upon which the United States has a lien. A proper and complete description and inventory of all the property affected by such mortgage shall be prepared under the direction of the Secretary of the Treasury, which, when approved by him, shall be filed in his office, and such mortgage on the property therein described shall be held as security for the payment of the principal and interest of the bonds issued thereunder and authorized by this act.

"Sec. 3. That the said Union Pacific Railway Company is hereby authorized to make, execute, and issue, under its mortgage aforesaid, to the Secretary of the Treasury of the United States its bonds in an amount equal to the said aggregate amount arrived at as above provided, each of which bonds shall be for the principal sum of \$1,000, and shall be payable as provided for in this act. Said bonds shall be dated on January 1, 1898, and shall bear interest at the rate of 3 per cent per annum, payable semiannually on the 1st days of July and January in each year, beginning on the 1st day of July, 1898, and continuing until said bonds shall be paid. The said bonds shall, at the time of the execution and delivery of the said mortgage, be delivered to the Secretary of the Treasury, and shall be received by and on behalf of the

United States as payment of said aggregate amounts of indebtedness arrived at, as provided in section 1 of this act, when the indebtedness secured by the lien, which is prior to the Government's lien, shall have been satisfied and discharged of record.

"SEC. 4. That the Union Pacific Railway Company shall execute and deliver its mortgage and bonds to the United States for the debts of the Union Pacific Railroad Company and of the Kansas Pacific Railway Company to the United States, and the said bonds shall be numbered consecutively from one to a number which will include the whole amount thereof, and shall be payable in lawful money of the United States. Said company shall, on the 1st day of January of each year, for a period of ten years, commencing on the 1st day of January, 1898, pay to the Secretary of the Treasury of the United States, in addition to the interest which shall then be due on its said bonds so to be issued and delivered to him, the sum of \$365,000 of principal per annum; and for ten years, commencing on the 1st day of January, 1908, shall pay to the Secretary of the Treasury, in addition to the interest which shall then be due on its said bonds, the sum of \$550,000 of principal per annum; and thereafter, commencing on the 1st day of January, 1918, said company shall pay to the Secretary of the Treasury, in addition to the interest which shall then be due on its said bonds, the sum of \$750,000 of principal per annum until the whole amount of said bonds shall have been fully paid. The said payments of principal shall be applied in payment of the bonds of said company to an amount equal to such payment and in the order of the number of such bonds, beginning with the highest unpaid number. Each of said bonds, respectively, when paid, shall thereupon be canceled and surrendered to the company, and no other bonds under said mortgage shall be issued by said company in lieu thereof. When such bonds shall have been paid in full, as herein provided, the indebtedness of the said company hereinbefore referred to shall be wholly discharged, and the Secretary of the Treasury shall cancel and discharge the mortgage given to secure the same under this act.

"SEC. 5. That the statutory lien created and subsisting under and by virtue of the act of Congress approved July 1, 1862, and the act of July 2, 1864, and the act of May 7, 1878, to secure the payment of said subsidy bonds issued to the Union Pacific Railroad Company and the Kansas Pacific Railway Company, and the interest thereon, as set forth in said acts, and upon all the property subject to said statutory lien, shall be and remain in full force for security for the debts owing by each of said companies to the United States until the issue and delivery to the Secretary of the Treasury of the United States of the bonds and mortgage hereinbefore provided for.

"SEC. 6. That the Secretary of the Treasury be, and he is hereby, authorized and directed to ascertain the amount of the respective indebtedness of the Central Pacific Railroad Company of California and the Western Pacific Railroad Company, to which the subsidy bonds of the United States were advanced in aid of the construction of the Pacific railroads and branches, as of the 1st day of January, 1898, upon the same principle as if the whole sum of said bonds and interest paid and to be paid by the United States theron and not theretofore repaid by credits on account thereof were due and payable to the United States in cash on said day; and the said sum shall be computed and ascertained as follows:

"First. To the whole of the principal of the said subsidy bonds attributable to each of said companies shall be added the interest paid or to be paid by the United States upon the same, so as to ascertain the total amounts that would have been due the United States for principal and interest paid on the bonds issued to each of said companies at their maturity if no payments or reimbursements had been made thereon by the companies.

"Second. From said amounts so ascertained shall be deducted any payments or reimbursements made by or on behalf of either of said companies upon their indebtedness at any time before the 1st day of January, 1898, as shall appear in the bond and interest accounts of the said companies, respectively, with the United States, or from the sinking fund thereof, or otherwise.

"Third. Compute the present worths of the amounts so found as of the 1st day of January, 1898, on the basis that money is worth 3 per cent per annum during the period between the date of average maturity of said bonds and the 1st day of January, 1898. From the sums so ascertained there shall be deducted the amounts in the sinking fund applicable to the said companies, respectively, computing the value of any bonds in said sinking fund at their market value at the time of such computation, as estimated by the Secretary of the Treasury; and said sinking fund shall thereupon be applied as a payment upon the debt of such company to the United States. The aggregate amounts so arrived at shall be deemed the sums that would be required to be paid in cash on the said 1st day of January, 1898, by said companies for the purpose of completely discharging their entire debts to the United States.

"SEC. 7. That the Central Pacific Railroad Company, successor to the Central Pacific Railroad Company of California and the Western Pacific Railroad Company, be, and is hereby, authorized to make, issue, and deliver to the Secretary of the Treasury, who is hereby authorized and directed to receive the same, its certain indenture of mortgage, which shall bear date the 1st day of January, 1898, covering and embracing the entire property of such company upon which the United States has a lien. A proper and complete description and inventory of all the property affected by such mortgage shall be prepared under the directions of the Secretary of the Treasury, which, when approved by him, shall be filed in his office.

"SEC. 8. That the said Central Pacific Railroad Company is hereby authorized to make, execute, and issue under its mortgage aforesaid its bonds in an amount equal to the said aggregate amount arrived at as above provided, each of which bonds shall be for the principal sum of \$1,000, and shall be payable as provided in this act. Said bonds shall bear interest at the rate of 3 per cent per annum, payable semiannually on the 1st days of January and July in each year, beginning on the 1st day of July, 1898, and continuing until said bonds shall be paid. The said bonds shall, at the time of execution and delivery of the said mortgage, be delivered to the Secretary of the Treasury, and when the indebtedness secured by the lien which is prior to that of the Government shall have been satisfied and discharged of record, shall be received by and on behalf of the United States as payment of said aggregate amount arrived at as provided in section 6 of this act, and the corporate character of the Central Pacific Railroad Company and its franchises derived from the United States shall continue until the bonds authorized to be issued under this act shall have been fully paid.

"SEC. 9. That the Central Pacific Railroad Company shall execute and deliver its mortgage and bonds to the United States for the debts of the Central Pacific Railroad Company of California and the Western Pacific Railroad Company to the United States, and the said bonds shall be numbered consecutively from 1 to a number which will include the whole amount thereof, and shall be payable in lawful money of the United States. Said company shall, on the 1st day of January of each year, for a period of ten years, commencing on the 1st day of January, 1898, pay to the Secretary of the Treasury of the United States, in addition to the interest which shall

then be due on its indebtedness, the sum of \$365,000 of principal per annum, and for ten years, commencing on the 1st day of January, 1908, said company shall pay to the Secretary of the Treasury, in addition to the interest which shall then be due on its indebtedness, the sum of \$550,000 of principal per annum, and thereafter, commencing on the 1st day of January, 1918, said company shall pay to the Secretary of the Treasury, in addition to the interest which shall then be due on its indebtedness, the sum of \$750,000 of principal per annum, until the whole amount of said bonds shall have been fully paid. The said payments of principal shall be applied in payment of the bonds of said company to an amount equal to such payment and in the order of the number of such bonds, beginning with the highest unpaid number. Each of said bonds, respectively, when paid, shall thereupon be canceled and surrendered to the company, and no other bonds under said mortgage shall be issued by said company in lieu thereof. When such bonds shall have been paid in full, as herein provided, the indebtedness of the said company hereinbefore referred to shall be wholly discharged, and the Secretary of the Treasury shall cancel and discharge the mortgage given to secure the same under this act.

"SEC. 10. That the statutory lien created and subsisting under and by virtue of the act of Congress approved July 1, 1862, and the act of July 2, 1864, and the act of May 7, 1878, to secure the payment of said subsidy bonds issued to the Central Pacific Railroad Company of California and the Western Pacific Railroad Company, and the interest thereon, as set forth in said acts, and upon all the property subject to said statutory lien, shall be and remain in full force for security for the debts owing by each of said companies to the United States until all the liens on the property affected by the said mortgage and existing at the time of its delivery, and which are secured by a lien prior to that of the Government, shall have been paid, satisfied, and discharged of record.

"SEC. 11. That each of the mortgages authorized by provisions of sections 2 and 7 of this act shall contain a covenant providing that, in the event of any default continuing for six months in the regular payment of interest on the bonds secured thereby or of the payments of principal required by sections 4 and 9 of this act, the entire debt due to the United States from the company making such default shall, at the option of the President of the United States, immediately mature, and the United States shall be thereupon entitled to enter upon and take possession of the mortgaged properties of such defaulting company without applying to the courts or to Congress for authority so to do, or may at its option institute and maintain appropriate proceedings at law or in equity in any court or courts of competent jurisdiction for the enforcement of its claims or liens under said bonds or mortgage; and such mortgages shall also contain such other terms and stipulations in conformity with the provisions of this act as may be deemed necessary efficiently to secure the said bonds and the application thereto of the moneys paid to the Secretary of the Treasury for retiring the principal thereof, and as may be approved by the Secretary of the Treasury of the United States. The said mortgages shall be delivered to the Secretary of the Treasury of the United States, and upon the delivery thereof shall respectively be valid and subsisting mortgages each of all the property of said mortgagor company, real, personal, and mixed, embraced, covered, or required by the terms of this act, and such delivery shall have all the effect of recording the same in any place. Said mortgages, or copies thereof certified by the Secretary of the Treasury, shall at all times be open to public inspection under such rules and regulations as the said Secretary may prescribe, and, for the greater publicity of the contents of said mortgages, copies thereof certified by the Secretary of the Treasury shall, as soon as may be after their respective delivery, be deposited with and recorded by each of the clerks of the circuit courts of the United States and the clerks of the supreme courts of the Territories of the United States in which the roadbed or any part thereof of said companies, respectively, is situated, which copies and records shall at all times be open to public inspection. All such copies and recording thereof shall be at the expense of the company.

"SEC. 12. That in case default should be made at any time in the payments on account of principal or interest prescribed herein to be made upon the bonds issued under sections 3 and 9 of this act, no money shall be paid from the United States Treasury for or on account of services rendered to the United States or any Department of the Government thereof over or upon the said railroads or telegraph lines heretofore aided by the advance of subsidy bonds, or upon any railroads or telegraph lines owned, leased, or operated by the said company that issued such bonds, until all amounts so in default upon such bonds shall have been fully paid; but the compensation for such services shall be credited upon the amounts so in default.

"SEC. 13. That hereafter, so long as any of the bonds authorized by the third and ninth sections of this act shall remain outstanding and unpaid, no dividends shall be paid by the company whose bonds are so outstanding, unless the same shall have been actually earned, nor unless said company shall have paid all matured installments of principal and interest then due and payable on its debt to the United States under this act, nor unless the said earnings, after deducting all interest accrued, but not payable at the time of the declaration of such dividends, shall be sufficient to warrant the payment thereof. In no event shall either of said companies whose bonds are so outstanding pay any dividend exceeding the rate of 4 per cent per annum unless the said company shall, at the time of declaring such dividend in excess of 4 per cent per annum, so long as any of the said bonds are held by the United States, pay an amount equal to the excess over 4 per cent per annum so declared to the Secretary of the Treasury, to be applied to payment of the principal of the highest numbered bonds of such company issued to the Government as herein provided, and unless the earnings of the said company shall suffice to warrant the payment of such excess and also the payment to the Government. Any director or officer who shall declare or pay or aid in declaring or paying a dividend prohibited by this act shall, upon conviction of any court of competent jurisdiction, be punished by imprisonment not exceeding two years or by a fine not exceeding \$5,000, or by both such fine and imprisonment.

"SEC. 14. That this act shall take effect as to each of the said companies, respectively, as hereinbefore described, upon the acceptance of the terms by the board of directors of such company in writing over the corporate seal of such company, signed by its president and attested by its secretary, being filed or deposited with the Secretary of the Treasury within three months after the passage of this act, subject, however, as to each company, to the completion of the settlement and adjustment in this act proposed and provided; but any company which shall not so file its acceptance shall take no benefit from this act. Upon the filing of said acceptance and the execution and delivery of the mortgage and bonds referred to in the second, third, seventh, and eighth sections of this act, the Secretary of the Treasury is authorized and directed to sell any securities held in the sinking fund for said company so accepting, and pay the proceeds of said sale to the amount of their value, as estimated under the first and sixth sections of this act, into the Treasury of the United States. Any excess realized from such sale above the value of such securities as estimated under the first and sixth sections of this act shall be paid to the company; any deficiency below such value shall be paid by the said company upon demand made by the Secretary of the Treasury after such sale.

"SEC. 15. That either of said companies may, at any time after the execution and delivery of their said bonds, pay the whole or any portion of said bonds, by paying the amount thereof, together with the accrued interest thereon, to the Secretary of the Treasury, who shall thereupon cancel the bonds so paid and deliver the bonds so canceled to the said company. No bonds so canceled shall be reissued, but the Secretary of the Treasury may, by direction of the President of the United States, sell any of the said bonds which may be unpaid at any time, and the purchase price shall be paid in lawful money of the United States.

"SEC. 16. That as to such companies as shall accept the provisions of this act, and in the manner and within the time herein provided as to it, from and after the completion of the said adjustment and settlement, all provisions of law relating to the appointment of Government directors shall be, and the same are hereby repealed, and the said office is hereby abolished, and all provisions of law relating to the collection of any percentage of net earnings, and to the withholding or application of any moneys due or to become due from the United States for any services rendered by either of the said companies or any of its branches or auxiliaries or leased lines, other than as hereinbefore provided, are hereby repealed, and all such amounts shall (provided the said company shall not be in default in the payment of the interest of the bonds or in the payments required by this act) be paid to the said company as soon as amounts shall have been ascertained, and all provisions of law forbidding either of said companies from mortgaging or pledging its property shall be repealed, and either of said companies shall, after the acceptance of the terms of this act, as hereinbefore provided, have and possess all the usual powers of borrowing money on its credit or on security of any of its assets, and of constructing or extending its railway by consolidation, lease, or otherwise, and of leasing its railway and property or parts thereof, and of acquiring title to land by condemnation proceedings, and such other powers as are or may be granted to and exercised by railway corporations in the respective States and Territories in which the said railway is or may be situated.

"SEC. 17. That each of the companies accepting the provisions of this act shall keep its railroad and telegraph line in repair and use, and shall at all times transmit dispatches over said telegraph line, and transport mail, troops, and munitions of war, supplies, and public stores upon said railroad for the Government whenever required to do so by any Department thereof, and that the Government shall at all times have the preference and the use of the same for all the purposes aforesaid at fair and reasonable rates of compensation, not to exceed the amounts paid by private parties for the same kind of service; and said companies shall at all times afford to all other lines of railroad now built, or hereafter to be built, equal and reasonable facilities for making connections with them, or either of them, and equal and reasonable facilities for the transportation of freight and passengers thereon.

"SEC. 18. That it shall be the duty of the Attorney-General to cause the provisions of this act to be enforced, and he shall take all steps needful to that end and shall make report to the President each year or oftener thereon, which report shall be laid before Congress, and until the execution and delivery of the bonds and mortgages in this act provided for shall be completed all existing provisions of law relating to said companies, respectively, shall remain in force.

"SEC. 19. That in the event either of the said companies shall fail within the time prescribed by this act to accept the benefits thereof, or to comply with all the conditions herein required of it, it is hereby made the duty of the Attorney-General of the United States to enforce by public proceedings against the said company or companies all the rights of the United States under existing laws and to institute proper proceedings for the foreclosure of the lien of the United States upon the property of such company or companies, respectively, subject to the said lien.

"SEC. 20. That the court of appeals of the District of Columbia is hereby given jurisdiction over any and all suits that may be brought by the United States to enforce or obtain other relief upon any lien or liens on any railway or railways or any property belonging to one or more railway corporations, wherever such property may be situated.

"SEC. 21. That separate liens upon different railways or railway properties may be enforced by the United States in the same suit when such railways constitute or were intended to constitute a through line, or are part of or connected with a through line or general system of railways. The court shall have power to make such orders concerning the sale of said property as may be just and proper for the protection of the interests of all parties concerned.

"SEC. 22. That said court shall have power to issue process, mesne and final, which shall run into any district and be served as other like process, by the marshal of such district, and to enter all proper orders, decrees, and mandates, including orders, decrees, and mandates for the payment to the United States of any deficiency arising upon a sale under such lien.

"SEC. 23. That holders of liens on any such railways or property may be made parties to such suit, or may intervene if not made parties, and said court may order any and all proceedings by any party or parties in other courts having jurisdiction of part only of the property involved to be discontinued or stayed until the termination of such suit by the United States.

"SEC. 24. That this act and each and every provision thereof shall severally and respectively be deemed, taken, and held as in alteration and amendment of said act of 1862, and of said act of 1864, and of said act of 1878, respectively, and acts amendatory thereof or supplementary thereto, and of all of said acts so far as they are inconsistent with this act, nor shall anything in this act be construed or taken in anywise to affect or impair the right of Congress at any time hereafter further to alter, amend, or repeal the said acts hereinbefore mentioned, and this act shall be subject to alteration, amendment, or repeal, as in the opinion of Congress justice or the public welfare may require, and nothing herein contained shall be held to deny, exclude, or impair any right or remedy in the premises now existing in favor of the United States. This act shall be published and printed as a public act, and in all proceedings may be cited as such."

Mr. HARRISON. Mr. Speaker, I desire also to ask unanimous consent to have printed in the RECORD a substitute which I desire to offer at the proper time.

The SPEAKER. The gentleman asks that the substitute which he proposes to offer may be printed in the RECORD for the information of the House. Is there objection?

There was no objection.

The proposed substitute is as follows:

Strike out all after the enacting clause in the bill and insert the following, to wit:

"SECTION 1. That the Secretary of the Treasury, the Secretary of the Interior, and the Attorney-General, and their successors in office be, and they are hereby, appointed a commission with full power to settle the indebtedness of any and all the bond-aided Pacific railroads to the Government, upon such terms and in such manner as may be agreed upon by them and the owners of said railroads: *Provided*, That any and all settlements thus made shall be submitted in writing to the President for his approval or disapproval, and unless approved by him shall not be binding.

"SEC. 2. That said commission or any member of the same is hereby authorized and empowered to administer oaths, to summon and compel the attendance and take the testimony of witnesses, and cause to be produced all papers and documents needed in the course of their negotiations.

"SEC. 3. That said commission shall within sixty days after the assembling of the next regular session of Congress report their action to it, and, in case of their failure to settle said indebtedness or any part thereof at the time of making such report, to recommend such legislation as in their judgment may be necessary or proper to protect the interests of the Government and to enforce the prompt collection of any of said indebtedness that may then be due and unpaid.

"SEC. 4. That the sum of \$5,000, or so much thereof as may be necessary, be, and is hereby, appropriated, out of any funds in the Treasury not otherwise appropriated, to defray the expenses of said commission in carrying out the provisions of this act."

#### SENATE BILLS REFERRED.

Under clause 2 of Rule XXIV, the following Senate bills were taken from the Speaker's table and referred as follows:

A bill (S. 3328) to amend an act entitled "An act to repeal the timber-culture laws, and for other purposes"—to the Committee on the Public Lands.

A bill (S. 1781) making an appropriation to furnish flags for the schoolhouses of the District of Columbia—to the Committee on Appropriations.

LEO L. JOHNSON.

Mr. OWENS. Mr. Speaker, I ask unanimous consent for the present consideration of the bill (H. R. 5808) which I send to the Clerk's desk.

The bill was read, as follows:

A bill (H. R. 5808) for relief of Leo L. Johnson.

*Be it enacted, etc.*, That the Court of Claims is hereby empowered to hear and adjudicate the claim of Leo L. Johnson for the net proceeds of 461 hogsheads of sugar taken from his plantation, situate in the parish of Lafourche, La., under orders of General Butler, in November, 1862, and shipped to New Orleans and sold by the sequestration commission, and the net proceeds, amounting to \$37,351.49, paid to Colonel Holabird under orders from General Banks, and by him credited to the United States and afterwards covered into the Treasury.

Mr. PAYNE. I object; and I move that the House do now adjourn.

The SPEAKER. The gentleman from New York objects to the present consideration of the bill, and moves that the House do now adjourn. Pending the motion, the Chair will submit a report from the Committee on Enrolled Bills.

#### ENROLLED JOINT RESOLUTION, SIGNED.

Mr. HAGER, from the Committee on Enrolled Bills, reported that they had examined and found truly enrolled joint resolution (H. Res. 205) authorizing the building of a telephone line in the District of Columbia; when the Speaker signed the same.

#### LEAVE OF ABSENCE.

By unanimous consent, leave of absence was granted as follows: To Mr. LITTLE, for ten days, on account of important business.

To Mr. BROWN, indefinitely, on account of sickness in his family.

To Mr. ALLEN of Mississippi, for five days, on account of sickness.

And then, on motion of Mr. PAYNE (at 5 o'clock and 7 minutes p. m.), the House adjourned.

#### EXECUTIVE COMMUNICATION.

Under clause 2 of Rule XXIV, a letter from the Secretary of the Treasury, making a statement as to why the information called for by the resolution of the House, dated June 5, 1896, has not been furnished, was taken from the Speaker's table and referred to the Committee on Reform in the Civil Service.

#### REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS.

Under clause 2 of Rule XIII, bills and resolutions were severally reported from committees, delivered to the Clerk, and referred to the several Calendars therein named, as follows:

Mr. PENDLETON, from the Committee on Indian Affairs, to which was referred House bill No. 9565, reported in lieu thereof a bill (H. R. 9863) to extend and amend an act entitled "An act to grant the right of way to the Kansas, Oklahoma Central and Southwestern Railway Company through the Indian Territory and Oklahoma Territory, and for other purposes," approved December 21, 1893, accompanied by a report (No. 2400); which said bill and report were referred to the Committee of the Whole House on the state of the Union.

Mr. MILLIKEN, from the Committee on Public Buildings and Grounds, to which was referred sundry bills of the following titles, reported the same, accompanied by reports; which said bills and reports were severally referred to the Committee of the Whole House on the state of the Union, as follows, to wit:

The bill (H. R. 10) to provide for a public building at Cleveland, Ohio. (Report No. 2401.)

The bill (H. R. 344) to provide for the construction of a public building at Tacoma, Wash. (Report No. 2402.)

The bill (H. R. 2184) to provide for the purchase of a site and

the erection of a public building thereon at Pekin, in the State of Illinois. (Report No. 2403.)

The bill (H. R. 1697) to provide for the erection of a public building at Kansas City, Kans. (Report No. 2404.)

The bill (H. R. 829) to erect a public building at Lawrence, Mass. (Report No. 2405.)

The bill (H. R. 296) for the erection of a custom-house and post-office building at Brunswick, Ga. (Report No. 2406.)

The bill (H. R. 7048) for the erection of a public building at Bowling Green, Ky. (Report No. 2407.)

The bill (S. 772) entitled "An act to provide for the purchase of sites for public buildings in the cities of Hastings and Norfolk, in the State of Nebraska, and for other purposes." (Report No. 2408.)

The bill (H. R. 826) to provide for the erection of a public building at Bradford, Pa. (Report No. 2410.)

The bill (H. R. 4460) to provide for the construction of a public building at York, Nebr. (Report No. 2411.)

The bill (H. R. 2630) to provide for the erection of a public building at San Diego, Cal. (Report No. 2412.)

The bill (H. R. 7380) for the erection of a public building at Talladega, Ala. (Report No. 2413.)

The bill (S. 131) entitled "An act to provide for the purchase of a site and the erection of a public building thereon at Nashua, in the State of New Hampshire." (Report No. 2414.)

The bill (H. R. 844) supplemental to an act entitled "An act to provide for the erection of a public building in the city of Norfolk, in the State of Virginia," approved January 2, 1891. (Report No. 2415.)

The bill (H. R. 3834) providing for the erection of an addition to the United States public building at Canton, Ohio. (Report No. 2416.)

The bill (H. R. 4790) for the purchase of a site and the erection of a public building thereon in the city of New Brunswick, N. J. (Report No. 2417.)

The bill (H. R. 2790) providing for the erection of a public building at Shamokin, Pa. (Report No. 2418.)

The bill (H. R. 1207) to provide for the purchase of a site and the erection of a public building thereon at the city of Eau Claire, in the State of Wisconsin. (Report No. 2419.)

The bill (H. R. 7217) to increase the limit of cost for the erection of a public building at Stockton, Cal. (Report No. 2420.)

The bill (H. R. 3022) providing for the purchase of additional property for the use of the post-office and other Government offices in the city of Brooklyn, State of New York. (Report No. 2421.)

The bill (H. R. 864) for the erection of a public building at Malden, Mass. (Report No. 2422.)

The bill (H. R. 839) for the erection of a public building in the city of Hopkinsville, Ky. (Report No. 2423.)

The bill (H. R. 2711) for the construction of a public building at Clinton, Iowa. (Report No. 2424.)

The bill (H. R. 820) to provide for the purchase of sites and the erection of public buildings at Salt Lake City and Ogden City, Utah. (Report No. 2425.)

The bill (H. R. 802) for the erection of a public building at Waterbury, Conn. (Report No. 2426.)

The bill (H. R. 1995) to provide for a public building at Winston, N. C. (Report No. 2427.)

The bill (H. R. 233) for the erection of a public building in the city of Woonsocket, R. I. (Report No. 2428.)

The bill (H. R. 6263) to provide for the erection of a public building at Lebanon, Pa. (Report No. 2429.)

The bill (H. R. 2704) for the erection of a public building at Green Bay, Wis. (Report No. 2430.)

The bill (H. R. 1465) to provide for the purchase of a site and the erection of a public building thereon at Alameda, in the State of California. (Report No. 2431.)

The bill (H. R. 5919) to provide for the acquisition of additional land and the erection of an addition to the custom-house, post-office, etc., building at Bridgeport, Conn. (Report No. 2432.)

The bill (H. R. 834) to provide for the erection of a public building in the city of Portsmouth, in the State of Virginia. (Report No. 2433.)

The bill (H. R. 253) to provide for the erection of a public building at Freeport, Ill. (Report No. 2434.)

The bill (H. R. 783) to provide for the purchase of a site and the erection of a public building thereon at Deadwood, in the State of South Dakota. (Report No. 2435.)

The bill (H. R. 6252) to provide for the purchase of a site and the erection of a public building thereon at Rome, in the State of New York. (Report No. 2436.)

The bill (H. R. 2267) for the erection of a public building at Lebanon, Ky. (Report No. 2437.)

The bill (H. R. 850) for the construction of a public building at Owosso, Mich. (Report No. 2438.)

The bill (S. 260) entitled "An act to provide for the construction of a public building at Butte City, Mont." (Report No. 2439.)

The bill (H. R. 1979) to provide for the purchase of a site and the erection of a public building thereon at Santa Rosa, in the State of California. (Report No. 2440.)

The bill (S. 1717) entitled "An act to grant to the city of Charleston, S. C., the use of certain real estate in said city on which is situated the building known as 'The Exchange.'" (Report No. 2441.)

The bill (H. R. 3540) to provide for the erection of a public building in the city of St. Cloud, Minn. (Report No. 2442.)

The bill (H. R. 5163) for the erection of a public building in Reno, Nev. (Report No. 2443.)

The bill (S. 717) entitled "An act for the erection of a public building at Fergus Falls, Minn." (Report No. 2444.)

The bill (H. R. 4695) for the erection of a public building at Paris, Ky. (Report No. 2445.)

The bill (H. R. 1652) for the erection of a public building at Fulton, Mo. (Report No. 2446.)

The bill (H. R. 252) for the erection of a public building at Menominee, Mich. (Report No. 2447.)

The bill (H. R. 5165) to provide for the purchase of a site and the erection of a public building thereon at Woodland, in the State of California. (Report No. 2448.)

The bill (H. R. 2002) for the erection of a public building at Wausau, Wis. (Report No. 2449.)

The bill (H. R. 9897) to provide for the erection of a public building at Grand Haven, in the State of Michigan. Reported in lieu of House bill No. 3136. (Report No. 2450.)

The bill (H. R. 2627) to provide for the purchase of a site and the erection of a public building thereon at Fresno, in the State of California. (Report No. 2451.)

The bill (H. R. 3620) for the erection of a public building at Janesville, Wis. (Report No. 2452.)

The bill (H. R. 1689) to provide for the erection of a public building at Washington, Pa. (Report No. 2453.)

Mr. GILLET of New York, from the Committee on Public Buildings and Grounds, to which was referred the bill of the House (H. R. 6197) to provide for the erection of a custom-house in the city of New York, reported the same with amendment, accompanied by a report (No. 2409); which said bill and report were referred to the Committee of the Whole House on the state of the Union.

#### REPORTS OF COMMITTEES ON PRIVATE BILLS.

Under clause 2 of Rule XIII, private bills and resolutions were severally reported from committees, delivered to the Clerk, and referred to the Committee of the Whole House, as follows:

By Mr. LAYTON, from the Committee on Invalid Pensions: The bill (H. R. 7242) granting pension to Mrs. Elizabeth Denon, widow of the late John Denon. (Report No. 2395.)

By Mr. SULLOWAY, from the Committee on Invalid Pensions: The bill (H. R. 9553) granting a pension to Verona Harriman. (Report No. 2396.)

By Mr. ANDREWS, from the Committee on Invalid Pensions: The bill (H. R. 3977) granting a pension to Frank J. Hood, of Georgetown, Colo., and late of Company D, Thirty-seventh New Jersey Volunteer Infantry, and Company A, Two hundred and fourteenth Regiment Pennsylvania Volunteers. (Report No. 2397.)

By Mr. CROWTHER, from the Committee on Invalid Pensions: The bill (H. R. 9617) granting a pension to John N. Smith. (Report No. 2398.)

By Mr. BAKER of Kansas, from the Committee on Invalid Pensions: The bill (H. R. 8331) granting an increase of pension to Adam Crawshaw. (Report No. 2399.)

By Mr. COFFIN, from the Committee on Pensions: The bill (S. 1501) entitled "An act granting an increase of pension to Mrs. Lucy Alexander Payne, widow of Capt. J. Scott Payne, Fifth United States Cavalry." (Report No. 2454.)

By Mr. MOZLEY, from the Committee on Pensions: The bill (S. 396) entitled "An act granting a pension to Henry Farmer." (Report No. 2455.)

#### CHANGE OF REFERENCE.

Under clause 2 of Rule XXII, the Committee on Pensions was discharged from the consideration of the bill (H. R. 9481) to increase the pension of Alice De K. Shattuck; and the same was referred to the Committee on Invalid Pensions.

#### PUBLIC BILLS, MEMORIALS, AND RESOLUTIONS.

Under clause 3 of Rule XXII, bills, resolutions, and memorials of the following titles were introduced and severally referred as follows:

By Mr. GOODWYN: A bill (H. H. 9862) to amend the act of July 1, 1862, relating to the tax on fermented liquors (section 3339 of internal-revenue laws of August 28, 1894)—to the Committee on Ways and Means.

By Mr. VAN HORN: A bill (H. R. 9864) to enact a general railroad bridge law—to the Committee on Interstate and Foreign Commerce.

By Mr. MCCORMICK: A bill (H. R. 9865) extending the time for the completion of the bridge across the East River, between the city of New York and Long Island, now in course of construction, as authorized by the act of Congress approved March 3, 1887—to the Committee on Interstate and Foreign Commerce.

By Mr. DALZELL: A bill (H. R. 9866) to authorize the construction of bridges across the Ohio, Monongahela, Mississippi, Great Kanawha, Tennessee, Cumberland, and Illinois rivers, and to prescribe the dimensions of the same—to the Committee on Interstate and Foreign Commerce.

By Mr. BANKHEAD: A bill (H. R. 9895) to authorize the Attorney-General to appoint assistant district attorneys to aid the Solicitor of the Treasury in collecting judgments in favor of the United States upon which execution has been returned by the various United States marshals, "No property found"—to the Committee on the Judiciary.

By Mr. MINOR of Wisconsin: A bill (H. R. 9896) to correct a clerical error found to exist in an act entitled "An act making appropriations for the construction, repair, and preservation of certain public works on rivers and harbors, and for other purposes," passed June 3, 1896—to the Committee on Rivers and Harbors.

#### PRIVATE BILLS, ETC.

Under clause 1 of Rule XXII, private bills of the following titles were presented and referred as follows:

By Mr. BANKHEAD: A bill (H. R. 9867) for the relief of W. H. Bickerstaff, of Walker County, Ala.—to the Committee on War Claims.

By Mr. BROWN: A bill (H. R. 9868) for relief of James A. Lance, of Warren County, Tenn.—to the Committee on Military Affairs.

By Mr. BRUMM: A bill (H. R. 9869) granting a pension to Mrs. Mary McVeigh—to the Committee on Invalid Pensions.

By Mr. CATCHINGS: A bill (H. R. 9870) for the relief of the estate of Samuel Stowers, deceased, late of Warren County, Miss.—to the Committee on War Claims.

By Mr. CLARK of Missouri: A bill (H. R. 9871) to correct the military record of Washington Kellogg—to the Committee on Military Affairs.

By Mr. CURTIS of Kansas: A bill (H. R. 9872) for the relief of Peter, alias Louis, Heck—to the Committee on Military Affairs.

By Mr. GILLET of New York: A bill (H. R. 9873) granting a pension to Rachel Aber, dependent mother of William Aber, Jr., Company K, Ninetieth Regiment Pennsylvania Volunteers—to the Committee on Invalid Pensions.

By Mr. HARTMAN: A bill (H. R. 9874) granting an honorable discharge to William Miller—to the Committee on Military Affairs.

Also, a bill (H. R. 9875) granting a pension to Mrs. Winifred Rignig—to the Committee on Invalid Pensions.

By Mr. HULING: A bill (H. R. 9876) granting a pension to Paul Summers—to the Committee on Invalid Pensions.

Also, a bill (H. R. 9877) for the relief of Joseph Loudermilk, of Monroe County, W. Va.—to the Committee on War Claims.

By Mr. LACEY: A bill (H. R. 9878) granting a pension to Sarah C. Ward—to the Committee on Invalid Pensions.

By Mr. McCREARY of Kentucky: A bill (H. R. 9879) for the benefit of Joseph Ronan—to the Committee on Invalid Pensions.

By Mr. MORSE: A bill (H. R. 9880) granting an increase of pension to Charles W. Brown—to the Committee on Invalid Pensions.

By Mr. OTEY: A bill (H. R. 9881) to increase the pension of Harriet J. Hutter—to the Committee on Pensions.

By Mr. SOUTHDARD: A bill (H. R. 9882) to increase pension of Charles S. Ely—to the Committee on Invalid Pensions.

By Mr. SPENCER: A bill (H. R. 9883) for the relief of the estate of Levi Elmore, deceased, late of Claiborne County, Miss.—to the Committee on War Claims.

Also, a bill (H. R. 9884) for the relief of Mrs. Catherine P. Byrnes, of Claiborne County, Miss.—to the Committee on War Claims.

By Mr. VAN HORN: A bill (H. R. 9885) granting a pension to Clarence St. Clair—to the Committee on Pensions.

By Mr. WHEELER: A bill (H. R. 9886) for the relief of George Caperton, Jackson County, Ala.—to the Committee on War Claims.

Also, a bill (H. R. 9887) for the relief of the estate of Presley W. Harden, of Lauderdale County, Ala.—to the Committee on War Claims.

Also, a bill (H. R. 9888) for the relief of Willis Darby, of Concho County, Ala.—to the Committee on War Claims.

Also, a bill (H. R. 9889) for the relief of Andrew J. Esslinger, of Madison County, Ala.—to the Committee on War Claims.

Also, a bill (H. R. 9890) for the relief of Lemuel Hannah, of Madison County, Ala.—to the Committee on War Claims.

Also, a bill (H. R. 9891) for the relief of Jessie Vann, of Madison County, Ala.—to the Committee on War Claims.

Also, a bill (H. R. 9892) for the relief of the estate of Hamilton G. Bradford, deceased, late of Huntsville, Ala.—to the Committee on War Claims.

Also, a bill (H. R. 9893) for relief of James K. Johnson, of Huntsville, Ala.—to the Committee on War Claims.

Also, a bill (H. R. 9894) for the relief of Anderson Hamer, of Madison County, Ala.—to the Committee on War Claims.

#### PETITIONS, ETC.

Under clause 1 of Rule XXII, the following petitions and papers were laid on the Clerk's desk and referred as follows:

By Mr. BINGHAM: Protest of news dealers and booksellers of Philadelphia, against the passage of House bill No. 4566, relating to second-class mail matter—to the Committee on the Post-Office and Post-Roads.

By Mr. BROMWELL: Petition of M. B. Mooney and other citizens of Cincinnati, Ohio; also petition of Walter Hartpence, of Harrison, Ohio, protesting against the passage of House bill No. 4566, relating to second-class mail matter—to the Committee on the Post-Office and Post-Roads.

By Mr. CHICKERING: Resolutions of citizens of Belleville, N. Y., relative to American citizens in Turkey subjected to peril and insult—to the Committee on Foreign Affairs.

By Mr. CURTIS of Kansas: Resolutions of the Master Car Builders' Association, opposing the metric system—to the Committee on Coinage, Weights, and Measures.

By Mr. DALZELL: Resolutions of the Master Car Builders' Association, opposing the metric system—to the Committee on Coinage, Weights, and Measures.

By Mr. GROUT: Resolutions adopted by the Master Car Builders' Association, opposing the obligatory use or the introduction of the metric system into the United States at any time—to the Committee on Coinage, Weights, and Measures.

By Mr. HARMER: Memorial of the members of the Societies of the Colonial Dames of America, asking for the incorporation of the name "National Society of Colonial Dames of America," as provided for under Senate bill No. 3087—to the Committee on the Library.

By Mr. HENDERSON: Sundry petitions of Mount Vernon Place Church; Fifth Congregational Church; Mount Pleasant Church; Union Methodist Episcopal Church; Wesley Chapel Methodist Episcopal Church; Central Union Mission; Concordia German Lutheran Church; Emmanuel Protestant Episcopal Ladies' Society; pastor and deacons of Calvary Baptist Church; Rev. J. J. Muir, D. D., pastor of E Street Baptist Church; and Rev. L. B. Wilson, presiding elder Washington district, all of the city of Washington, D. C., urging the passage of House bill No. 9515, to raise the age of protection for girls in the District of Columbia to 18 years—to the Committee on the Judiciary.

Also, paper of James F. Brerton, recording secretary Branch No. 371, National Association of Letter Carriers, Keokuk, Iowa, favoring the passage of Senate bill No. 3058—to the Committee on Rules.

Also, paper from the Waterloo Order of Railway Conductors, favoring the passage of the arbitration bill, the contempt-of-court bill, and the Phillips commission bill—to the Committee on Rules.

By Mr. HOWARD: Resolutions of the People's Party of Kaufman, Tex., relating to the independence of Cuba—to the Committee on Foreign Affairs.

By Mr. HURLEY: Petition of William Fawcett, of Brooklyn, N. Y., for increase of duties on harness and saddlery—to the Committee on Ways and Means.

Also, petition of Edward N. Loomis, John Nix & Co., and other produce merchants of New York City, in relation to the duties on potatoes and onions—to the Committee on Ways and Means.

By Mr. LACEY: Papers to accompany House bill for the relief of Sarah C. Wood—to the Committee on Invalid Pensions.

By Mr. LAYTON: Papers in support of House bill No. 8393, for the relief of Mark Guyton—to the Committee on War Claims.

By Mr. LOUDENSLAGER: Resolutions of surviving members of the Twenty-fourth Regiment New Jersey Volunteers; also resolutions of W. B. Hatch Post, No. 37, Grand Army of the Republic, of Camden, N. J.; also resolutions of Bethlehem Lodge, A. P. A., of New Jersey; also resolutions of the town council of Stockton, N. J.; also resolutions of Thomas Jefferson Council, No. 138, Junior Order United American Mechanics, of Camden, N. J., expressing sympathy for the Cubans in their struggle for freedom—to the Committee on Foreign Affairs.

Also, petition of Benjamin Patterson, of Woodstown, N. J.; also petition of the Methodist Publishing Company, of Camden, N. J.; also petition of William H. Clew, of Salem, N. J., protesting against the passage of House bill No. 4566, relating to second-class mail matter—to the Committee on the Post-Office and Post-Roads.

By Mr. MEREDITH: Petition of the heirs of Coleman Reid, deceased, late of Fauquier County, Va., praying that his war claim be referred to the Court of Claims under the Bowman Act—to the Committee on War Claims.

By Mr. REYBURN: Resolutions of Fairmont Lodge, No. 333, Brotherhood of Locomotive Firemen, favoring the independence of Cuba—to the Committee on Foreign Affairs.

Also, petition of Henry Berkowitz and others, of Philadelphia, Pa., praying for favorable action on House bill No. 4566, to amend the postal laws relating to second-class matter, and Senate bill No. 1675, to prohibit transportation of obscene matter—to the Committee on the Post-Office and Post-Roads.

By Mr. SORG: Petition of Post No. 646, Grand Army of the Republic, Department of Ohio, favoring the recognition and independence of Cuba—to the Committee on Foreign Affairs.

By Mr. WADSWORTH: Petition of R. D. Ashford and other citizens of Lockport, N. Y., for a post-office building, to accompany House bill No. 9861—to the Committee on Public Buildings and Grounds.

By Mr. WANGER: Petition of George C. Ewart and 32 other members of the Baptist church of Doylestown, Pa., praying for favorable action on House bill No. 4566, amending the postal laws relating to second-class matter, and Senate bill No. 1675, prohibiting the transportation of obscene matter—to the Committee on the Post-Office and Post-Roads.

#### HOUSE OF REPRESENTATIVES.

FRIDAY, January 8, 1897.

The House met at 12 o'clock m., and was called to order by the Speaker.

Prayer by the Chaplain, Rev. HENRY N. COUDEN.

The Journal of the proceedings of yesterday was read and approved.

PRINTING OF TESTIMONY BEFORE CIVIL SERVICE COMMITTEE.

Mr. BROSUS. Mr. Speaker, I ask unanimous consent for the present consideration of the resolution which I send to the Clerk's desk.

The resolution was read, as follows:

*Resolved*, That the Committee on Reform in the Civil Service be authorized to have printed, for the use of the committee, the testimony taken before the committee on important bills pending before it.

The SPEAKER. The gentleman asks unanimous consent for the present consideration of the resolution just reported to the House. Is there objection?

Mr. McMILLIN. I should like to ask the gentleman what printing this embraces?

Mr. BROSUS. Oh, some testimony taken on two bills. It is a very small amount and will cost very little.

Mr. McMILLIN. What are the measures upon which the testimony was taken?

Mr. BROSUS. What we call the retiring-fund bill and a bill for the extension of the civil-service law to the District of Columbia. The amount of testimony is very small, and it will cost very little money to print it.

The SPEAKER. Is there objection to the present consideration of the resolution?

Mr. GROSVENOR. Mr. Speaker, I shall object unless I can know one thing. I want to ask the gentleman whether these hearings have all been *ex parte*, whether any notice of these hearings has been given, and whether anybody else has been heard except the affirmative side of this question.

Mr. BROSUS. Every person has been heard who expressed a desire to be heard, and both sides have been heard. Testimony has been taken on both sides.

The SPEAKER. Is there objection?

There was no objection.

The resolution was agreed to.

#### CORRESPONDENCE RELATIVE TO DISTURBANCES IN CHICAGO IN 1894.

Mr. TURNER of Georgia. Mr. Speaker, I ask unanimous consent for the present consideration of the resolution which I send to the Clerk's desk.

The SPEAKER. The gentleman from Georgia [Mr. TURNER] asks unanimous consent for the present consideration of a resolution which will be reported by the Clerk.

The Clerk read as follows:

*Resolved* by the House of Representatives (the Senate concurring), That the Attorney-General be, and is hereby, authorized and instructed to print as an appendix to his last annual report full copies of all telegraphic and other correspondence between the Department of Justice and public officers, private persons, railroad companies and their officers and agents, in the year 1894, relative to the disorders in the city of Chicago, Ill., during said year, and to the action taken by the Government of the United States in suppressing the same.

The SPEAKER. Is there objection to the present consideration of the resolution?

There was no objection.

The resolution was agreed to.

#### PACIFIC RAILROAD FUNDING BILL.

Mr. POWERS. Mr. Speaker, I move that the House resolve itself into Committee of the Whole House on the state of the Union to consider House bill 8189.

The SPEAKER. It is not necessary to make the motion. Under the rule adopted by the House, the House resolves itself into Committee of the Whole House on the state of the Union for the purpose of considering the bill H. R. 8189, and the gentleman from New York, Mr. PAYNE, will please take the chair.

The House accordingly resolved itself into Committee of the Whole House on the state of the Union, Mr. PAYNE in the chair.

The CHAIRMAN. The House is in Committee of the Whole House on the state of the Union for the purpose of considering the bill H. R. 8189.

Mr. POWERS. Mr. Chairman, I yield thirty minutes to the gentleman from Tennessee [Mr. PATTERSON].

Mr. PATTERSON. Mr. Chairman, as a member of the Committee on Pacific Railroads, and in view of the very great importance of this measure, I deem it to be a duty which I owe to the House to briefly recount the reasons which have influenced my judgment in coming to the conclusion that I ought to support this bill. As the time given is very limited, I hope that the House will permit me to assign these reasons without interruption.

There is a side to this question which may be termed the sentimental side. It finds expression in the declaration that the promoters of these railroads were great public benefactors; that they practically converted a wilderness into a land of promise, and that the Government has made vast sums of money by reason of the construction of these railroads.

I confess I do not subscribe to this idea. The truth about the matter is, while the construction of these railroads may have contributed to the more rapid development of the country, it is furthermore true that the same spirit which developed the great Mississippi Valley during the first fifty years of this century would have constructed the railroads to the Pacific Ocean and would have developed our Western domain.

And then, again, I thoroughly concur with my friend from Texas [Mr. BELL], that giving subsidies to these railroad schemes has had an evil tendency, fostered paternalism, and given birth to ideas which are dangerous to our institutions. I attach no importance to the sentimental view of this question.

On the other hand, there is another view of it which might be called the popular side. It goes to the effect that the men who constructed these railroads were in point of fact public robbers; that they misappropriated a very large amount of public moneys, and that they ought to be held accountable in the courts of justice for the wrongs they have committed. I confess I have no sympathy with this view of the case.

Mr. POWERS. Will the gentleman yield for a moment? Mr. Chairman, I ask that we have order in the House. It is difficult to hear.

The CHAIRMAN. All gentlemen will be seated and cease conversation.

Mr. PATTERSON. It is entirely useless to discuss wrongs before this House for which there is no remedy in the courts; and I am thoroughly of the opinion, and the majority of the committee concur in that opinion, that there are no wrongs, however greedy the promoters of these enterprises may have been, which can be corrected by the United States in any court of justice. The truth about the matter is the Government of the United States lent its bonds to these railroad companies and took a security from these companies for their payment, and there is no trust relation between the Government and the promoters of these enterprises. No right of action has accrued on the part of the Government. And when I lay down these legal propositions in this way I am thoroughly in accord with the decision of the Supreme Court of the United States in the case of the United States against The Union Pacific Railroad Company, reported in 98 United States Reports. I am in thorough accord with the opinion given this committee by the Attorney-General of the United States. We have no legal rights, so far as wrongs complained of are concerned, against the promoters of this enterprise. For whatever wrongs were committed, if they were accountable at all they were accountable to the companies and the stockholders of the companies, and not to the United States.

Now, for the purposes of what I am about to say, I shall treat the entire line extending from the Missouri River to San Jose, Cal., and from Kansas City to the three hundred and ninety-third milepost out west as one line, simply for the reason that the same laws and the same conditions are precisely applicable to both lines. Now, the facts are that these various lines of subsidized railroads amount to 2,293.4 miles. This embraces neither the terminal facilities at Omaha, Denver, Ogden, Kansas City, nor San Francisco.