

within the arid regions. Unless the Carey act should be amended so as to give the state power to pledge lands for their reclamation, he says it would be no better to place the lands under the direction of the states, only so far as may be necessary to secure their reclamation for the benefit of actual settlers.

The total amount paid by the government in pensions and the cost of disbursing the same for the last thirty-one years is \$2,034,817,768. The present number of pensioners, which is 970,678, is greater by 4,668 than in 1893, when the maximum annual cost was reached, and is greater than ever before. This is due to the death of old soldiers and the continued payment of allowances to their heirs, while the amount paid is decreased through the death of invalid pensioners leaving no dependents.

An increase of from \$8 to \$12 per month is recommended for all wholly disabled and destitute Mexican war survivors.

Under the head of Indian affairs the secretary repeats the recommendation of his predecessor for a commission of three officers, one of whom shall be an army officer, to take the place of commissioner and assistant commissioner of Indian affairs.

"The commission sent to negotiate with the Uncompahgre seems not to have understood the terms of the agreement of 1890, as in its report it is stated that the Uncompahgre declined to pay \$1.25 per acre for their new lands because they had sold their former lands, which were of better quality, to the government at 12 1/2 cents per acre. If the Indians understood that the \$1.25 per acre for new lands allotted them was to be taken out of their interest-bearing trust fund, they were justified in declining to accept such a proposition, as the agreement clearly stipulates that the trust fund is a permanent one, from which the Indians shall receive \$50,000 per annum forever. The records of the land office give Colorado lands relinquished by the Utes as containing 12,467,200 acres. Of this 698,080 acres have been sold, realizing \$1,324,890. The cost of removing and settling the Utes and providing agricultural implements, buildings, stock, etc., was \$429,557. Consequently, \$1,679,557 must be realized from the sale of the Colorado lands before the Uncompahgre Utes can be required to pay \$1.25 per acre for lands allotted them in Utah. If the commission had explained this situation, the Utes would perhaps have consented to accept lands allotted to them and to pay \$1.25 therefor when sufficient shall have been realized on the sale of their Colorado lands to permit such payment without interfering with their trust fund.

"The commission segregated from the Utah reservation the northeast portion thereof and reported it to the department as all of the reservation that could prudently be classed as non-agricultural. The last report of my predecessor, under the heading of 'The Geological Survey,' states that an examination made by that bureau has established the fact that on this reservation are large deposits of 'gilsonite,' or asphaltum of great commercial value,

for paving and other purposes. It was thought for some time that these deposits were confined to the section of the reservation set aside by the commission as unfit for agriculture, but later it has developed that other if not more valuable deposits of 'gilsonite' are located on that portion of the reservation not designated by the commission as subject to restoration to the public domain because not needed for allotments to the Uncompahgres."

"It is my judgment," says the secretary, "that some legislation should be enacted whereby the people of the United States can at an early date have the benefit of these valuable and useful deposits.

"It is claimed a considerable portion of the Uncompahgre and Uinta reservations, known as the 'lava beds' contain a substance called 'elaterite,' which, with a solution recently discovered, makes a valuable paint and an insulator of incomparable quality. Such deposits of gilsonite, or elaterite, are of rare occurrence; in fact I know of no other within the limits of the public domain.

"I recommend that Congress authorize the appointment of another committee to negotiate with the Uncompahgres and explain to them how the lands allotted can be paid for without depleting their trust fund, and that authority be given such commission to sell (subject to the approval of the secretary of the interior) the remaining portion of the lands of the reservation to the highest bidder, to lease them, or to negotiate with responsible parties for the working of the deposits, in order that the government may be fairly compensated and to the end that the public may enjoy the benefit of a highly useful gift of nature.

"If these lands were the property of the Indians there could be no question as to the above described method being the proper one to adopt in the disposition thereof. In my opinion, however, the Indians have no interest in these Utah lands. If there is not sufficient agricultural lands within the limits of the Ute reservation to provide for their allotments under the agreement of 1880, the government would be under obligation to locate agricultural lands elsewhere for allotment to the Uncompahgres."

The secretary makes no comment on the work of the Dawes Indian commission, but includes in the report a partial report of the commission.

Under the head of bond-aided railroads, the secretary says he has complied with the joint resolution of June 10, 1896, requiring him to continue the issue of patents to bona fide purchasers of land sold by bond-aided railroads, but he says he declined to issue patents to all surveyed lands on the application of the Central Pacific. He says: "The representatives of the Central Pacific further contended their road is not in default to the government, and that if it were the lands are not covered by the government mortgages and cannot be held to secure the same.

"I do not agree with either of these statements. The tables presented clearly show that the Central Pacific railroad is in default to the government, but whether so or not it unquestionably will be on January 1st next, or thirty days hence, when \$2,432,000 additional of its indebtedness, together

with thirty years interest thereon, will fall due and must be redeemed by the government.

"In answer to the contention that the government lien is not secured by the lands granted the Central and Union Pacific companies, section 5 of the Act of 1862 provides that on the refusal or failure of a company to redeem its bonds or any part thereof the secretary of the treasury may take possession of all lands which at the time of said default shall remain in the ownership of the company. For the above reasons I have declined to patent lands to the Union Pacific railroad or the Central Pacific railroad, except in cases where it can be shown that the lands for which patents are asked have been sold to bona fide purchasers. Inasmuch as the subsidy bonds issued by the government to aid in the construction of these roads are falling due from time to time and must be redeemed by the government as they mature, while the roads are unable to reimburse the treasury for the amount so paid, and the further reason that a bill is now pending in Congress providing for a funding of this indebtedness, I deem it the part of prudence for this government to retain whatever property of the roads it may have in its possession or in its control until there shall be an adjustment of the amounts due the government."

The secretary says he has requested an opinion from the secretary of the treasury as to whether the Central Pacific is in default, and from the attorney-general as to whether, if in default, he is authorized to patent lands granted to bond-aided railroads even when they have been sold to bona fide purchasers. It will be noticed here that the secretary by implication questions the authority of the concurrent resolution directing him to continue the issue of patents.

Referring to the railroad commissioners' recommendation for a commission to settle the indebtedness of the bond-aided roads the secretary says:

"Congress is not likely to delegate to any commission the power to settle this indebtedness without making such settlement subject to its approval, but whether Congress would do so or not, the delay consequent upon the appointment of a commission and its work would be so great that most or all of the bonds issued in aid of these roads would mature and the government be called upon to redeem the same. In the meantime other bills would be introduced seeking to effect other settlements, and in the end the government would receive less for its claim than it would if a compromise by the cash payment of a lump should be effected in the immediate future and the government become relieved thereby from all connections with these roads.

"This indebtedness has been a subject of attempted legislation for many years past, and it seems impossible to frame any renewal or extension of the loan which will be acceptable to both the legislators and the indebted companies. A funding of the debt which contemplates the government accepting long-time bonds for its advances will not remove this troublesome subject from the consideration of Congress and would probably result in re-