thus limited in its extent could in no just sense be regarded as a transfer of the war-making power to the Executive, but only as an appropriate exercise of that power by the body to whom it exclusively belongs. The riot in Panama, in 1856, in which a great number of our citizens lost their lives, furnishes a pointed illustration of the necessity which may arise for the exertion of this authority.

I therefore earnestly recommend to Congress, on whom the responsibility exclusively rests, to pass a law before their adjournment, conferring on the President the power to protect the lives and property of American citizens in the cases which I have indicated, under such restrictions and conditions as they may deem advisable. The knowledge that such a law exists would of itself go far to prevent the outrages which it is intended to redress, and render the employment of force unnecessary. Without this, the President of the United States may be placed in a painful position before the meeting of the next Congress. In the present disturbed condition of Mexico and one or more of the other Republics South of us, no person can foresee what occurrences may take place before that period.

In case of emergency, our citizens, seeing that there is no law of the same protection with the subjects of European Governments, will have just cause to complain. On the other hand, should the Executive enterprise, and especially should the usual prompt measures also valuable lives be lost, he might subject himself to severe censure for having assumed a power not conferred to him by the Constitution. It is to guard against this contingency that I have appealed to Congress. Having thus recommended to Congress a measure which I deem necessary and expedient for the interest and honor of the country, I leave the whole subject to their wisdom and discretion.

JAMES BUCHANAN.

Dated at Washington, Feb. 18, 1859.

A partial debate took place on the motion to refer the message to the Committee on Foreign Relations.

Messrs. Cingman and Benjamin spoke briefly in support of the views of the message.

Mr. Seward considered that it was a sad sight to see the President of these United States asking Congress to confer on him the warmaking power, in order to assimilate his functions to those of European Governments. The passage of a bill granting the President such power [illegible] under the powers of Congress and in opposition to the express precepts of the Constitution.

Mr. Fessenden expressed similar views, and cited the Paraguay expedition, which was to consist of a single ship, and is now an armada of twenty sail, as an instance of how the President might plunge the nation into war. The President now comes forward and asks for general powers. It would be more rational to take initiatory steps at once to have a king, than idiotically confer absolute powers.

Mr. Douglas was glad the President had called attention to this subject. He considered the President ought to have power to keep open the transit routes, and to protect our citizens and commerce. He ought to be invested with power summarily to enforce redress for any outrage committed upon our flag, citizens or property, wherever it occurs. The Executive of every other nation has it. Mr. Douglas did not mean to give a special vote of confidence in the present Executive strong enough to make the American name respected, but not unduly to increase the Executive power within the United States. He hoped this message would originate a more vigorous and efficient foreign policy.

Mr. Davis, of Mississippi, could not concur in the doctrine of Mr. Douglas to its fullest extent. There is no hesitating to what limit it might not extend, if urged by ambition, or any other feeling.—That we want to invest the Executive with more power than our fathers gave, only marks the decadence of the American people. Mr. Davis would prefer the delay of Congressional action to the surrendering of a great constitutional principle. But he did not understand the President as asking for undue or irresponsible powers. The transit route was constructed by American citizens, with American capital, and is, therefore, an exceptional case. Mr. Davis would grant him the power, but would limit it to the special case that is known to exist.

Mr. Green obtained the floor, and expressed himself as ready to go on with his remarks, when several Senators proposed to adjourn, whereupon Mr. Green said this was one of the most important messages ever before the Senate, and ought to be carefully considered. Adjourned.

The Steamship Great Eastern.—The Portland Advertiser of the 11th instant says: "Yesterday we were shown a letter from an influential gentleman in London, under date of January 20, to a friend in this city, from which we make the following extract:

"Yesterday I signed the contract for the Big Ship for the new company, and we shall at once proceed to finish her, having got the name from her. You may say to all Portland I hope ere long to pay them a visit in her."

SALT FOR HOGS FEED.—Common salt absorbs moisture from the atmosphere, hence it has been in some instances applied with great success for keeping the hard bound bodies of horses sound. The heads of some [illegible] in the same, if the animals are not [illegible] joint with a [illegible] lameness from the [illegible] avoided. It is a [illegible] some blacksmiths [illegible] in order to render [illegible] salt brine is far superior to [illegible] affecting this object.

Sir Phillip Sidney [illegible] herald to [illegible] Phillip was one of the few [illegible] the world, and a true Christian.

Smoke was advised by get his life [illegible] ered. "Well, I do it," said he; "it might be just my luck to live forever, if I should." Mrs. Smoke merely [illegible] "Well, I wouldn't, my dear."

Report of the Joint Select Committee on the N. C. Rail Road.

The joint select committee on the general management and financial condition and prospects of the North Carolina Railroad Company direct the undersigned to submit the following report as the result of their investigations.

From the nature of the inquiry as well as from the terms of the resolution under which your committee was appointed, they deemed it inexpedient to attempt to examine into details, except so far as to gain some idea of the general management, since a full review of this would require more time than may longer remain on, even, if they had the requisite ability, which of the session, to the neglect of all their other duties.

Very soon after the announcement of the committee they received the accompanying letter from Gov. Bragg, marked No. 1; enclosing the annexed letter, dated Dec. 8th, from C. F. Fisher, Esq., President of the Road, marked No. 2. In consideration of these communications they resolved to give Mr. Fisher time to make ready the report to which he referred. Hearing nothing further from him, they addressed to him a letter, dated Dec. 18, 1858, requesting him to attend therewith the 4th of January, with the treasurer, book-keeper, books, &c., a copy of which, (No. 3) with Mr. Fisher's reply, dated December 22d, 1858, is here annexed.

At the time appointed, Mr. Fisher, Cyrus P. Mendenhall, the treasurer, and R. M. Mills, the book-keeper, attended, with the books and papers. The committee took into their possession the journal of the directors and sundry papers which they deemed pertinent to the inquiry—and from evening to evening was left with the book-keeper and treasurer to supply inquiries to be answered at subsequent meetings, and at the latter part of that week, committees had the treasurer and book-keeper might go home to be unwell again, on the Monday following Mr. Fisher, on the 4th January, informed us that the expense on the road, at the beginning of the year, when the new bonds had to be distributed, was highly necessary, and the committee concurred, and he attempt to the stories on the road, be agreeable to return whenever he should be notified that his presence was required by us.

On Monday, the 8th of January, Mr. Mendenhall returned, but Mr. Mills, who had taken away, without consulting us, certain books containing matters which we were investigating, did not return, and he remained away all that week, with the books he had taken with him. On Saturday, your chairman saw Mr. Fisher and informed him that their proceedings were arrested for want of books which the book-keeper had taken away. Up to the order of the committee, on Saturday night, the chairman addressed to Mr. Fisher a letter, of which the following is a copy:

RALEIGH, Jan. 15th, 1859.

MR. CYRUS FISHER—

Dear Sir.—The committee investigating the affairs of N. C. R. R. Company, instruct me to say to you that they have been arrested in the discharge of their duty for the week, by the non-attendance of your book-keeper, who should have been here with the books, according to the orders of the committee.

The committee require that your book-keeper, with his books attend this committee without delay, and also that the person having charge of your [illegible] attend with his books, by 4 o'clock, on Tuesday next.

The committee also instruct me to ask for your personal attendance before them by 4 p. m. on Wednesday next.

Yours respectfully,

J. WORTH, Chm'n.

On Sunday morning, Mr. West, the station agent at Raleigh, called on the chairman, with a note from Mr. Mills, the book-keeper, stating that Mr. Fisher desired him to get the journal of the Directors from the office, or of any member of the committee who might have it, and send it to Salisbury—which was done in the following postscript was added:

"SUNDAY, Jan. 16th, 1859.

Mr. West has presented to me your Secretary's note, asking for the book containing the proceedings of the directors. I decline to send it.

J. WORTH.

On Monday the book-keeper attended and explained that he had been engaged in supplying Mr. Fisher with materials for a report he was having printed in Salisbury.

On Tuesday the master mechanic attended with the books, and answered promptly all questions propounded to him. Mr. Fisher did not attend on Wednesday, and has made no reply to the foregoing letter, which has been read to the committee and unanimously approved by them.

Your committee have not exercised the power conferred on them to send for persons and papers and examine them on oath, because they found that time was remaining would not permit a thorough investigation, and that many matters which they deemed important could be fully examined without resorting to this course.

The following are the results of the imperfect inquiry that they have been able to make under the foregoing circumstances.

On the 19th Dec. 1854, we find on the journal of the Directors, the following resolution, President:

"John M. Morehead, F. Fries, Robert Strange, Geo. Stephenson, Samuel Halgate, N. G. Rand, R. M. Saunders, John Berry, W. T. Dortch, Caleb Fisher, Charles F. Fisher.

"On motion, ordered that the settlement of the contract with John C. McRae & Co. be referred to R. M. Saunders, N. G. Rand, W. T. Dortch and C. F. Fisher, with full power to settle and adjust the same."

"At the request of John C. McRae & Co., the board agree to finish the remainder of the first division, for which said McRae & Co. are to account on the settlement above, according to the estimate of the engineer."

At the same time the board order the sum of $40000 to be paid to said McRae & Co., as soon as the treasury would admit, "in advance of the final settlement."

Your Committee regarded this resolution, by which was transferred to a committee of the Directory a duty which could be intelligently performed by the engineer only, as presenting a question worthy of investigation. They called for the contract between the said McRae & Co. and the report of the committee appointed to settle with them. Mr. Fisher stated that work after the rate on this division built by John C. McRae & Co. began to run in consequence of a culvert defectively built, a freshet produced on the road a breach into which a freight train fell, destroying two lives, and doing much damage to the engine and cars; and that it was found necessary to reconstruct many of them. In his report of July 7th, 1857, he sets down, among work done by him on subsequent sections, reconstructed. Whether others were also reconstructed, your committee are not informed.

We were aware of the high reputation of Col. Gwyn, as an engineer, and that every administration of this road had emphatically expressed their high appreciation of the services he had rendered the Company, and as we shall have frequent occasion to refer to his professional opinions, we would here call attention to the resolution of the president and directors of the road, Jan. 1856, at the time of his resignation as chief engineer, [illegible] iron rails, and every other species of material and doing all the work. They were to provide the road "with all and every fixture, and work that may, in the judgment of the chief engineer, be required for the speedy and safe transit of locomotives with their trains; all materials and all work to be subject to the inspection of the chief engineer or some one appointed by him." The contract sets out at great length, and with great minuteness, the weight and quality of the rails, brick and other material to be used and the manner in which every species of work is to be done. They stipulate to complete the work by the 1st January, 1854—and that "the time herein stated shall be considered as of the essence of the agreement."

The railroad company unable to pay the contractors $628,852, from which was to be deducted the final estimates of certain contracts, therefore taken for a part of the work on the first division, and all costs of engineering and superintendence on this division and one fourth of the salary of the chief engineer, and one fourth of the expenses of the general administration of the company, they were to take off the hands of certain subscribers to the stock of the company 885 shares of stock and the balance was to be paid in money, the railroad company reserving 10 per cent on the estimates until the said McRae & Co. should complete their undertaking. We find in the contract the following clause: "the chief engineer shall in all cases decide every question which can or may arise relative to the execution of this contract on the part of said contractor, and his decision shall be final and conclusive."

We find that on the 1st of April 1852, the board of directors "resolved that in all future estimates, made on the work of John C. McRae & Co., on the first division of the N. C. Railroad, only ten per cent be reserved instead of 20 per cent."

On the 29th Dec. 1852, the subscription of two million dollars to the stock of the company was made by Gov. Reid in behalf of the State.

On the 23d of April 1853, time was given to McRae & Co., till 1st April 1854, to finish their contract.

On the 15th July 1853, the State directors take their seat in the board of directors, many ballotings are had for president, which resulted in the election of John M. Morehead.

On the 16th of July 1853, the directors "resolved that the company authorise Col. Walter Gwyn to make a contract with John C. McRae & Co., to furnish said John C. McRae & Co., with a locomotive and freight train upon such terms and conditions as he may deem expedient for the speedy completion of the first division of the N. C. Railroad."

On the 31 August 1853, the directors order the president to pay said contractors ten thousand dollars "as an advance payment on their estimates to be made after the first of September."

On the 21st August 1853, on the representations of the chief engineer that the force employed was inadequate to finish this contract by the first April following, the board requested these contractors to increase their force to a sufficient extent to insure the completion of their work by the first April following.

On the thirteenth April 1854, the board ordered an advance payment of eight thousand dollars to be made to the said John C. McRae & Co.

On the 15th July, 1854, the board of directors ordered "that John C. McRae & Co., be notified to have the Road from Goldsboro' to Stallings' station and the arm to Waynesboro', finished and ready for the use of the company, according to the orders heretofore issued to said contractors by the chief engineer, on the first day of September next, and in case they should fail to comply with the requirements of this notice, the chief engineer is instructed to employ the necessary force or execute said work and charge the same to the said John C. McRae & Co., according to the terms of the contract with the said firm.

In pursuance of this order, the engineer employed hands and expended on this contract, as per account, the sum of $5,537.22 dollars.

In consequence of the delay of these contractors in completing their undertaking, Gov. Morehead, then vice president of the road, entered into a contract with them, by which it was agreed that the rail road company was to furnish the material and lay the track from the Raleigh station to the western end of the first division, at 6,400 rails, per mile, the original estimate of the engineers, *to be retained out of the money agreed to be paid to McRae & Co.*, they having thereby, when they finished the road to Raleigh, to turn over to the railroad company, all the rails, chairs, spikes and pins, they might have remaining on hand, to be allowed the prices originally estimated by the engineer for the same; and for any deficiency of such materials, thus turned over, to complete that end of the road, the said McRae & Co. were to pay the actual cost which was $41,102 71.

The following is a copy of the report of the committee of directors appointed to settle with the said John C. McRae & Co.

"In examining the general account, as exhibited to us, between John C. McRae & Co., and the N. C. Railroad Company, we agree to allow deducting as credit, on the following items, to wit: the item for connecting the road below Stallings, one half, $276.61. The item as to excess of iron, &c., he is to be credited with $1,353.50. In the item as to turnout at Raleigh station, he is to be credited with $1,835.95. The account will be referred accordingly.

R. M. SAUNDERS,
N. G. RAND,
C. F. FISHER,
WM. T. DORTCH."

By this settlement you will see that John C. McRae & Co. are allowed, *over and beyond what they should have been entitled to receive, if they had completed their work according to bargain*, as follows:

Half the amount expended by the Company for work done below Stallings'	$3,276 61
Item as to excess of iron	1,353 50
Item as to turnout at Raleigh	1,835 95
	$6,466 06
And the said committee further remitted to the said McRae & Co., interest on stock to be refunded	177 00
Total amount of extra allowance	$6,643 06

When it is considered that great indulgence had uniformly been extended to these contractors from the beginning, by a reduction of 20 per cent, to have been retained as a security for the performance of their contract, to 10 per cent, by the endorsement of the Railroad company to enable them to buy rose; by repeated extensions of time to complete their contract; by large payments in advance of estimates; when it is seen that the engineer, who, by the terms of the contract, was to have been the judge of the sufficiency of the work and who was alone competent to discharge this duty with discretion, disapproved this work, and that his disapproval was known to the Directors; when, under these circumstances, the Directors appointed four of their body a committee with powers to approve, and receive, and order payment for the work—when it is seen that this settling committee actually allow these contractors $6643 06 more than they would have been entitled to receive, if they had executed their contract faithfully; when it is considered that this work proved to be defective as the Engineer had said it was, whereby the company have been afterwards to reconstruct a considerable portion of it, and whereby more damage was done and two lives lost; when it is considered that these contractors could cast in a meeting of stockholders and vote; and that no other contractor for on the road had his contract received and paid for until it received the approval of the Engineer, your committee conceive that the facts are furnished from which you can draw the proper conclusion.

Your committee attempted to inquire into the circumstances under which administration of the road was purchased the excessive quantity of wood received in the 6th page of Mr. Fisher's report of July 1857. In that report he sets forth that there was on hand wood of the value of $47,965 91, [illegible] for the work contracted to be done by the contractors in three or four years. He says in this report, "the large supplies of wood from the eastern end of the road, under the direction of the engineers in charge, whose contracts could not be rescinded or changed." It has been a very troublesome item to the road. At the date of this report Mr. Fisher had been in office two years as president. If, after using of the wood for two years, there was still on hand a surplus more than sufficient for three or four years, it was obvious that the further administration of those contracts were not to have [illegible] the large amount of money involved, but because the wood could be greatly damaged by decay [illegible] and was liable to be destroyed [illegible]

[illegible] contracts under which [illegible] with the view of securing [illegible]

The report to this report a tabular statement made from these contracts, showing the date of each contract, the quantity of wood contracted for, the time when deliverable, marked No. 6.

From these it will be seen that Gov. Morehead contracted on the 28th February, 1852, for 1500 cords of wood deliverable in six, nine and twelve months; one-third at each period, and 1000 cords, all deliverable on the Western end of the road, in all 2500 cords; and contracts were made for wood, deliverable on the eastern end of the road, after Mr. Fisher's term of office commenced, (to wit, July 12th, 1855,) to the amount of 41,012½ cords, at a cost of $51,265. All these contracts were made, as will be seen by reference to said table, in November and December, 1856, and in January February and March, 1857, and 3000 cords of it were deliverable in the months of January and February, 1857. The contracts for the western end of the road, excepting the two contracts made by Gov. Morehead, are not on file in the office of the treasurer and book keeper, as they informed us.

A member of the committee called our attention to alleged mismanagement in acquiring the right of way over a portion of certain lots in the town of Raleigh, owned by Wm. N. Andrews. We called on Mr. Mendenhall for information, who stated that Gov. Morehead had taken a deed from Andrews for the right of way, and found it referred to in his notes, by its number, but the deed was not there. His recollection of it is, that Mr. Fisher had it in his possession the last time he saw it. We examined the Register's office. No such deed was registered. We found Andrews' receipt given to Gov. Morehead, dated May 10, 1852, for $275 for right of way. It does not describe the lot, nor quantity granted, which was probably described accurately in the deed. We cited Andrews to appear before us and bring his deeds. He appeared, and stated that he had signed some papers to Gov. Morehead, granting the right of way as to lot No. 45 in the plat of the city. He produced a deed from Wm. H. Jones, dated Feb. 22d, 1853, conveying to him lot No. 24, containing one acre—consideration, $250. The deed also recites that for this consideration, Jones grants to him his (Jones's) right to damages, if he had any rights, from the North-Carolina railroad for right of way. Andrews stated that Elbridge Smith, Wm. H. Tucker and Eli Yarborough, Jr., assessed the damages as to this lot; that Mr. Fisher had paid him $460 as well as he could recollect. He thought there was still due him about $140. He said he had executed no deed for the right of way over this lot, and did not intend to execute one until the balance due him was paid.

The treasurer showed us two warrants from Mr. Fisher, under which he had paid Andrews for right of way, $700. Also of these warrants for $288, is dated November 22d, 1855; the other, for $500, is dated December 19th, 1855, which recites that it is *in part*. We found no reference, or award, or deed.

We find on the journal of the directors, July 8th, 1852, the following:

"Gen. Benjamin Trolinger having submitted a proposition to the board relative to some alteration and improvement of road and bridge at Haw river, the following was passed after some discussion:

"*Resolved*, That Benjamin Trolinger be allowed to execute the work at the Haw river bridge, and the sections adjoining it on each side, in such manner that the level of the bridge shall be two and nine-tenths feet higher than it is now designed to be, extending each way from the bridge, on the west side 400 feet, and on the east side 700 feet—thence the grade of the railroad to ascend eastward parallel with the present grade and two feet and nine-tenths below it, until it reaches the summit level between Haw river and Rocky creek. The additional work required in making this to be executed without charge to the North Carolina Railroad Company."

On the 19th of April, 1857, we find the following entries on the journal of the directors:

"Ordered, that the president make a settlement with Gen. Trolinger on the terms and conditions proposed by him at this date, which it is understood is a final one of all claims on his part.

"The following is a copy of the proposition referred to in the foregoing resolution.

"TO THE PRESIDENT & DIRECTORS OF THE N. C. R. R.

Gentlemen.—In order to get a level at this place, I sank the grade for about one mile at the cost of about (2½ feet lower) $1,000
and raised the bridge at a cost, by engineer's estimate, of 684
and incurred the expense of conveying the water to his place, at a cost of 628
and built a water station and furnished the material, at a cost of about 400
$2,712

All of which you have enjoyed the free use.

"I now propose to surrender to you the water and the other work for $2,000.

"All of which is respectfully submitted,

"BENJ. TROLINGER.

"Haw River, April 10th, 1857.

Under this proceeding the sum of $2000 was paid to Gen. Trolinger, and your committee learn that the water and water station are of little or no value to the company, being only two miles from Graham station and four miles from the shops.

Your committee deemed it expedient and within the range of their inquiry, to investigate, as far as possible, the expediency of running the express train on this road. We were led to the investigation by the following remarks of Col. Gwynn in his farewell address, when leaving the road, upon locating matters pertaining to his profession being the most reliable land-marks within our reach.

He says in his report to the directors of the 10th of January, 1854, tendering his resignation as chief engineer—"I would *earnestly* recommend, as the result of my observation for a long period, that the company adopt a low rate of speed for their passenger and freight trains. *If there is any one proposition advanced by economy*, and there are, I assure the board, but few clearly, fully and practically demonstrated, *it is the economy of low speeds*; though the precise difference between the cost of transportation due to different degrees of speed has not yet been ascertained, it is usually estimated that *the wear and tear of the track and machinery is equal to the squares of the speeds at which the trains are run*. The depreciation then, at 20 miles per hour, would be four times greater than at 10 miles per hour, that is the wear and tear would be as 4 to 1. The speed upon every road should be adapted to the amount of business. To the neglect of this rule, and the establishment of uniform rates of speed upon most of the railroads of the country, may be ascribed the small net earnings of many of them."

He then recommends a speed of 10 miles an hour for passenger trains.

We have attempted to see whether there has been any increase of receipts on account of passengers since the express train, exclusively used for the transportation of passengers, was put on the road—which would compensate the damage done by the extraordinary speed and expenses of outfit and running it.

Mr. Fisher says in his report, extraordinary of the 20th January, 1858, that this train ran at the rates of 26 miles an hour, from the 7th April last, to the 6th January, without stop, missing a connection.

The express train began to run (see Mr. Fisher's report of July, 1857,) on the 13th March, 1857, and with the view of comparing the increase for passengers, *before and after* the train was put on the road, as well as to show the gradual increase of travel, we annex the income from passengers, for six corresponding months in 1856, *before* the express was put on the road—and for 1857 and 1858, *after*, as follows:

	1856	1857	1858
July,	$11,218 19	$14,111 29	$16,507 29
August,	11,114 33	16,488 46	20,356 49
September,	14,601 24	15,750 59	14,407 [illegible]
October,	11,190 05	16,065 15	15,776 17
November,	10,849 87	16,816 72	14,208 73
December,	10,057 99	16,116 93	15,501 06
	$67,031 19	$95,349 54	$96,654 36

For the same six months of each year the amount received for freights is as follows:

1856	1857	1858
$75,605 29	$99,365 25	$110,919 87

The amount received for freights is given, in this connection, only to show that there is a gradual increase of the business of the road, which might have been expected from passengers as well as freight.

As to the outfit for the express train, we learn from Mr. Roberts, master mechanic, that seven engines are employed in the express train service—and four in carrying the mails—and that these seven engines cost on the road,

2 new coaches,	$63,700 00
3 baggage cars,	5,600 00
	4,500 00
Total outfit for express train,	$73,800 00

Mr. Fisher in his report of July 1857, says "the additional cost of this overall train has been $1,061 per month, extra expense."

Mr. Roberts's estimate of the monthly expense is as follows:

2 Engineers at $60.00 per month,	$120 00
4 Firemen " 50.00 "	200 00
14 Hostlers " 12.50 "	175 00
14 Breakers " 22 00 "	308 00
Expense of 7 engines for a year $108.50, per month,	$904 00
Expense per month,	$75,340 00

The income of both mail and express, for 6 months in 1857, beginning with July, nine days after the mail train started,

is	$88,490.54
Income of mail train for the corresponding 6 months in 1856, is	76,754 99
	19,747 55
Gain.	
Deduct expense of running express train as per Roberts's estimate per month $75,340 00,	$12,090 00
Interest on outfit for 6 months at 6 per cent. per annum, $2,400	13,890 00
Net loss for six months,	3,929 44

Showing nothing about the *wear and tear of road and machinery*.

For the same 6 months of the year 1858, there was an increase over the corresponding months of 1857 of $2651.82, but much more than this increase took place as to freights, and might have been expected as to passengers, without the express; and it is observable that there was an actual falling off as to passengers in July, August, September and October, 1858. The small increase in the months of November and December, is probably attributable to the increase of way travel, during the sitting of the General Assembly.

We observe that R. P. Dick, at a meeting of the directors, held on the 13th November 1857, moved that the express train be discontinued; motion did not prevail, three voting in the affirmative, 5 in the negative.

We submit these facts, in relation to the express train, without comment.

As to the loan of $350,000 at 8 per cent interest. We find that the stockholders, at their general meeting on the 11th July 1856, authorized the president and directors to issue the coupon bonds of the company for the sum of $350,000 with interest payable semi-annually, payable in ten years, at an interest of 6 per cent, for the purpose of meeting the present liabilities of the company and the purchase of the necessary motive power and cars.

On the 14th November, 1856, the directors appointed a committee to "make a report of the condition of the road and its finances to the Legislature, in order to securing some action in reference to the bonds and making them available;" alluding to the coupon bonds of the company aforesaid.

Upon the memorial of this committee, an act was passed in 1856–57, authorizing the directors to issue the $350,000 of coupon bonds, declaring them exempt from taxation for ten years, and authorizing the board of directors, at their discretion, to fix a rate of interest, not exceeding 8 per cent, and requiring them to assign and set apart a sufficient amount each year, out of the yearly income of the road, to pay off the interest on the bonds regularly, and to constitute a sinking fund sufficient to discharge the principal amount when due, "and this amount, so set apart as a sinking fund, shall be shown in the annual report of the board." The directors, *without calling another meeting of the stockholders*, fixed the rate of interest at 8 per cent, and sold the bonds at a premium of $137.50.

On the 9th of July 1857, the directors ordered "that the sum of $25,000 be set apart out of the annual receipts and income of the road, as a fund to be invested and pledged for the payment of the principal of said bonds," at maturity.

On the motion of Judge Ruffin, proxy for the State, a like resolution was passed by the stockholders at their annual meeting in July 1858.

On the 8th December, 1858, the date of Mr. Fisher's letter to Governor Bragg, a meeting of the directors was held, and another order made to set apart $25,000, in State bonds, designating the number of each bond, with the interest payable in April and October, as the first instalment of the sinking fund; and we find that they were handed to the Treasurer for registration on the 16th December, 1858, nearly two years having elapsed since the passage of the act requiring this amount to be set apart *each year*.

As to the expediency of extensive shops of construction and repair, your committee concur with every administration of the road, that they are indispensably necessary, and as to the question where they should have been located, the opinion of the engineer was entitled to great consideration, and we have examined his report on this subject of August, 1854, as well as numerous letters addressed to him by many distinguished engineers, in reply to a circular letter written to them by him, asking their views on the subject. Nearly all of them concur in recommending the location of the principal shops near the centre. We do not find that Col. Gwynn or any other engineer recommended that the town, which must necessarily grow up around the shops, for the residence of the officers and operatives, and other houses needed in a town, should be built by the rail road company. We have not been able to discover, or learn from others, any reason to sustain this policy.

What each or either of the 57 buildings at the shops cost, the treasurer and book-keeper informed us that they had not the means of ascertaining.—The rate of rent is fixed by the Directors at 8 per cent on cost—but though many of these buildings have been finished and occupied for several years, nothing could be found in the office showing the cost of any of them. Some of them have paid rent, but, how the amount to be paid was ascertained, these officers cannot tell. The bills of the carpenters for work, the company finding all the lumber, are hereto annexed, embracing some brick. The four bills of Dudley & Ashley, No. 7, amount to $28,917 38. We call attention to them for several purposes:—First, the treasurer and book-keeper say that the written contracts under which this work was done, if any exist, are not on file with them.

Secondly. Most of them are without date, and one of them contains items for work done by the day, in the year 1856, amounting to more than $10,000.

Thirdly. The credits for all these bills are entered on the books 21st December, 1858, by order of the President, who appears to have passed on them, without any estimate by any disinterested party competent to make it.

As to the house of master of machinery, the Directors ordered on the 3d of May, 1856, that it be built at a cost not exceeding $3,000. It is seen that the brick work and carpenter bill, by contract, amount to $2,902 75, to which is to be added the cost of lumber, shingles, painting, and other material. The master mechanic informed us he had lived in this house two years—that he did not know the cost, and had paid no rent.

On the 10th of April, 1857 the Directors

"*Resolved*, That it is advisable to build a hotel boarding house not to exceed $8,000 in cost. Ordered further, that a committee of three consisting of Messrs. Fries, Mebane and Shaver be associated with the President, to carry out the resolution for erection of hotel boarding house."

By reference to exhibits, No. 2, you will see that Dudley & Ashley's bill for the carpenter work only, not including any lumber, is $6,711 08. It is a brick building. What was the cost of brick, masonry, lumber, painting, &c., we could not ascertain; but we infer from the cost of carpenter work, that the total cost cannot be short of $15,000 or $20,000. We addressed a letter to Mr. Fries, one of the committee associated with the President, to explain why a building was erected, costing so largely above the amount limited by the Directors. See his answer annexed, No. 8.

The President, in his report to the directors, July, 1857, says, "you have provided that the cost of every building at this place must pay a good dividend by a fair rent to the company. Only the shop buildings are an exception, and these ought to pay in profitable return, indirectly, most of all." By order of the directors the houses are to be rented at 8 per cent. on cost.

Your committee do not deem it judicious policy to borrow money at 8 per cent. and invest it in houses to be rented at 8 per cent.

What the several houses at the shops cost, your committee believe no one can tell. In Mr. Fisher's report, extraordinary, to the governor, dated January 20th 1859, (a report not authorized by the directors, so far as their journal shows, as it not provided for in the charter or by-laws of the company,) which has so much delayed our inquiries, the cost of the shops is set down at $124,375 98
Buildings at 65,560 98
$189,936 96
In Mr. Fisher's report of July 1858, the cost of the shops in 1855, 1856, 1857, and to July, 1858, is $124,374 98
$65,561 98

Assuming each of these reports to be accurate, there has been expended on the shops, since July 1st, 1858, $65,561 98.

In relation to the abstract, appended to the report of 1858, the president remarks, "appended to this report will be found various abstract statements which explain themselves. That showing the disbursement account of the past three years, during the time of the present administration of the road, has been made out by reference to every warrant, in detail, and can therefore, contain no error; it must show, with perfect accuracy, the total payments of this period, duly apportioned."

This statement is headed "statement showing the total disbursement, in detail, from July 1st, 1855, to July 1st, 1858," and yet you see enormous accounts credited to Dudley and Ashley, and one J. G. Moore, *since the committee was appointed for work done as he took it in 1856*. Moore seems to be a dear of odd jobs about the shops, as we infer from the items of his accounts. He is charged with cash, at sundry times, beginning in December, 1855, $12,473 67; and he is credited with estimates to the amount of $15,050 78, leaving balance due him, January 1st, 1859, of $2,577 11. We annex hereto No. 9, an exhibit of said account, and No. 10, items in his credits, as tending to show the general management of this road.

You will see his credits on 1st December, 1858—after this committee was appointed—to the amount of $11,750 72. Much more than half this account is for labor by common hands at $1 00 per day.

You will say by this general account, that if we had found the books in the condition in which they stood November 30th, 1858, Moore's debits would have been $12,425 32, and his credits $4,799 86, so that on the 30th November, 1858, the balance would have been $8,125 42 in *favor of the company*. One month afterwards the balance in *his favor* is $5,477 41. The foregoing is given as a specimen of the financial management—as regards the shops.

It should be here remarked that no fault is imputable to the book-keeping or book-keeper as to these accounts. He is bound to pay on the warrant of the President. He could take no notice of any claim held by Moore against the company until the President settled it. For instance, when Moore presented his warrant from the President, dated November 20th, 1858, for $300, the book-keeper and treasurer could see by his account that Moore owed the company $7,625 36, and yet the treasurer was bound to honor the draft. Things of this kind ought not to have escaped the attention of the committee of finance. If they did attract their attention, and they had reference to them in their report to the ninth annual meeting of the stockholders, we think that report would convey the impression that the imperfect condition of the accounts was the fault of the book-keeper, when it was obviously the fault of the President of the company. The accounts of Dudley & Ashley, Moore and others, could not find their way to the books except by the act of the President.

We call your attention particularly to that report, which will to some extent explain the want of reliability due to the reports of 1856, 1857 and 1858, as to the financial condition of the company, to which we shall refer in a subsequent part of this report.

The following is an extract from that report:

"As to the 9th annual report of the fiscal concerns of the company, your committee would have contented themselves by closing their report here, but their desire to discharge their whole duty, requires they should no longer refrain from calling the attention of the company to the entire want of system in keeping the books of the company, as practiced by those who have been in charge. Book keeping has been long ago reduced to a perfect system, simple and easy to be understood, and there is nothing in the principle of keeping the books of this corporation, which varies from that of others differing from it in character, or any well regulated mercantile establishment, and what would be said of either corporation or merchant, when called upon, who would ask for more time to exhibit their financial condition, than would be necessary to make a copy of his general balance sheet?

"The state of things ought no longer to exist with this corporation, and it is in consequence of such a state of things that your committee have never been able, at any of their reports, to place before you the debit side of your account.

"The statements of balances due by station agents, just read in your hearing, suggest the propriety of some change, in the mode of settling their accounts. Your committee hope not to make themselves obnoxious to the charge of a desire to dictate to those in authority, in this matter, but their wish is to remedy this growing evil, prompts them to suggest whether it could not be accomplished by making it the special duty of some one employee of the company to visit once a month the different agencies, and settle the accounts and receive the amounts due on transportation account. This could be easily done, as the daily returns of each agent is already in the office, showing his indebtedness at any given time. The condition to be attached to a failure of the agent to settle as required, to be departure from in no case whatever, except for very substantial reasons, should be forfeiture of his office. Again, no agent appointed should be allowed to take upon himself the duties of his office, until a good and sufficient bond, in double the amount of one month's receipts at such station, shall be given, approved by the board of directors or filed in the office of the company."

The same system of book-keeping is continued. You will see how far respect has been paid to this admonition, as to settlements with station agents and bonds for the discharge of their duties, by reference to table No. 11, which we have prepared and entered, showing the amount of the penalty of each station agent's bond, and the balance in his hands, January 1st; which will make the book-keeper's balance show the truth, if it is treasurer be required to pay on the President's warrant, without showing *for what this overcoat issued*, so that he can, at the same time credit the account of the party in whose favor the warrant is drawn, by the amount of his claim against the company." No instance has come to our knowledge in which the treasurer or book-keeper has failed to make proper entries, when he was furnished the means of doing so.

The total amount collected for rents, as per statement furnished us, was, on first January, 1859, $1,265 20. At eight per cent. they would have produced this sum in less than three months.

We found a bond on file executed by Benjamin Trolinger and others, promising to refund by the first of October, 1854, to the North Carolina Railroad Company, $3,214 37, paid by the company for the shop lands. We are informed by the Treasurer that $1,000 was paid on this bond in August, 1858, and that no steps have been taken, within his knowledge, to collect the balance. When the company was paying 12 per cent. interest to raise money to pay debts we can perceive no reason why this debt was not collected.

Your committee called on the treasurer and book-keeper for the accounts of the North Carolina Railroad Company against the Western Extension, for work and material furnished for that road. No such account was on the books. We examined Mr. Roberts on this subject, who stated that the work done at the shops for the Western Extension from June 1st, 1857, to July 1st, 1858, amounted to $435 18
And from July, 1858, to Dec. 1858, to 1,508 33
And the book-keeper, Mr. Mills, stated that the amount due, January 1859, from West's Extension for freight, is 19,653 26
And not on book, 2,600 00
And the only credit is $2,000, paid in September, 1857, $22,006 77
(See exhibit, No. 13, which came to our hands after this statement was made out.)

Your committee learn that the actual cost of transportation of iron and other heavy articles on a railroad is from $2 50 to $3 per ton, per 100 miles. On the tenth April, 1857, the directors ordered that the freights of the W. N. C. Railroad, during its construction, (of material, &c.,) be carried at the rate of two cents per ton, per mile.

In Mr. Fisher's report of the 20th January, 1859, he sets down the amount due from other roads at $24,412 53
Deduct what is due from West's Extension 21,206 77
Leaving due from all other roads 3,205 76
In the 20th January report the resources of the company are stated to amount to $210,249 75
And its liabilities to 177,043 39
Surplus on hand $41,206 36

You will observe, among these resources, the sum of $27,605 25 due from individuals on unpaid stock, much the larger portion of this is entirely worthless. The estate of one deceased stockholder owes $10,070 of it, and there are no assets applicable to the payment of this stock. It has been long regarded as entirely hopeless.

At one of the early meetings of this committee, we asked the book-keeper and treasurer to furnish us with a detailed statement of the debts due to and from the company. Soon afterwards the books were taken off by Mr. Mills, so that Mr. Mendenhall could not furnish it; and when Mr. Mills returned he stated that it would appear in the forthcoming report of the President of the Road. On the appearance of the report, the statement not appearing sufficiently in detail, the chairman addressed the book-keeper, asking him to furnish the committee "with a detailed statement of the debts due to the N. C. Railroad, specifying the name of the individual or corporation owing each debt, also a list of the debts owing by the corporation, specifying to whom and when each debt is due, bringing up this statement to the same period to which these accounts were brought in Mr. Fisher's report to the governor of the State of the 20th instant." This letter was dated the 26th January.

We had understood from Mr. Mills that his presence, with his books, was much needed at the shops, and we had expressed on the 23d January that the treasurer and book-keeper "were here in session to their respective offices at their books and papers, keeping them in immediate of the committee, subject to any further call for information which the committee may have make on them."

No answer being received from Mr. Mills, under the order of the committee, the chairman, on the 1st February, addressed to Mr. Fisher a letter, of which the following is a