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The Governor's Message.

Read in Both Houses of the General Assembly Tuesday.

It Deals With Railroad Rate: Urges Appointment of Extra Judges, and Strongly Advocates Enactment of State Prohibition Law.

(Special to the Argus)

Raleigh, Jan. 21.—The following is the full text of Gov. Glenn's message read before both branches of the Legislature convened here in extraordinary session today.

To the Honorable, the General Assembly of North Carolina:

Gentlemen:—Under no circumstances is it a pleasant duty to convene the General Assembly in extra session; still the Constitution, Article III, section 9, provides that "The Governor shall have power on extraordinary occasions, by and with the advice of the Council of State, to convene the General Assembly in extra session by his proclamation, stating therein the purpose or purposes for which they are thus convened."

To me it seems plain that such an extraordinary occasion has arisen, and so, by and with the consent of the Council of State, I have felt it my duty to call you together to consider the question of an adjustment of the passenger and freight rates charged by the various railroads doing business as common carriers in the State. In order that you may have a proper understanding of the present condition of affairs, it will be necessary to revert to the past and give a brief history of all matters appertaining to the rate controversy from the time of your last session up to the terms offered by the railroads, subject, of course, to your approval and ratification.

In my message to your honorable body at your regular session I used this language: "I would urge upon the General Assembly to carefully examine the whole matter of railroads, and, while doing everything the law allows in protecting the people against unjust discriminations, heavy rates and unnecessary hardships, at the same time to treat the railroads with perfect fairness and give them every legal right which belongs to them. Railroads are the great arteries of commerce, and have been the means of building up our resources as no other factor, and, therefore, should be looked upon, not as hostile, but as one of the State's most helpful agencies." I then recommended a flat rate of 2½ cents per mile for passenger fare and a mileage book of 2 cents; also, that railroads be required to remedy delays of their trains, have a limit set to hours of service of their employees, keep their road-beds in good condition and pay their fair proportion of all taxes, and then should be protected against injustice, such as is often practiced on them by trespassers and unjust litigation. With what suggestions I could offer, and with the sworn report of the railroads before you, after a full and able discussion of the bill in both houses, no joint conclusion could be reached, and a conference committee had, to be ordered. This committee reported a flat rate of 2½ cents per mile, which report was ratified and became the law of the State. After the law was enacted I tried to induce the railroads to acquiesce until a fair test would demonstrate whether the new rate was confiscatory or, on account of increased travel, was remunerative. Some of the railroads at once agreed to put the law into operation, but others refused, and prior to July 1, 1907, when the law became operative, went before a Circuit Judge of the United States for the Eastern District of North Carolina and obtained a temporary injunction against the Corporation Commission and Attorney-General, forbidding them from putting the law into effect. At the preliminary hearing, without finding the rate confiscatory, and not heeding the plea made to the jurisdiction of the court, the Circuit Judge continued the injunction to the final hearing, and ordered the Standing Master to take evidence and make a report as to whether the rate fixed was confiscatory of the property of the railroads.

On July 1, 1907, certain railroads refusing to recognize the rate fixed, a Superior Court Judge instructed the grand jury to indict their agents for selling tickets at a higher rate than that fixed by the Statute. Feeling it my sworn duty to uphold the law passed by your honorable body, re-

gardless of the amount fixed, I addressed a letter to all the State Judges, asking them "to properly charge the grand juries and to direct the Solicitors to send bills against the agents and employees of the railroads, or their higher officials, thus openly acting in defiance of law." In that letter I recommended that only enough indictments be made to test the validity of the law in all its phases, and not to needlessly harass the railroads.

Several railroad agents were indicted, convicted and sentenced, when the United States Court, not waiting for the defendants to appeal in the orderly way to the higher courts, again interfered, and by writ of habeas corpus discharged the defendants from the custody of the State's officers. For a while a conflict between the Federal and State authorities seemed imminent, but coolness on both sides was exercised, and it was agreed that the railroads should recognize and obey the law, pending the test of its constitutionality, and that the equity suit, indictment and habeas corpus proceedings should be prosecuted to a speedy conclusion. In taking steps to uphold the law enacted by the General Assembly only one motive actuated me, and that was, while not wishing to mulct the railroads with costs or needlessly imprison their agents, simply to compel them, the creatures, to recognize that the State, the creator, was sovereign and supreme and its laws had to be obeyed until some competent court declared that said law was unconstitutional and therefore void.

The equity suit and criminal proceedings moved very slowly, and, a financial crisis having come upon the country, several efforts were made to settle all disputes and produce harmony between the State and the railroads.

Terms Offered.

Finally I suggested the following terms as an equitable adjustment of the entire matter, subject, of course, to your approval:

The changing of the flat intrastate rate of 2½ cents per mile to a flat intrastate rate of 2½ cents per mile; fifteen cents to be charged extra for persons boarding train without tickets when tickets could be obtained in a reasonable time before departure of train, and the repealing of the penalty and misdemeanor clauses in the act of 1907; this, however, only to be done when the railroads operating in the State—except those exempted by law—agreed on their part to a reduction of the present intrastate rate of 3 and 3¼ cents per mile to a 2½-cent rate, thus making interstate and intrastate rates uniform; also, the railroads to issue a mileage book of 2,000 miles for heads of firms and employees, not exceeding five persons, names to be entered at time of purchase, said books to be interchangeable on all solvent roads and interstate and intrastate at 2 cents per mile; also, an individual mileage book of 1,000 miles, interchangeable, interstate and intrastate, for 2 cents per mile; also, a family mileage book for heads of families and dependent members of family, names to be entered at time of purchase, intrastate, and not interchangeable, for 2 cents per mile; also, the railroads to pay an amount not exceeding \$17,500 with which to pay the State's costs in the various suits.

The railroads agreed to these demands, except the payment of the money and the 500-mileage book for 2 cents. They claimed it was impossible for them to operate with such a mileage book, as it would practically put the State on a 2-cent flat rate, and that they should not be required to furnish a book of 500 miles at as low a rate as books of larger mileage. Not being able, therefore, to get this reduction, and seeing some force in their contention, it was agreed that the family mileage book should be fixed at 2½ cents per mile and that the railroads would pay the State \$17,500, to be applied as the State thought proper. The usual requirements as to time of redeeming books were to be observed and enforced. It was also agreed that, if, after a reasonable time, to-wit, twelve months, it

should be ascertained that the rate thus agreed upon was excessive on the one hand or confiscatory on the other, upon application, the Corporation Commission should have the power, after a full and fair hearing, to raise or lower the rate fixed, subject to an appeal to the courts.

Some seem to object to the requirement that the railroads pay the sum of \$17,500, but believe this objection comes from the fact that the proposition is not understood, and they believe this amount is to help defray the costs of convening the Legislature. I demanded this money for these reasons: I did not believe the rate passed by your body was confiscatory. I felt a wrong was committed by the railroads in bringing their suits before giving the rate a fair test. When the railroads got their injunction they not only had the Corporation Commission, the Attorney-General and Assistant Attorney-General enjoined, but also the attorneys employed by the Corporation Commission; hence, when the railroads refused to obey the law, not being able to get the services of these attorneys, I had to employ others, thus entailing more costs, and, therefore, the railroads, by their suits and acts, having put this extra cost on the State, I felt in the settlement they should pay it. If, however, your honorable body does not agree with me, and think the State and not the railroads should pay this cost, it is for you and not me to decide.

In order that in the future both the State and the railroads should know their respective legal rights in dealing with each other, and believing that the Minnesota case and the habeas corpus case from Asheville now pending in the Supreme Court of the United States would definitely settle and define the respective rights of all parties, it was agreed that, even if your honorable body accepted and approved the agreement, the case in the Supreme Court should not be affected thereby, but should proceed to final judgment.

Other States Agree.

The States of South Carolina, Georgia, Alabama and Tennessee, and probably Virginia, have agreed to the same terms offered by North Carolina, thus giving a uniform rate and mileage books over the entire South.

I have given this matter a most careful investigation, tried to protect in every way the rights of the State, and, in coming to the conclusion that the settlement reached is both just and equitable to the State and the railroads, I have had the advice and assistance of some of the State's truest, ablest and best men. However, I discharge my duty by obeying the Constitution and laying the matter before you, as you alone can enact laws. I think it wise to settle the matter. I believe the terms are fair to all, and, therefore, ask you, the lawmakers of the State, if consistent with your sense of right and duty, to approve what has been done.

Rate Fixed Not Confiscatory.

The rate fixed by your body at its last session, in my judgment, though less than the amount recommended in my message, was not confiscatory, but was just and based on the reports of the railroads themselves, and, therefore, was in no sense a wrong; and, if the railroads had given the rate a fair test, without having made the people hostile to them, I firmly believe, as shown by the evidence taken in the pending equity suit, that said rate would not only have proved both equitable and remunerative, but in excess of the previous earnings. But times have changed since you last met, and all business has suffered by the stricture in the money market. Disclosures made in the financial world showed fraud and corruption, gambling on the stock market, the withdrawal of money from circulation, thus bringing about unrest and distrust, together with many other causes which have seriously affected all securities, making stock values decrease and credit hard to obtain, until, on account of the little reduction of fares to 2½ cents, but for the reasons above stated and many others, railroads, like individuals and other corporations, have been crippled in their operations, have had in many ways to curtail their expenses, cannot borrow money to carry on their business, and, therefore, need all legitimate help that can be given them, not inconsistent with the rights of the people and the State. They claim that, if all matters of difference between them and the various States can be adjusted, confidence will be restored, their securities more easily placed, and they be enabled to continue their contemplated improvements.

No one but a demagogue would desire to injure railroads simply because it can be done, but should only wish to require them to deal justly with the people; and now that the railroads have recognized the sovereignty of the State and come forward, agreeing to terms alike fair to the State and

themselves, it behooves the State, through its lawmakers, to meet them in the same spirit of equity and do all it can to aid them, provided it in no way destroys the rights of the people.

Again, I trust you will solve this complex question by approving the terms agreed upon, thus restoring peace and harmony and putting all at work once more for the upbuilding of our beloved State.

Freight Rates.

In regard to freight rates, I suggest one amendment to section 1, chapter 217, Laws of 1907, by adding at the end of said section these words: "Provided further, that this act shall not apply to independently owned and operated railroad companies in North Carolina whose mileage of road in said State is one hundred miles or less." The reason for this recommendation is, that the amount of freight shipped on one of these little roads from one station on its own line to another station on its line is not over five or ten per cent. of its shipments, while from a point on its line to some point on the line of another road its freights would amount to from ninety to ninety-five per cent. of its shipments; while the shipments of the large roads to points on their own lines is from seventy to eighty per cent. of their shipments, while their shipments to points in the State on other roads would not exceed twenty or twenty-five per cent., being a discrimination so largely against the small roads as to most seriously affect and injure them, and, therefore, demands relief.

Discriminations.

One of the most serious complaints now existing against railroads is the discriminations made by them against the cities and towns of North Carolina in favor of like cities and towns in other States, notably Virginia, by reason of which jobbers and wholesale merchants in Virginia can under- take the same class of merchants in North Carolina. The cause of this is the rate given by the Norfolk and Western and Chesapeake and Ohio railroads to Roanoke, Lynchburg and Richmond, being the same rate given to Norfolk, Va., on account of its water-rate competition. To meet the rate of the railroads above named, the Southern, the Coast Line and Seaboard railroads had to give the same rate, and so haul freight through North Carolina to Virginia cities for a less amount than they haul to the cities of North Carolina; and often our shippers can better pay the through rate to the Virginia point, plus the local rate back to the North Carolina point, than pay the through rate in the first instance to the North Carolina point. This can and should be corrected. The Corporation Commission has now instituted proceedings before the Inter-state Commerce Commission against the Norfolk and Western Railroad for discriminating in favor of Lynchburg and Roanoke, Va., on its line, over Durham and Winston, N. C., also on its line. There can be no defense made for this unjust difference, and we feel assured that the Interstate Commerce Commission will correct the discrimination as to these points in North Carolina. When the Norfolk and Western is thus forced to adjust the rates for these two cities in North Carolina, competition will compel the other railroad systems to give the same rates to these points, and then they will be compelled to give them to other North Carolina cities, else there will be discrimination between points in North Carolina, which is forbidden by law. Hence, we confidently believe that this suit and similar ones will entirely correct any unjust discrimination against North Carolina shippers, jobbers and merchants. This being an interstate question, it can only be reached through the Interstate Commerce Commission; and, in order that these suits may be successfully pushed to an early hearing and termination, I respectfully ask that a sum not exceeding \$5,000 be appropriated for carrying on an investigation fraught with so much benefit to our people. At the last session a bill making this appropriation passed one house and two readings in the other, but in some way failed to become a law.

Other Important Matters.

When I called the extra session, with the advice of the Council of State, only one object was considered, and that was the rate question. Other purposes, however, than those which I convened you to consider will doubtless be brought before you; and if, in your wisdom and after the most mature and wise deliberation, you decide to enact other legislation than that embraced in my call, there are two matters, imperative in their nature, to which I would most respectfully call your attention.

Better Court Facilities.

There is a defect in the present ju-

dicial system of the State. If a Judge is sick or detained from his courts by unavoidable accident, there is no provision to remedy this omission, unless some other Judge can find time from his own courts to ride the circuit of the sick or absent Judge. This could easily be remedied by establishing two small additional districts, consisting of a county each, so that the Judges riding these small districts could, when not engaged with their courts, hold special terms and take the place of the sick Judges. The Ninth Judicial District lost its entire circuit this fall by the serious illness of the Judge, thereby causing a loss of thousands of dollars and leaving persons in jail who were entitled to a speedy trial. Such instances have happened before and will happen again, and, therefore, should be remedied.

Prohibition.

There is another matter that doubtless will engage your most careful consideration. I allude to the question of State prohibition. The people of North Carolina are determined to make a trial of prohibition, and the only thing to decide is when and how this can best be brought about. The curse and degradation of the liquor traffic is fast becoming a stench in the nostrils of decency, and there is an imperative demand coming to you from every section of the State to drive out these places of vice and wickedness, and to convert the money thus wasted in riot and drunkenness into channels of business, thrift and industry. Every one in the State knows my views on the liquor question, for, publicly and privately, I have contended that, both from an economic as well as a moral standpoint, the greatest blessing that could possibly be given the State would be the prohibiting of the manufacture and sale of intoxicating liquors as a beverage anywhere in its borders. So firmly am I convinced of the soundness of my views on the subject of liquor being a curse to the people of the State, that, if the power to act were vested in me, I would not trouble your body to consider the matter, but would at once free our land from this monster evil that, in my opinion, is the source of a thousand woes and scarcely a single blessing.

When I issued the call for this special session I did not know whether the voice of the people could now be heard, or whether it would have to wait until the regular session; but so quickly has the demand for relief crystallized throughout the entire State that it would be utterly wrong to deny the people a hearing upon a matter so vital to their public and private life.

I would not put my judgment against that of the one hundred and seventy members who compose your honorable body, all of whom are just as patriotic and many far wiser than I; still, after visiting the people in every section and hearing and knowing their views, as I do, I am thoroughly satisfied that no act ever passed by any legislative body in North Carolina would give the joy or be more generally endorsed than would be the act of this General Assembly in giving prohibition to the entire State.

Under the Watts, Ward and other similar bills, by legislative enactment prohibition was given to all rural districts, until at least four-fifths of the State's territory thus had prohibitory laws. These acts have produced good, and not evil, and have been endorsed by the votes of the people in three general elections. Also, under the same laws, villages, towns and cities throughout the State have declared for temperance, until ninety per cent. of the entire territory of the State now has prohibition. Thus we know the will of the people, for they have spoken by their votes in no uncertain sound, until all agree that it is inevitable that liquor must go. So, why, then, entail needless expense and engender bitterness by local fights, when by your act, carrying out the will of a majority of the people, you can settle this matter at this session?

Pass the law let it go into effect July 1, 1908, and before the general election in November all agitation will cease; for, as well said by one of North Carolina's wisest statesmen, "A liquor dealer without his liquor is about as weak as Samson shorn of his locks." Refuse at this session to dispose of it, it will enter into the next campaign, be the issue in many counties, and cause confusion and strife; whereas by action now you destroy the factor that would make this agitation.

There is only one question for us to ask, and that is, What is right? And when we know what is right, let us have the courage to do the right; and what is right will prove what is both expedient and best, and will receive the approval of all good citizens. All know the whiskey traffic is an evil. We talk of the wrongs of a protective tariff, the ills and crimes engendered by monopolies and trusts, but all the evils and iniquities of the tariff, or

the robberies and oppressions of greed and monopoly together do not begin to compare with the sorrow, the ruin, the misery, the crime, the poverty, the madness, the vice, the degradation, the death and the damnation produced by strong drink; and, therefore, in the interest of business, for the protection of helpless women and children, for the suppression of crime, the amelioration of want and poverty, the prevention of disease, the preservation of life and the salvation of human souls, in the name of more than a million true, brave, pure and noble North Carolina men, women and children, I ask you at this session to abolish this demon of destruction! If you do this, your act will be the wisest and best ever passed by any legislative body, and will be ratified and endorsed by the good people of the State. But, whether you follow my suggestion or not, I will always feel that no act that I ever did was more for the uplifting and upbuilding of the entire State than my message for State prohibition.

Again I commend to you the proposition to settle the rate controversy upon the terms offered by the State and agreed to by the railroads, subject to your approval. Your action at the last session was based on the railroads' reports of earnings, and was, therefore, just and not wrong. When the railroads refused to recognize your law, by a strong hand the roads refusing were compelled to obey and to admit the sovereignty of the State; but now, when the railroads have agreed to the State's terms, which give a fair and reasonable rate, not only to our own State, but to all the South, we can afford to lift the hand that enforced the law and give it in relief to a needy subject, especially when in giving relief to the subject we receive equal benefits to the sovereign, thus showing how a State can be strong and at the same time just and protecting.

If this Legislature, having seen its laws enforced and obeyed, will at this session ratify an act that will bring peace and harmony among all contending interests, and at the same time pass an act lifting the curse of strong drink and bringing order and soberness into our borders, it will have performed two acts that will make its name immortal and be forever remembered as a blessing to the State.

Wishing each of you a happy sojourn at our Capital City, and extending to all a most cordial and hearty welcome. I close my message by expressing the belief that, actuated by high and patriotic motives, you will do your full duty to the State and pass such laws as to you seem just and right. I bid you God speed in your work and ask Heaven's blessing on all you do. Respectfully,

R. B. GLENN,
Governor.

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