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State Library

PROPITIOUS OPENING OF THE STATE CAMPAIGN

Large Gathering of People in All Sections to Listen to Able Democratic Speakers

The Democratic campaign in North Carolina was formally opened yesterday when a dozen or more of the ablest speakers in the party addressed large audiences in every section of the State upon the issues on which the battle of ballots will be fought this year. Reports received at the office of The Morning Post indicate that the people turned out in large numbers everywhere and gave the speakers an attentive hearing that bespeaks their interest in the questions discussed with so much ability. The Post is fortunate in being able to lay before its readers this morning full reports of the speeches of Messrs. Womack, Henderson and Winston and a brief synopsis of the speech by Mr. Pou. The reader will be impressed by the fact that the speeches in every instance were addressed to the sound reason and the sober judgment of those who heard them, appealing but little to prejudice and not at all to prejudice or passion. One has but to read the speeches to understand the ground upon which the Democratic party asks for an expression of confidence at the polls.

Womack and Kitchin at Smithfield

Smithfield, N. C., Sept. 2.—Special.—At the adjournment of court here for dinner strong, forceful Democratic speeches were made by ex-Judge Womack and Congressman W. W. Kitchin. W. W. Cole introduced Judge Womack, who made a most intelligent speech which chiefly dwelt on state issues and comparison between the administration of Governor Aycock and ex-Governor Russell. Judge Womack is a strong speaker of pleasant address, courtly in manners and forceful and vigorous in his argument. His arraignment of the radical Fusion administration as contrasted with Aycock's administration was almost without answer or parallel.

Hon. Ed. W. Pou, in well chosen and the best of the king's English, introduced Hon. W. W. Kitchin, who for over an hour made perhaps the most elegant and instructive speech that was ever delivered in Smithfield. He not only characterized the national Republican party as the parent of and friend to trusts, high tariff and imperialism, but he arraigned the State administration under Republican and Fusion rule. He gave a warning to those so-called Democrats who had become independents and pictured their political ruin and ignominious defeat. He pleased the people of Johnston county; he stimulated the Democrats to vigorous work and when he closed many said that not such a speech had been delivered here in a generation. There were about 400 or 500 present.

Mr. John W. Atwater, the independent candidate for Congress, was present, but he actually became dazed and could not and would not speak. Many say that Kitchin's speech and Ed Pou's appearance so plainly indicated his defeat that he yielded up and quit.

Speech of Hon. T. F. Womack

For several weeks past it has been very generally understood that when the republican state convention should meet, Senator Pritchard would deliver a speech in which he would attempt to put the democratic party upon the defensive as to the administration of the affairs of North Carolina since its accession to power. An impossible task, as I shall presently show.

It is well known that the revenues of the state under the revenue act of 1901 are not sufficient to meet the expenses of the government, and to pay all of the appropriations made by that legislature. In fact, State Treasurer Lacy, in the early part of this year, succeeded in doing what no man, so far as I am aware, has ever been able before to accomplish, and that is, he went to the City of New York, and there, upon his promise that the state would pay, and relying entirely upon the faith and integrity of the democratic party to carry out his pledge, succeeded in borrowing for the one year the sum of $200,000 in cash, paying thereupon only four per cent interest. It is also well known fact that even with the use of the proceeds of this loan the funds in his hands will not be sufficient to pay all of the demands upon the treasury, due as I shall prove Sir show to the undisclosed debts which came over to the democratic party from fusion misrule.

Under these circumstances, the public have been looking forward with great interest to the speech which Senator Pritchard should make at the state convention, arraigning the democratic party and denouncing it for a deficit for which his own party was responsible.

Pritchard's Domination

Never in the history of the State has a convention been so completely dominated by one man as was the republican State convention which met at Greensboro last week. The committee on platform had unanimously agreed to a resolution declaring that the republican party accepted the constitutional amendment as a settlement of the negro issue, and that it would not countenance any action looking to its annulment. Senator Pritchard, for reasons personal to himself, as well as for other reasons he avowed, and fearing the effect that such a declaration would have on the negro vote in the north, went before the committee on platform, had it to reverse its action, succeeded in inducing its author to withdraw his resolution, and compelled the convention to adopt the meaningless straddle and subterfuge which is now the platform relating to this question. He nominated a State ticket upon which there are but two republicans. It is his avowed purpose to do everything possible to secure the election of independent candidates to the legislature in order to bring about his own reelection to the United States Senate. To accomplish this purpose, he delivered a carefully prepared speech to the convention, a large portion of which was devoted to the discussion of State affairs and to a criticism of the acts of the democratic legislatures of 1899 and 1901. His speech was intended to sound the key note of the republican campaign and to furnish the facts and argument upon which all republican campaign speeches this fall are to be based.

The Issue Drawn

It is my purpose today to take up the charges which he prefers and to demonstrate that if the administration of the affairs of North Carolina during the last three years is subject to the criticism he makes, it is the republican party and not the democratic party which deserves the censure.

The platform, which Senator Pritchard had prepared before the convention met, contains this declaration: "We invite the attention of the people of the State to the clean, able, and economic administration of our State government by the republican and populist parties from 1897 to 1901, and challenge a comparison of it with the present reckless management of our affairs by the democratic party."

It will be noticed that the years 1895 and 1896 are omitted from this tender of comparison, although it was in 1895 that Senator Pritchard was first elected to the United States Senate. The reason why Senator Pritchard asks the voters of North Carolina to confine their examination into the affairs of republican rule, to the administration of Governor Russell, is not apparent to those who have not investigated the financial affairs of the State and the conduct of the fusion party during the years 1895 and 1896. The inclusion of these years would have answered his own argument and refuted his comparison, as we shall presently see.

In Senator Pritchard's speech he draws a parallel from the receipts from all sources and the expenditures for all purposes for the years 1896, 1897 and 1898, calling them republican years, with the years 1899, 1900 and 1901, describing them as democratic years. He states that it appears from the auditor's report that in 1896 there was a surplus of receipts over expenditures amounting to $14,540.83 a deficiency for the year 1897, amounting to $11,356.44; and a surplus for 1898, amounting to $50,111.13, and claims that there was a surplus in these three years of fusion rule amounting to $53,295.52.

An Adroit Omission

It is a little curious that Senator Pritchard should have begun with the year 1896, and it is only explained on the ground that the Senator is an adroit politician. If he had eschewed all juggling and manipulation of figures and had begun with the year 1895, the beginning of fusion rule, and read from the report of Mr. William H. Worth, the fusion treasurer of the State, he would have found and would have been obliged to have informed the people of North Carolina, that for the year 1895 there was an excess of expenditures over receipts amounting to $212,233.74, and that for the four years 1895, 1896, 1897 and 1898, during which time the fusionists held the legislature and through it the purse strings of the State, there was a deficit of expenditures over receipts amounting to $158,938.22. According to Senator Pritchard's own figures the excess of expenditures over receipts for the years 1899, 1900 and 1901 amounted to $154,838.02. So we see that the republican deficit for 1895 alone was more than $50,000 greater than his alleged democratic deficit for the three years he describes as democratic rule.

Senator Pritchard's figures for the year 1896 show a surplus of revenue over expenditures. It may be that he is correct, but the report of Treasurer Worth to the legislature of 1897 shows that instead of a surplus there was an actual deficit of $2,057.27 for the fiscal year 1896. This same report shows that at the beginning of the fiscal year 1895 the democrats had left in the State treasury and that there came into the hands of fusionist Treasurer Worth the sum of $303,239.38, and that on November 30th, the end of the fiscal year 1896 he had on hand only $88,353.03, and he turned over to Treasurer Lacy according to Senator Pritchard's own figures, the sum of $37,528.36. If he had been able at that time to have turned over the funds which had been stolen by his clerk, Major W. H. Martin, he would have turned over to Treasurer Lacy $53,588.40.

A Preposterous Claim

And yet, in the face of these figures, Senator Pritchard, the great leader of the republican party of North Carolina, who dictates its policies and names its candidates, attempts to claim that during the republican regime the receipts of the government were greater than the expenditures. I expect to demonstrate before I have concluded that, not only did the republican ministration expend practically all of the three hundred thousand dollars which came into their hands from the democrats, but that they left debts from their mismanagement, and worse, which the democratic party had to meet and to pay amounting to $283,934.90, and that this is the prime cause of the present embarrassment in the financial condition of the State.

Senator Pritchard states that it will be observed from the table of figures which he published with his speech that in three years of democratic rule which we have just had, they collected in taxes from the people $880,419.77 more than the republicans collected under fusion rule for the same length of time. In order that there might be no mistake as to this charge the Senator wrote it into the republican platform as follows: "They promised to reduce taxation and instead of doing so they have legislated so that our taxes have increased within three years in the sum of $880,419.97."

The True Condition

If the eSnator has made such a thorough investigation into the affairs of State government, as a great leader should make before stating facts to the people he would have known that this declaration is in direct conflict with the facts in the case. The amount of money collected from the people by public taxes during his three years of fusion rule amounted to $1,671,300.15, while the democrats collected by public taxes from the people for three years which he holds them responsible for the sum of $1,866,017.36, or only $194,627.21 more than was collected by the republicans. So that the Senator's statement, both in his speech and in his platform "that our taxes have been increased within three years in the sum of $880,419.97" is to say the least exceedingly misleading. It is true that the auditor's report shows that $880,419.97 more money passed through the treasurer's hands during the three years which he calls democratic years than the three years which he calls fusion years, but $727,124.03 came from sources other than public taxes to which I will now call attention and only $194,000 came from public taxes:

$287,812.33 of these additional receipts came from insurance companies, earnings of the penitentiary, taxes on railroads, telephone and telegraph companies, fertilizer taxes and taxes for organizing corporations. The following table shows the respective amounts collected under democratic and republican rule from the sources named:

Republican Rule

Corporation Taxes—1896, $50; 1897, $1,950; 1898, ...

Fees Governor's Office—1896, $518.70; 1897, $739.72; 1898, $629.85.

Insurance Companies—1896, $46,333.03; 1897, $87,244.02; 1898, $83,050.17.

Penitentiary Earnings—1896, $140,925.33; 1897, $134,516.38; 1898, $94,942.41.

Railroads—1896, $56,510.89; 1897, $61,541.32; 1898, $70,598.98.

Telegraph Companies—1896, $1,403.29; 1897, $3,916.58; 1898, $3,974.73.

Fertilizer Taxes—1896, $46,859.42; 1897, $53,592.91; 1898, $61,887.30.

Total—1896, $292,600.66; 1897, $343,500.93; 1898, $315,083.44.

Added together there is a total for the three years of $951,185.03.

Democratic Rule

Corporation Taxes—1899, $3,650; 1900, ...; 1901, $8,851.

Fees Governor's Office—1899, $948.83; 1900, 753.35; 1901, 1,179.99.

Insurance Companies—1899, $80,117.45; 1900, $80,814.12; 1901, $105,721.07.

Penitentiary Earnings—1899, $84,707.20; 1900, $195,433.02; 1901, $156,490.13.

Railroads—1899, 072,937.20; 1900, $73,190.07; 1901, $126,319.36.

Telegraph Companies—1899, $4,934.81; 1900, $4,750.60; 1901, $5,513.75.

Fertilizer Tax—1899, $59,644.76; 1900, $55,180.94; 1901, $67,988.24.

Fees Insurance Commissioner's Office—1899, $6,868.50; 1900, $6,141; 1901, $9,564.50.

Railroad Privilege Tax—1899, ...; 1900, ...; 1901, $10,838.29.

W. H. Martin defalcation, $16,060.04.

Total—1899, $314,207.88; 1900, $416,263.10; 1901, $508,525.28.

The total for the three democratic years is $1,238,997.36. Deduct the receipts of the republican years from this and we have a malance of $287,812.33.

$120,202.50 of the additional receipts which the democrats are charged with arose from the sale of the bonds which they issued to pay for the debts of the penitentiary contracted under the rule of Senator Pritchard's friends. And right here I will remark that the face value of the bonds sold was only $110,000.

$144,800.00 of these additional receipts arose from the sale of the bonds by Senator Pritchard's treasurer, Mr. W. H. Worth, in order to meet those same old debts brought over to the democratic legislature from republican misrule and mismanagement.

$40,354.63 of these additional receipts arose from the receipts of the shell fish commission, otherwise known as the oyster fund.

$65,250.00 of these additional receipts was obtained by the sale of the bonds issued to raise money with which to pay for the State farm purchased for the use of the penitentiary under the management of Capt. W. H. Day.

$29,499.12 of these additional receipts which Senator Pritchard charges that the democrats collected from the tax payers was paid by the United States on account of claims growing out of the Spanish war.

To this should be added $39,205.47 the increase in the special tax for Confederate soldiers.

The remainder of the difference in the receipts between the democrats and the republicans is made up of numerous small items, including the earnings of the charitable institutions, the deaf and dumb and blind and the like. For instance, Dr. Cyrus Thompson, Secretary of State turned into the State treasury as taxes on the seals for the year 1898, $109.74, while last year Colonel Grimes, from the same office paid into the treasury as taxes on seals $636.90. During the same year Rev. Baylus Cade, who is now a republican candidate for judge, turned into the treasury as fees from his office as private secretary $629.85, while Colonel Pearsall, the private secretary to Governor Aycock, turned in fees last year amounting to $1,179.90. A most ensory examination of the figures shows that the charge made by Senator Pritchard that the democrats raised vast sums of money more than the republicans by taxing the people falls to the ground.

It is a fact which any one can see by turning to the public laws of the State and reading the revenue acts for the several years that the rate of taxation for State purposes is less under the act of 1901 than any year since the civil war. The rate fixed by the democrats is twenty-one cents on the one-hundred dollars valuation of property. The rate fixed by the fusionists was twenty-two and two-thirds cents on the one hundred dollars, but their act was so glaringly violative of the State constitution that the republican Supreme Court declared it to be void and the old tax of twenty-one and twolthirds cents was collected.

The Fusion Legacies

The Senator declares that for the year 1899 the expenditures exceeded the receipts by the sum of $49,048.07. This is true, but to whom should this deficit be charged? The fiscal year began December 1st, 1898, and ended Nov. 30, 1899. The fusionists were in possession of all departments of government, except the legislature, which met in January 1899. Governor Russell and his appointees retained control of the penitentiary and other important departments of the State government until 1901, when Governor Aycock was inaugurated. The taxes collected for the year 1899 were those levied by the fusionists and not those levied by the legislature of 1899. But let us accept the Senator's position and hold the democratic party responsible for Governor Russell's administration while the platform of his party is claiming credit for that same administration, and what do we find? We find from the auditor's report that among the expenditures were $103,633.45 paid on the debts contracted by John R. Smith and Mewborne in their management of the penitentiary. $2,200 was paid in interest on the State prison bonds issued for the same purpose. $792.77 was paid to the committee which investigated the mismanagement of the fusionists whom Senator Pritchard seeks to hold up in contrast to what he calls the extravagant administration of the democrats.

The democratic legislature was compelled to appropriate fifty-five thousand dollars that year for the maintenance of the penitentiary, which was then under their control. In addition to this, there was paid the sum of $0,997.73 for lawyer fees employed by Governor Russell in the useless litigation which he imposed upon the State. These sums aggregate $171,623.95. So if there was a deficiency of $49,888.18, $171,623.95 of useless expenditures were made in paying the defaults of fusionism. In that year 1899 the Democratic legislature appropriated $6,500.00 for buildings at the Confederate Soldiers' Home in Raleigh, and paid $17,879.75 more for Confederate pensions than the fusionists did in 1897, which, added to the $171,623.95 makes a total of $200,003.70.

Senator Pritchard declares that in the year 1900 there was a deficit of $28,280.77 in expenditures over receipts. This is true, but the Democrats were not to blame for it. They paid that year $8,489.65 of the old penitentiary debts. They paid $2,500.00 interest on the penitentiary bonds. They paid an appropriation of $50,000.00 for the support of the penitentiary, although the gross earnings that year amounted to $195,432.02. It must be remembered that the Democrats did not control the penitentiary that year. Capt. W. H. Day, who was a prominent lieutenant of Senator Pritchard's at the recent State convention at Greensboro, was superintendent. Under democratic rule the penitentiary had reached the point of being self-sustaining, for in 1896 Treasurer Worth in his report to the legislature, had this to say in regard to it: "In 1896 only $5,000.00 has been used of the State's funds over and above the earnings of the convicts, and had it not been for the heavy losses by overflow in 1896, there would have been but very little assistance needed from the State for 1897 and 1898. I now suppose it will take not more than $20,000.00 annually to meet the expenses. I think the management has been very good." Instead of $20,000.00 being sufficient, the State has paid $120,000.00 of debts for those two years, and I am informed that they are not through with paying them yet and that one claim of several hundred dollars was paid in August, 1902.

In addition to these expenses for the penitentiary, which ought not properly to be charged to the democratic administration, there were expended on account of legal services to lawyers employed by Governor Russell $9,159.33. These sums aggregate $70,148.89, whereas the deficiency was only $28,280.77.

Senator Pritchard declares that there was an excess of expenditures over receipts in the year 1901 of $77,509.18. This is true, but we are still paying the legacies of republican and fusion misrule. In 1901 we paid $2,220.00 interest on the State's prison bonds. We lost in interest on the bonds sold by Treasurer Worth the sum of $5,440.00. We paid on those same old debts of the penitentiary $792.24. We paid to the penitentiary the shortage of W. H. Martin, amounting to $16,060.04. We paid for investigating the shellfish industry $584,60; and then we paid the sum of $17,-

(Continued on Page. 8.)

THE PRESIDENT'S SOUTHERN TRIP

Next Tuesday Will Be Spent in And About Asheville

Fitchburg, Mass., Sept. 2.—The following is the itinerary of the president on his southern trip:

He will leave Oyster Bay on the morning of September 5 for Washington, from which point his special train will leave over the Baltimore & Ohio at 7:30 for Wheeling, W. Va.

Wheeling will be reached on the morning of the 6th, where a two-hours stop will be made.

The president will arrive at Chattanooga at 8:30 on the morning of the 7th and will spend the day on and around the battlefield of Chickamauga.

On Monday, September 8th, he will address the convention of Brotherhood of Locomotive Firemen at Chattanooga, and will leave at 1 p. m. for Knoxville, arriving there at 5 p. m.

A two-hours stop will be made at Knoxville. Leaving at 7 p. m. for Asheville, N. C., he will arrive there at 8:30 on the morning of the 9th of September.

At 10:30 p. m. that day he will leave for Oyster Bay.

CAMPBELL VS. GUDGER

Chairman Griggs Trying to Harmonize Differences

Washington, Sept. 2.—Special.—Chairman Griggs of the congressional committee desires to harmonize matters in the tenth congressional district and secure the election of a Democratic congressman. While he does not believe he has jurisdiction with reference to the appeal of Jack Campbell who is contesting Gudger's nomination he has written the fifty-four members of the committee acquainting them with the contents of the appeal. Should a majority vote to take the matter up Mr. Griggs will call a meeting of the committee. State Chairman Simmons has been informed of this action as well as Messrs. Gudger and Campbell. The case of both Campbell and Gudger have been presented to the committee. Mr. Griggs desires to give Mr. Campbell the advantage of an appeal to the full committee though he himself does not believe that the committee has jurisdiction.

Arrivals—Judge Spencer B. Adams and R. B. Glenn of Forsyth.

WHEN ROOSEVELT VISITS ASHEVILLE

The City Will Take Holiday and Give the President a Big Time

Asheville, N. C., Sept. 2.—Special.—President Roosevelt will reach Asheville next Tuesday morning at 8:40 and leave at 12:03 in the afternoon of the same day. This information was received in a telegram to Senator Pritchard from Private Secretary Cortelyou. The president's party will be met at Hot Springs by a committee from Asheville and will be taken to the Battery Park hotel, where he will breakfast. He will then be driven to the auditorium, where he will make an address. After his address he will be driven over Biltmore.

The city will be in holiday attire for the occasion. A big arch will be erected in the heart of the city, through which the president's carriage will pass. Senator Pritchard has wired the war department requesting that it lend fifty flags to be used in the decorating. A reception committee consisting of several hundred representative citizens has been appointed. The president will be attended by his military staff and possibly a number of ladies. There will be no hand-shaking. The reception committee think that on account of limited time this would be impractical.

AGAINST MERGER

Kentucky Railroad Commission Geards Against a Possibility

Louisville, Sept. 2.—The Kentucky state railroad commission, of which C. C. McChord of Springfield is chairman, began this morning its investigation of the alleged plans for the merger of the Southern and Louisville & Nashville railways, with a view to taking action to frustrate the consolidation if it should be attempted.

A secret meeting of the board was held at Sellbach's hotel in this city but none of the commissioners would discuss what transpired during the session further than to state that Judge Alexander Humphrey, attorney for the Southern Railway and W. L. Mapother, chief clerk to President Milton H. Smith of the Louisville & Nashville, were present at the meeting.

New Comet Discovered

San Jose, Cal., Sept. 2.—Director W. W. Campbell of the Lick Observatory reports: "A comet was discovered by Professor Perrine Monday morning in the constellation of Perseus. Its position was right ascension 3 hours and 18 minutes, and declination 34 degrees and 39 minutes. It is moving slowly northwest, and is not visible without a telescope."

Make Believe Fighting in the Big Game of War

Battleships Supposed to Be Blown Up Come to Life Again — Defenders Claim Victory

New London, Sept. 2.—The Blue defenders of the army are claiming tonight a complete victory over the Red fleet of the Auranian navy. It is declared that the Brooklyn and Massachusetts were destroyed last night by the fire of Forts Wright, Michie and Terry and the Alabama, Indiana and Puritan were blown up by the submarine mines off Fort Terry on Plum Island when they attempted to enter Plum Gut early this morning. Colonel Hesbrook at Fort Adams claims that in the engagement off Newport today the Montgomery and Panther were so badly damaged that they were compelled to retire and later their men were picked up by the boats from the Kearsarge. Rear Admiral Higginson retired with the Kearsarge, Prairie, Scorpion and Nina to Block Island, where he received reinforcements shortly before noon today. The new vessels were immediately christened the Massachusetts, Brooklyn, Indiana, Alabama, Puritan, Montgomery and Panther, and another effort will be made to force a passage into Long Island sound or to destroy the forts off Newport.

The fighting of last night and this morning ended the first phase of the war. Another will soon follow. Details of the naval engagement were secured today from the commanding officers of the different forts in the zone of hostilities. Shortly after 10 o'clock the Brooklyn and Massachusetts made a dash for the race between Valiant Rock and Fort Michie on Gull Island. Rear Admiral Higginson had evidently counted on the unpreparedness of the forts for an attack in three directions and the Montgomery and Panther made a dash upon Newport about one o'clock this morning. To those on shore it seemed as if the battle was over when the firing ceased about 2 o'clock but in this they were mistaken for shortly after 4 o'clock the Alabama, Puritan and Indiana appeared at the other end of the line and attempted to pass through Plum Gut. The Auranians were apparently familiar with the fact that the fortifications on Plum island have not yet been completed and that all the armament has not been installed.

The huge guns on the islands have a limited line of fire and do not command the approaches in all directions. Fort Terry has, however, a complete mortar battery system and it was from Fort Terry that the mortars were thrown that did such great damage to the Brooklyn and Massachusetts. The enemy being cognizant of the weakness of the fort kept just under the range of the mortars and at a dead angle where they could not be reached by the fire of the guns. This would have been a safe position had the deal-line been free from mines.

The dead-line had been worked out by the artillery last week and Sunday mines were planted along its path instead of in Plum Gut itself. The officers of the Alabama, Indiana and Puritan were unaware of the trap set for them by General MacArthur. It was their plan to lie in the dead-line and destroy the defenses of Plum Island, land a body of marines and take the fort in reverse. All was silent in Fort Terry as the enemy approached. The command was given not to fire upon the enemy, but await their appearance over the mines. The Alabama and Indiana were the first to be blown up. Apparently they were passing between two torpedoes. It is known to explosive experts that a mine exploding with 50 feet of ship is all that is necessary to destroy it.

The torpedoes off Fort Terry were planted one hundred feet apart and at 4:45 a. m. the Alabama and the Indiana were each blown up by the explosion of shells. Constructively all that remained of the most powerful battleships of the Auranian government was two torn hulks resting on the bottom of the sea. The Puritan met a similar fate at 5:30 p. m., but in a different manner. She ran directly upon one of the mines.

From the standpoint of war game the vessels' commanders did not know that they had been destroyed. Unconscious of this fact, they opened fire upon Fort Terry and bombarded the place for several minutes. The defenders acting upon the instructions of the post commander made no response as they knew that vessels were constructively blown to pieces. This is the account of the battle of Plum Gut from the statements of army officers and the official reports received at General MacArthur's headquarters today. At first it was supposed that it was the Massachusetts instead of the Indiana that was destroyed but later reports corrected this error. At 7 o'clock the remaining ships of the fleet answered the signal of Admiral Higginson to retire to Block island.

The following message was received at 7 a. m.:

"Fleet headed by Kearsarge retreated southeast from Fort Michie to their base at Block island where it now is."

Rear Admiral Higginson evidently contented himself with the execution of the first phase of the war as he remained quietly at anchor off Block island during the early afternoon.

"Dispatch boat Avenel, off Cerebus Shoals, Block Island, Sept. 2.—Six of Rear Admiral Higginson's warships, representing the red fleet of the hostile Auranians made the first attack on the defenses on the eastern end of Long Island sound just as the grey day was struggling through the mist this morning and to the observer inexpert in the scientific valuation of the give and take of the imaginary shells with which the battle was fought it seems that the men of war of the enemy won a victory. Aboard the ships themselves the officers and men certainly think they have won, but in the six months or so that it will take those to whom the task falls of figuring out the points scored by each side, it will be quite a job.

Consul Gudger Speaks on Conditions at Panama

Asheville, N. C., Sept. 2.—Special.—Hon. H. A. Gudger, United States consul general to Panama, is at home on a furlough. He was tonight interviewed by your correspondent as to the conditions on the isthmus. Mr. Gudger said:

"The conditions when I left Panama, while not regarded as serious, at the same time were uncertain, and no one seems to be able to determine what might be the result of the civil revolution that is in progress there at this time. The revolution commenced three years ago and there has been spasmodic fighting on the isthmus at intervals during this period. There has been more serious fighting in other parts of the republic but at present all the other departments are practically quiet. With regard to the other departmente the United States has no immediate interest. On the isthmus, however, the republic of Colombia and the United States have what is known as the treaty of 1846, by which it is the duty of the United States to see that transit across the isthmus, as well as the Panama Company's property, is properly protected.

"The traffic across the isthmus is immense, most of it being merchandise from New York to San Francisco and vice versa. To be ready at any moment to fulfil this obligation on the part of our government we have now, and have had for more than a year past, warships in the bay of Panama and Colon.

"No, these people do not mean to interfere with traffic or transit except in so far as the one side or the other can receive an advantage by so doing. Having this in view, we refused to permit the government some time ago to bombard Colon, and only a few weeks ago served notice on the government of Colombia that no fighting would be permitted in the berths of the ships in the bay of Panama, and at the same time refused to allow the revolutionary vessels which were then in the bay to bombard Panama or to land soldiers on the wharves of the Panama Railway Company.

"In my judgment the Panama canal is the proper place for the construction of this great highway, and the Colombian government will give the concessions asked for by the United States.

"Yes, all parties, both revolutionists and government, have treated me respectfully at all times, and I have been permitted to mingle with the two parties without let or hindrance.

"I hope to be able to be here until after the election, and will do so if conditions are such as to not require my return. There is certainly nothing alarming in the situation at present, or I would have been cabled. The government allows one free access to cable lines."

THREE DEPARTMENTS

New Arrangement of Military Affairs in the Philippines

Washington, Sept. 2.—Upon recommendation of General Chaffee, concurred in by General Davis, who is to be his successor in the Philippines, an order has been issued by the war department rearranging the Philippines into three departments.

The department of Luzon is to be commanded by Gen. James F. Wade, and will include all the portion of the Philippine archipelago lying north of a line passing through Mindora straight.

The department of Visayas, to be commanded by Gen. T. J. Wint, to include all of the islands south of the department of Luzon.

The department of Mindanao, to be commanded by Brig. Gen. Samuel Sumner, includes all of the remaining islands of the Philippine archipelago.

General Chaffee has been directed to designate the places for the location of the several department headquarters and to distribute staff officers and troops according to the best needs of the service. General Chaffee and General Davis also recommend that four brigade or district commands be kept up in the Philippines.

The Seaboard Sued

Washington, Sept. 2.—Max Lazarus has entered suit for $10,000 damages against the Seaboard Air Line Railway for alleged false arrest and imprisonment.

The plaintiff claims that April 4, 1902, at Charleston, S. C., the defendant caused him to be arrested and charged with having forged or counterfeited a certain paper writing with an intention to defraud the railway company, upon which charge plaintiff alleges he was imprisoned and was prevented from carrying on his business. The charge was dismissed by the trial magistrate