

PACIFIC RAILROAD DEBT

ITS SETTLEMENT ONE OF MCKINLEY'S GREATEST ACHIEVEMENTS.

The Government has realized \$124,421,671 from this source—That Every-thing Was Collected Is Due to the Wisdom of the Present Administration.

"The settlement of the Pacific Railroad indebtedness must be ranked as one of the greatest achievements of President McKinley's administration," said General Charles Dick, member of Congress from the Nineteenth district of Ohio, and secretary of the Republican National Committee, in Washington, the other day. "All efforts, either by Congress or the executive departments prior to 1897 were of little avail in protecting the Government's interest in these roads. In fact, there were grave doubts whether the Government would succeed in being reimbursed, even in part, the vast sum expended by the United States in aid of their construction. But the Government has realized in cash or its equivalent, within two years, the sum of \$124,421,671 out of about \$130,000,000 that was due, and more than half the money collected was for accrued interest that had not been paid.

"The discovery of gold in California, the rapid increase in wealth and population in the territory west of the Rocky Mountains, and a movement on the part of the older States to establish closer connections during the civil war with those outlying communities, led Congress in 1862 to authorize the construction of a railroad to the Pacific Ocean. The direct benefit to be derived by the Government was its use for postal, military and other purposes. The act of July 1, 1862, chartering the Union Pacific Railroad Company, was not sufficiently liberal, and therefore nothing was accomplished under its provisions. Though the Union Pacific Company was organized no one was found who would venture money in the construction of the road.

"On July 2, 1864, Congress amended the act of 1862 by making provisions more favorable to the companies. The act of 1862 provided that the Government should have a first mortgage on the property of the company, while the act of 1864 provided substantially that, for the bonds the Government should issue in aid of the construction of the road, it should take a second mortgage. Two companies were organized under the provisions of the act of 1864, and entered energetically upon the work of construction. The road was built from the California end eastward by the Central Pacific Railroad Company, and from the Missouri River westward to the common meeting point at Ogden by the Union Pacific Company.

"Their lines were united May 10, 1869, anticipating by more than seven years the time required by Congress. The Union Pacific Company constructed 1034 miles, and the Central Pacific 743 miles. The road of the latter company was subsequently extended 140 miles, and the lines of the two companies from the Missouri River to San Francisco represented a mileage of 1917 miles.

"In aid of these roads and connecting branches the United States issued bonds to the amount of \$64,623,512. Failing to be reimbursed for the interest paid on these bonds it became necessary, in protection of the interests of the Government, to pass the act of May 7, 1878, known as the 'Thurman Act.' This act provided that the whole amount of compensation which might from time to time be due to the railroad companies for services rendered the Government should be retained by the Government, one-half to be applied to the liquidation of the interest paid and to be paid by the United States upon the bonds issued to each of the companies, the other half to be turned into a sinking fund. But it soon became apparent that, with the approaching maturity of bonds issued in aid of the roads, the provisions of the 'Thurman Act' were not adequate to the protection of the Government's interests. Efforts were persistently made looking to a settlement of this vast indebtedness, but without success. So recently as the Fifty-fourth Congress an attempt was made to pass a bill to refund the debts of the Pacific Railroad companies, but it was defeated in the House by a vote of 167 yeas and 102 nays.

"On Jan. 12, 1897," continued General Dick, "the day following the defeat of the funding bill, the Attorney General was informed by the President that default had occurred in the payment of the Union Pacific and the Kansas Pacific indebtedness to the Government, and he was directed to make arrangements to secure, as far as practicable, the payment of their indebtedness. An agreement was entered into between the Government and the reorganization committee of the Union Pacific Railroad, by which the Government undertakes to enforce its lien by sale, a minimum bid for the Union and Kansas Pacific lines that would produce to the Government, over and above any prior liens and charges upon the railroads and sinking fund, the net sum of \$45,754,059.99. In performance of this agreement the bid was guaranteed by a deposit of \$4,500,000.

"Bills were then filed in the United States Circuit courts for the foreclosure of the Government lien. The decrees entered for the sale of the roads not being satisfactory to the Government, papers were prepared for an appeal. Then the reorganization committee came forward with an offer to increase its bid to \$50,000,000 instead of \$45,754,059.99. Subsequently, to settle all points in dispute, the reorganization committee decided to abandon this second bid and to increase

the minimum amount to be offered for the property to \$58,448,223.75, being the total amount due the Government on account of the Union Pacific Road, as stated by the Secretary of the Treasury, including the sum of \$4,549,368.26 cash in the sinking fund. Such an amount was bid by the reorganization committee on Nov. 1, 1897, and the sale was confirmed by the court on Nov. 6, 1897. After the confirmation of the sale the whole amount was paid into the Treasury of the United States in convenient installments, thus relieving the Government from any loss whatever upon its claim for principal and interest due upon its subsidy, and bringing to a final and most satisfactory termination one of these long-standing and troublesome questions.

"In the case of the Kansas Pacific indebtedness, by decree of the court an upset price on the sale of the property was fixed at a sum which would yield to the Government \$2,500,000. The reorganization committee in conference with the Government declared its purpose of making no higher bid than that fixed by the decree of the court, so that the Government was confronted with the danger of receiving for its total lien upon this line, amounting to nearly \$13,000,000, principal and interest, only the sum of \$2,500,000. Believing the interest of the Government required that an effort should be made to obtain a larger sum, and the Government having the right to redeem the incumbrances upon the property, which were prior to the lien of the Government subsidy, by paying the sums lawfully due in respect thereof out of the Treasury of the United States, the President, on February 8, 1898, authorized the Secretary of the Treasury to pay the amounts lawfully due upon the prior mortgages upon the eastern and middle divisions of said road.

"Then the reorganization committee of the Kansas Pacific offered to bid for the road a sum which would realize to the Government the whole amount of the principal of the debt, \$6,303,000. It was believed that no better price than this could be obtained at a later date if the sale should be postponed, and it was deemed best to permit the sale to proceed upon the guarantee of a minimum bid which would realize to the Government the whole principal of its debt. The sale thereupon took place, and the property was purchased by the reorganization committee. The sum yielded to the Government was \$6,303,000. It will thus be perceived that the Government secured an advance of \$3,803,000 on account of its lien, over and above the sum which the court had fixed as the upset price, and which the reorganization committee had declared was the maximum which they were willing to pay for the property.

"The result of these proceedings against the Union Pacific system, embracing the main line and the Kansas Pacific line, is that the Government has received, on account of its subsidy claim, the sum of \$64,751,223.75, which is an increase of \$28,997,163.76 over the sum which the reorganization committee first agreed to bid for the joint property, leaving due the sum of \$6,588,900.19 interest on the Kansas Pacific subsidy. The prosecution of a claim for this amount against the receivers of the Union Pacific Company in 1898 resulted in securing to the Government the further amount of \$821,897.70.

"The indebtedness of the Central Pacific Railroad Company to the Government became due January 1, 1898, when default in payment was made by the company. The deficiency appropriation act of July 7, 1898, appointed the Secretary of the Treasury, the Secretary of the Interior, and the Attorney-General a commission with full power to settle the indebtedness to the Government growing out of the issue of bonds to aid in the construction of the Central Pacific and Western Pacific roads, subject to the approval of the President.

"An agreement for the settlement of this indebtedness was entered into between the commissioners and the railroad companies on February 1, 1899. The amount then due to the United States for principal and interest upon its subsidy liens upon the Central Pacific and Western Pacific railroads was \$58,812,715.48, more than one-half of which was accrued interest upon the principal debt. The agreement for settlement provided for the funding of this amount into promissory notes bearing date of February 1, 1899, payable respectively on or before the expiration of each successive six months for ten years, each note being for the sum of \$2,940,635.78, or one-twentieth of the total amount due. The notes bore interest at the rate of 3 per cent. per annum, payable semi-annually, and had a condition attached to the effect that, if default be made either in the payment of principal or interest of either of said notes or in any part thereof, then all of the notes outstanding, principal and interest, immediately became due and payable, notwithstanding any other stipulation of the agreement of settlement.

"It was further agreed that the payment of principal and interests of the notes should be secured by the deposit with the United States Treasury of \$57,820,000 face value of first refunding mortgage 4 per cent. gold bonds, to be thereafter issued by the Central Pacific or its successor having charge of the railroads then owned by the company, such bonds to be a part of an issue of not exceeding \$100,000,000 in all, and to be secured by mortgage upon all railroads, equipments and terminals owned by the Central Pacific Railroad Company, the mortgage being a first lien upon the property.

"In pursuance of another provision of the agreement, the four earliest maturing notes were purchased by Spey-

er & Co., March 10, 1899, and the proceeds, amounting to \$11,702,543.12, and accrued interest to the date of payment, \$35,771.02, in all \$11,738,314.14, were received by the Treasury March 27, 1899, as part payment of the indebtedness of the Central Pacific and Western Pacific Railroad Companies. The properties of the various companies comprising the Central Pacific system were subsequently conveyed to a new corporation called the Central Pacific Railway Company, which latter executed the mortgage and bonds provided for by the agreement of settlement.

"On October 7, 1899, bonds were delivered to the Treasury Department by the Central Pacific Railway Company to secure the outstanding notes held by the Treasury. The United States, therefore, holds the notes of the Central Pacific Railroad Company guaranteed by the Southern Pacific Railroad Company to the amount of \$47,050,172.36, bearing interest payable semi-annually at the rate of 3 per cent. per annum, and secured by the deposit of an equal amount of first mortgage bonds of the Pacific Railway Company, thus providing, beyond any doubt, for the sure and gradual payment of the whole of this subsidy debt, and providing in the meantime for the payment of interest at the rate of 3 per cent. upon the unpaid balances. The United States, through the settlement agreement thus entered into, will be reimbursed the full amount of the principal and interest of the Central Pacific and Western Pacific debt, aggregating \$58,812,715.48.

The amounts due to the United States March 1, 1900, from Pacific railroads on account of bonds issued in aid of their construction, were as follows:

AMOUNT DUE THE UNITED STATES MARCH 1, 1900, FROM PACIFIC RAILROADS.	
Name of Road.	Amount.
Central Pacific	\$1,600,000.00
Union Pacific	1,628,230.00
Sioux City and Pacific	1,628,230.00
Total	\$4,856,460.00
Interest	2,578,677.88
Total	\$7,435,137.88

"Efforts are now pending looking to the collection of this indebtedness.

"Out of an indebtedness of about \$130,000,000, more than one-half of which consisted of accrued interest, the Government has realized in cash, or its equivalent, the sum of \$124,421,670.95, within a period of less than two years. No other administration in the history of the United States has ever so quickly, so thoroughly, and so satisfactorily enforced the settlement of large claims held by the Government against business corporations, nor has any similar settlement ever previously been made by the Government to such good financial advantage. The claims were due. The President insisted upon their collection, and this was done in a prompt and business-like manner."

The Democratic Millstone.

The adoption by the Democrats of Nebraska of a Populist platform, at the dictation of Bryan, shows that the free silver agent is still willing to take up with "any old thing" for the sake of catching a few votes, but his fool performance has ripped the Democratic party up the back, and they are wondering how they can get rid of the millstone that hangs about their necks. Next November will see the end of Bryan.—Norwich (Ohio) Reflector.

Our Porto Rican Governor.

La Correspondencia de Puerto Rico, in its issue of May 3, 1900, said: "Unless reports are false, Mr. Allen will walk with slow paces until he becomes acquainted with the path. He will then do that which a good governor should do. He is not committing himself unconditionally to any party, and is governing with the aid of Portoricians of recognized ability and character. In this he is discreet, and we welcome our new governor."

Spelling Croker's Vacation.

The New York official who so seriously disappointed Boss Croker by conducting his office in an honest manner after having secured his election on the Tammany ticket is being mentioned as a Democratic candidate for Governor. Such unpleasant rumors are calculated to detract materially from the pleasure of Boss Croker's European outing.

Where is That Slump?

We would humbly inquire of the Minneapolis Journal and some other ghost dancing contemporaries where they find the great anti-Republican slump that was to punish the perpetrators of the Porto Rican bill? The election returns show heavy Republican gains almost everywhere.—Sioux Falls (S. D.) Leader.

Not of That Kind.

Texas has been thoroughly soaked with water, but there is no probability of its becoming a prohibition State,

Mysterious Mines in Africa.

Besides the reefs which have been discovered, there exists in Rhodesia an enormous quantity of "old workings," mines which were worked in ancient times, but have long since been abandoned, says the London Telegraph. By whom these mines were worked is and will probably remain forever a mystery. From old pottery and tools which have been found it is evident that these old workings were excavated by or under the direction of men of knowledge and intelligence superior to those possessed by the present inhabitants of the country. Gold was extracted from these mines by smelting, many furnaces having been found, and alongside of them ancient molds in which ingots were cast. Several ruins have also been discovered in Rhodesia, the magnitude and workmanship of which proves that men of superior civilization either inhabited or else occupied this part of the world a few thousand years before us. To them are probably due the ancient workings which have been found. With the primitive instruments at their command these miners of a past age were only able to scrape the surface of the gold-bearing reefs, so that the quantity of gold which has been taken from the mines hardly affects their value, while they are a precious indication to the prospector and enable him to test the reef below the surface, and, as a rule, the site of most of these old workings seems to have been selected by competent men, who chose the richest reefs.

Odd Causes of a Queer Wedding.

One of the most romantic marriages that has occurred in Bowling Green, Ohio, for some time took place when Harrison Cheney, who is about seventy years of age, was married to Miss Agnes May, aged eighteen years. The marriage was in the way of the fulfillment of a promise made many years ago.

Cheney, when a young man, lived in a Pennsylvania town, and was a lover of one who married another. She took sick afterward, and upon her deathbed she asked Cheney to look after a little daughter. This he did, and she in time grew up and was married. She was taken sick with consumption, and, too, passed away, but not before she had pledged Cheney to look after her little girl, then two years old. His devotion to the little child culminated in their marriage.

Hours of West Point Cadets.

The students of the West Point Military Academy have just one hour and a half recreation a day, except Wednesdays and Saturdays, when they have six hours. They are called at 5:30 in the morning, and breakfast at 6 in the summer, and in the winter they are called at 6 and breakfast at 6:30, and their day is divided into tasks that continue until taps is sounded at 10 o'clock at night and all lights must go out.

"Bobs" Is Not Superstitious.

Field Marshal Roberts has no belief in the thirteen superstition, yet he notices occurrences of thirteen at table. He has related how, one New Year's Day, thirteen sat down to dinner. Eleven years afterward they were all alive, though most of them had been through the Indian mutiny and eight of them had been severely wounded.

A cemetery for pet animals has recently been opened near Paris. It has separate quarters for dogs, cats and birds.

An Elephant Against the Snappers.

It is a fact that pipers in Highland regiments are posted to companies, and always follow them wherever they go. On one occasion a company of the Gordons were marching from a place called Jellunder to Fort Kangra, situated at one of the lower ranges of the Himalayas. Accompanying them was an elephant, on which were placed sick and exhausted men. After a few days' march we were deprived of music on account of the piper's feet becoming blistered, and he was relegated to the back of the elephant. On the last day's march, before entering a new station, some one suggested that in order to brighten us up the piper might be requested to play on the elephant's back at the head of the company. To this the officer assented, and accordingly the piper was handed the pipes. When he began to tune them it was evident that the elephant had no appreciation of such sounds, for he shook his head, flapped his big ears menacingly, raised his trunk, with which he embraced the piper round the waist, and violently threw him and his pipes into a ditch as a mark of his disapproval of such music.

English Bank Note Peculiarities.

It is not everyone who is aware that a Bank of England note is not of the same thickness all through. The paper is thicker in the left-hand corner, to enable it to retain a keener impression of the vignette there, and it is also considerably thicker in the dark shadows of the centre letters and beneath the figures at the ends. Counterfeit notes are invariably of one thickness throughout.

Young People's Christian Union.

The Transportation Agents from New England States, Connecticut, New York and New Jersey, of the Young People's Christian Union, which meets in Atlanta, Ga., July 10, 1900, have selected as the official route the Southern Railway—the route through the "Land of the Sky." Special trains have been arranged and it will be one of the most successful meetings ever held by the Union. Full particulars from Transportation Agents or Southern Ry. Ticket Offices, 271 and 1185 Broadway, New York, Alex. S. Thwaitt, Eastern Pass. Art., 1185 Broadway, New York.

Fargo, N. D., with a population of less than 11,000, has eighty-seven secret societies.

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Pleases all the family. Four flavors—Lemon, Orange, Raspberry and Strawberry. At your grocers. 10 cts.

It's only fare that the conductor should have a little change.

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Take LAXATIVE BROMO QUININE TABLETS. All druggists refund the money if it fails to cure. E. W. GROV'S signature is on each box. 25c.

* Whistling is the ill wind that blows nobody good.

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Have you ever experienced the joyful sensation of a good appetite? You will if you chew Adams' Pepsin Tutti Frutti.

An Iowa concern is making farm wagons wholly of steel.

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It injures nervous system to do so. BAGO-CURO is the only cure that Really Cures BAGO-CURO and notifies you when to stop. Sold with a guarantee that three boxes will cure any case. BAGO-CURO is vegetable and harmless. It has cured thousands, it will cure you. All druggists or by mail prepaid, \$1.00 a box; 3 boxes, \$2.50. Bottle free. Write EUREKA CHEMICAL CO., La Crosse, Wis.

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