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DAKOTA BOND SUIT--BUTLER'S TREACHERY

Story of Republican Leader's Treason to the State--"Industrial News" and Bond Conspiracy.

The Acts of the General Assembly of 1879 relating to the settlement of the indebtedness of North Carolina constituted an epoch-making period in the financial history of the State.

When the Democratic party came into power, after the regime of carpet-bag rule, it found the State tottering on the verge of bankruptcy. A just and equitable adjustment of the State debt appealed to the wisest statesmanship of the party.

Under the Republican rule, during the years of 1868 and 1869, the debt of the State had been increased from less than \$15,000,000 to a sum which exceeded forty millions. This increase was due to the fact that the Republican party, which then had control of every branch of the State government, had issued millions upon millions of dollars of State bonds under the specious plea of building railroads for the convenience of the people.

Indeed, a stupendous problem confronted the Democratic party. The expenses of running the State government; the unswerving policy of the party to make proper provision for the education of the people and to maintain hospitals for the care of the unfortunate, had to be preserved and in addition to the public debt, enormously increased by the profligacies of the Republican party, had to be dealt with.

The Act of 1879 providing for a settlement of this indebtedness was passed. A commission was appointed, and an agreement reached, acquiesced in by both the State and the majority of its creditors as a just and equitable settlement of the immense debt which had for so long a time cast its dark and ominous shadow across the pathway of a returning peace and prosperity in which the people of our State were beginning to walk.

Among the bonds embraced in this settlement was a class authorized by acts passed before the war. Many irregularities attended the issuance of these bonds which were floated during the reconstruction period. The best evidence that this indebtedness was eradicated from the beginning is to be found in the fact that it had been floated in the shape of six per cent. bonds at from twenty-five to forty cents on the dollar. Notwithstanding this fact, together with the many irregularities attending the issue of this series of bonds, they were embraced in the settlement made under the terms of the Act 1879. This class of bonds represented an indebtedness of about \$2,500,000, and nearly all of them were surrendered for exchange under the provisions of the Act of 1879. A few of them, however, aggregating in amount about \$250,000, were held by Schafer Bros, brokers in Wall Street. Unlike nearly all of the State's creditors, this firm declined to accept the terms of settlement and laid their bonds away, abiding their time. At last it came. The people of North Carolina for the moment forgot the days of 1868 and 1869, and in an evil hour in 1896, turned the administrators of the affairs of State into the hands of a party whose Governor, and a United States Senator elected by its Legislature, betrayed the interests of the people and concocted a conscienceless scheme with Wall Street brokers to force the payment in full of the outstanding bonds in violation of the terms of the settlement of 1879, so universally acquiesced in as in every way fair and just and honorable to the State of North Carolina and to its creditors.

There was a quarter of a million of these bonds still outstanding, with more than double that amount in accrued interest, by method or measure they could be made valid. A deep scheme was planned. Marion Butler, well known that the eleventh amendment to the Constitution of the United States forbade a suit by a citizen against the State, artfully sought to evade this pro-

vision of the Constitution. Let us note the scheme:

On the 11th day of March, 1901, the Legislature of the State of South Dakota passed an act authorizing the Governor of that State to accept any donations of bonds, notes, etc. This act authorized the employment of counsel whose compensation was to be paid out of any recoveries or collections that might be had. Ten bonds were donated to the State of South Dakota, and an action begun in the Supreme Court of the United States under the original jurisdiction clause of the Federal Constitution for the purpose of enforcing their collection. In this suit many witnesses were examined, and among them Marion Butler himself. On page 180 of the Record in the South Dakota suit he admitted to Senator Pettigrew of South Dakota, using his own language, that he "would be instrumental and try and assist him (Senator Pettigrew) to secure a donation." And on page 181 he admitted that he was employed by the Wall Street brokers, Schafer Brothers, in January, 1901, three months before the expiration of his term as Senator from the State of North Carolina.

In order to show the scope of the scheme which had its genesis in the mind of Marion Butler to coerce the State, which has so signally honored him, to pay in full these bonds in violation of the action of the commission of the State appointed by the Act of 1879 to settle and adjust the State debt, attention is directed to the fact that the States of New York and Michigan were induced to pass acts similar to that passed by the State of South Dakota.

The Democratic party, in its platform of 1904 (before the decision of the South Dakota case), declared:

"After a long and careful deliberation and conference with many of its creditors, the State of North Carolina adjusted its debt upon a basis so fair and honorable as to win the approval of the financial world and to secure a ratification by nearly every creditor of the State. During the present year attempts have been made to reopen the question settled at that time by the State's wisest and best men. The Democratic party of 1904 approves the settlement made in 1879 and will forever oppose any and all attempts from any quarter to set aside the settlement then made. It will abide the mandates of the Court, but it will not consent to reopen the settlement that was alike creditable to the State and fair to the holders of its securities."

By a divided Court judgment was rendered in favor of the State of South Dakota on the ten bonds for the sum of \$27,400. At the time of the decision the outstanding bonds, principal and interest, amounted to over \$600,000. The General Assembly of 1905 appointed a committee to consider the question of adjusting this indebtedness. Having in mind the declarations of the party in its platform that it would abide the decision of the Court, but would not consent to a settlement except along the lines of the Act of 1879, recommended the payment of the South Dakota judgment and that the outstanding bonds be taken up according to the plan of settlement of 1879, with interest. In this way the State of North Carolina paid every dollar, with interest, that the wise men who settled the debt in 1879 said it owed. And the whole world will say that the State has been true to its every obligation.

For the purpose of paying this indebtedness in the manner recommended by the committee, the General Assembly of the State authorized the issuance and sale of bonds not exceeding the sum of \$250,000. Under the authority of this act the State Treasurer sold bonds amounting to the sum of \$250,000, and so good was the credit of the State under Democratic rule that they brought in at the markets the sum of \$265,430.

We have herein given a brief account of the Russell-Butler Pettigrew conspiracy against the State of North Carolina. Just here a note of warning:

In 1879 the "Special Tax Bonds," fraudulently issued by the Republican party during the years 1868 and 1869 amounted to about \$12,000,000, on which there was due about \$5,000,000 interest. These bonds were issued, as hereinbefore

(Continued on next page.)

ANNUAL MEETING

Peoples Building and Loan Association Reviews Work of Years.

ORGANIZED IN PROSPEROUS CONDITION.

Has Built Forty Houses and Assisted Others in Securing Homes--Second Series Opened During Past Year--Statement of Conditions.

The Annual Meeting of the share-holders of the Peoples Building & Loan Association was held in the hall over Hendrick's store, on last Friday night and a good majority of the shares were represented, either in person or by proxy. President W. J. Arnfield Jr. called the meeting to order and the report of the Secretary and report of the Auditing Committee were read. The affairs of the Association appear to be in a flourishing condition and the earnings for the year, after deducting taxes and expenses, do credit to the Board of Directors and the officers.

Nearly forty houses have been built wholly or partly with funds furnished by them, and others have been able to purchase homes already built and are paying for them with money borrowed from the Association. It has thus been of great benefit to the town and we would like to see more of our young men and workmen putting a few dollars a month into it and get into the habit of saving something from their wages. Thousands of men all over the country now possess homes, all paid for, who would never have had one dollar ahead, if they had not built these homes with the aid of the Building and Loan Associations.

The same Board of Directors and Officers were elected for the ensuing year and we wish them continued success.

During the past year a Second Series of the Association has been started and a number of houses are building and have been built by its members but as the Series is small there has not been so much money at the disposal of its members as there was in the First Series. However, the Directors are making arrangements to accommodate all the applicants more quickly, so that those who wish to build this year will have an opportunity to do so. This Series having been in operation only nine months, it was not considered necessary to report on its earnings until it had been the full year in business, but we understand that it has got along remarkably well for a youngster.

THE FIRST SERIES HAS ASSETS AS FOLLOWS.

Table with 2 columns: Asset type and amount. Includes Mortgages and secured loans, Cash in Bank and on hand, Accrued interest from Aug. 15th to September 1st.

LIABILITIES ARE AS FOLLOWS

Table with 2 columns: Liability type and amount. Includes Due Shareholder (24 payments on 330 shares), Borrowed money (to account date applicants), Surplus from last year, Earnings from Sept. 1st 1905 to Sept. 1st 1906 (after deducting \$95.50 taxes and running expenses).

There are hundreds of men in this town who have paid enough rent to have built a good house and if they had been in a Building Association they would now have been owners instead of renters. It is too late to cry over what might have been done; but it is not too late to profit by experience and see if you cannot make your monthly rent help to pay for your own house.

Coming Marriage.

Cards are out announcing the marriage of Mr. Walter J. Hege to Mrs. Blanche Sumner, at No. 11, Academy street, Salem, Wednesday, Sept. 26th, at 10 o'clock, a. m. Mrs. Sumner was formerly Miss Blanche Thomas of Thomasville. Mr. Hege is an exceptionally fine business man, and holds an important position with the Salem Iron Works, and is one of its stockholders. Their many friends here wish them a long and happy life.

Jno. W. Hill, formerly of Archdale, but now of Trinity, was in Asheboro Saturday. Mr. Hill has recently purchased property at Trinity and will build a livery, feed and sale stable there at once.

THE FRATERNITIES.

Masons Arranging for a Picnic and Rally for Randolph.

ODD FELLOWS TO CELEBRATE ANNIVERSARY.

Many Visiting Brethren from Sister Lodges Attended a Special Communication of Balfour Lodge in Asheboro Saturday Night.

A special communication of Balfour Lodge, No. 188, A. F. & A. M., was held in the new lodge rooms in the Lexington Grocery Company building Saturday night. The meeting was largely attended, a delegation of visitors being present from Hanks' Lodge, No. 728, of Franklinsville, and from Marietta Lodge, No. 444, of Rainsboro. The only thing we could learn of the special communication was that they all enjoyed the "exercises".

There was one thing given out after the meeting, too. The Masons decided to make immediate preparation for a Masonic Picnic to be held at some place in the county, for the benefit of all members and friends in the county. Those present voted that all Worshipful Masters of the Masonic Lodges in the county constitute a committee to formulate plans for the event, the date of which has not yet been determined. It is learned that it will be within the next few weeks, however.

On Friday evening, October 7th, a special service will be held in the Methodist Protestant church. Rev. W. E. Swain will preach the anniversary sermon, which will be followed by a short address on Odd Fellowship by Rev. N. R. Richardson.

RANDLEMAN NOTES.

Book Club Organized--Interest Meeting--Other Notes of Interest.

Mr. John T. Council is visiting friends here this week.

Mrs. M. C. Dicks and daughter, Miss Moselle, returned home Saturday, after an extended trip in the mountains of Western Carolina.

Mrs. W. A. Underwood left Tuesday afternoon for a visit among her friends in Asheboro.

Miss Cole returned to her home at Chapel Hill Saturday, after a few days visit to her brother, J. H. Cole. Improvements on the streets are rapidly progressing, curbing is being placed, and the macadamizing is well under the way.

A Union protracted meeting of all denominations is to begin here on Sunday the 30th inst. During the week these services will be held in the day at the different churches, and a Union meeting at night in the auditorium.

Jno. L. Fields is erecting a handsome \$2,000 residence in west Randleman.

The Graded School, which opened last week, has an enrollment between three to four hundred. Prof. Harris is much encouraged with the prospects of the school this winter.

The ladies of the town have organized a book club which will add greatly to the social side of the place. The first meeting was held with the Misses Dicks when the following officers were elected. President, Mrs. W. A. Underwood; Vice President, Miss Mary Ferree; Second Vice President, Miss Nella Bowden; Secretary and Treasurer, Miss Louise Dicks.

RADOLPH BOOK CLUB.

Will Resume Meetings After Summer Vacation Tomorrow Afternoon.

The Randolph Book Club will hold its first meeting after the summer vacation Friday afternoon at the home of Mrs. W. C. Hammer. The Program Committee, composed of Miss Mary McAlister, Mrs. W. H. Moring and Mrs. W. C. Hammond, has arranged a calendar, giving the program for each meeting to be held every other week until and including May 24, 1907.

At the meeting Friday afternoon the Club will study Sir Walter Raleigh. Papers will be read by Mrs. J. D. Simpson and Mrs. W. H. Moring.

The officers of the Club are: President, Mrs. C. C. McAlister; Vice President, Mrs. W. C. Hammer; Secretary and Treasurer, Mrs. W. A. Underwood.

NATIONAL EDITORIAL ASSOCIATION.

Historic Mackinac Island--Trip to the "Soo"--Sail Down Lake Huron--Famous St. Clair Flats--Detroit--Interesting "Lock" Process.

Mackinac Island is located at the northern end of Lake Michigan, in the straits connecting Lake Michigan and Lake Huron with St. Ignace of the northern peninsula a few miles north west and Mackinac city to the south.

The island is about three miles long, one mile in width, and is about nine miles in circumference. It is a high plateau ranging from the level of the lake to 318 ft. above. The town is located in the southeastern corner and has a population of about 750 in winter and about ten times that in summer. The boat carries mail each day in summer; in winter it is carried by a man on foot, then by a dog and sled, and then with horse and sleigh as the strength of the ice permits. We arrived there the 21st of June. The hotels were just opening up for the summer, lilacs were in full bloom, and it was so cold that every one had to use heavy wraps. A drizzling rain perhaps made it seem colder than it really was.

HISTORICAL PLACES--BEAUTIFUL DRIVE.

Most of the party got carriages and drove over the island notwithstanding the rain. The boulevard is considered one of the finest and most picturesque roads in America. It is built around the island touching the most important places. Among them are the Arch Rock, a natural bridge of rocks on the northern cliff; Fort Holmes, the remains of the old British fort; Sugar Loaf, a huge rock, suggesting its name; the Devil's kitchen, a cave with blackened walls; Lover's Leap and Skull cave with legendary associations; the old mission church, erected in 1832 by a missionary society, which maintained in connection therewith, a school for the education of Indian children. There are only two Indians on the island now. It is said one is a farmer, the other a carpenter.

The old trading post where the Astors laid the foundation of enormous wealth still stands and has been converted into "The Astor Hotel." John Jacob Astor decided to go into the fur trade, in 1807, settled at Mackinac Island and made for himself a handsome fortune in a short time. Mackinac Island was originally called Mee-che-ne-mung, meaning "great turtle," which shape the island was supposed to represent. This name was given it by the Indians, ages before the foot of white man trod its shores. The French, who were supposed to be the first settlers, about 1670, gave the island in the straits the name of "Michilimackinac," and the name has gradually been shortened to Mackinac, and is now pronounced Mack-i-naw.

SAULT ST. MARIE--FAMOUS LOCKS.

The following morning found more than half the party on the "Chippewa," one of the Arnold Steamers, for the Sault St. Marie, more briefly and commonly called the "Soo." As the Niagara river connects the waters of Lake Ontario with those of Lake Erie, so does the St. Marie river connect the waters of Lake Superior with those of Lake Huron.

The surface of Lake Superior is 21 feet above that of Lake Huron, consequently the St. Marie's Falls (or the rapids) has a descent of 19 feet. Long boats from 30 to 40 feet are steered by two Indians, one at each end, through the rapids. Some of our party ventured and "shot the rapids" as it is called. They put on rubber coats and although it was an exciting experience came out alright. The rapids are a mile long and it costs fifty cents to shoot the largest in the world. There are two on the American side and one on the Canadian. The history of this canal building is very interesting. The first was built in 1797 but was of small size for the use of canoes and small crafts. This was on the Canadian side. The first American canal was built in 1853 to 1855. It was 350 feet long and 70 feet wide. The National Government donated 750,000 acres of land in Northern Michigan for this purpose.

The Weitzel canal was built in 1870-8. The lock in this is 515

feet long and 80 feet wide. The five canal was built in 1887 to '96 and the lock is 800 feet long and 100 feet wide. The Canadian canal is built in 1888 to '95 and its lock is 900 feet long and 100 feet wide. From 1855 to 1881 the canals were under the control of the State of Michigan and tolls were charged to cover operating expenses and repairs but since they have come into government possession, they have been free for public use by all nations. The Canadian canal is also free now.

"LOCKING SHIPS THROUGH"--INTERESTING PROCESS.

The operation of locking through is very simple and exceedingly interesting so much so that some of us stood out in the rain to watch the process. Huge steel gates, swayed by machinery operated at a central power plant by hydraulic pressure, are at either end of the canal, which is constructed of solid masonry. A boat bound for Lake Superior is run into the lock from below and the gates are closed behind it. Great valves which let the water into culverts, which are eight feet square and have numerous apertures, are then opened and the water comes bubbling up from beneath the upper gates, and gradually rises until the surface is on a level with that of the river above. The gates then swing open and the vessel sails out. For vessels going in the opposite direction the operation is reversed. The locks can be filled or emptied in about seven minutes and the gates opened or closed in two minutes. Often times as many as five ships are taken through at a single lockage. The average time is twenty minutes but they are frequently taken through in from twelve to fifteen minutes. Vessels take their turn. When we were there several were anchored in sight waiting their turn. The volume of trade passing through these locks is enormous. It is estimated the total for this year will exceed 50,000,000 tons, nearly half of which will be ore from the great industries of the east. The tonnage is now nearly three times that of the Suez canal. Traffic is increasing so rapidly that plans are already being made for a third lock on our side. The American locks do 88 per cent of the freight business, while Canada does only 12 per cent. Canada does about half of the passenger traffic. From seventy-five to one hundred ships pass through these canals daily.

The government has expended \$13,000,000 on the canal locks and improvements at the Soo. The cities on each side are large and prosperous. The one on the American side has a population of 15,000. Ferries and electric cars connect the two cities.

RETURN TO MACKINAC ISLAND AND SAIL DOWN LAKE HURON.

One of the interesting features of the trip from Mackinac Island to the Soo and return was watching the vessels, particularly the large freighters, loaded with ore, grain, flour, and lumber. The scenery is very pretty and every together made us have an interesting and enjoyable trip. On our return to Mackinac Island we found the remainder of our party at the wharf where we took the "Alpenia" for Detroit. It was a twenty-four hours trip. Parties who remained in Mackinac had opportunity to exchange experiences with those who visited the Soo. The younger members of the party spent the evening "on the light fantastic toe," while the older ones enjoyed the pure sweet air of Lake Huron. The trip down the St. Clair river was a very charming one; passing as we did along the famous St. Clair flats, "Michigan's Venice," where "none but the rich" can have a home. We enjoyed seeing the summer homes built on "made land" with water coming up under the porches so that the family could catch fish without going out, or could be entertained by watching the ships that pass almost constantly. Business even is transacted in boats. The grocer makes his rounds in that manner. No one knows just how the flats originated. Probably they came into existence hundreds

(Continued on page five.)