

Seattle, Wash., Oct. 23, 1890

PERSONAL

Elijah Smith, Esq.  
President, New York City

Dear Sir;

I acknowledge your letter of October 16th.

We have, as I have heretofore telegraphed you, granted the increase of 15 per cent to the miners at Newcastle and Franklin; but the situation up there is as bad, about, if not worse than it was before the demand was made. They have now demanded an increase in the contract price for mining the coal, a decrease in the hours for carpenters, and there is hardly a day passes but that a fresh demand of some kind is not made, and we are looking forward very confidently to the time when they will demand a change of bosses at the mines and practically assume the control of the mine again. We have yielded to some of their demands, and have held off on others; but the situation is daily growing more strained, and it is only with the greatest difficulty that we can maintain any sort of discipline at the mines. I have made a close calculation with Mr. McNeil and Mr. Corey about the ultimate effect of the increase of pay and the increase of the contract price of mining, as the matters stand now I think it will raise the price of coal at the mines to about \$1.60 at Newcastle. At Franklin we are doing nothing except driving the entries. As soon as this is finished, we propose to knock off all work except a very small number of men, probably twenty or twenty-five, who will keep ahead with the gang-ways at the extreme ends. It is now our settled purpose to arrange to bring out about three hundred negroes in January, with their wives and children, which will amount to about 450 people. These negroes we will put into Franklin, and the moment that we get them in there, I am assured by Mr. Corey that we can start in on an out-put of 500 tons a day of good, clean coal. The expense to us of getting these darkies out will be about \$25,000. I have broached the subject to the other mining operators here of standing in, and raising a fund to help us out on this pioneer effort, as it will be an advantage to them in a general reduction of mining prices as soon as the move has been successfully accomplished. They take to it rather kindly, and I believe we can get some money from them. We can, of course, charge all the expenses of the move to the negroes and collect it out of their wages; but the amount of expense that we will be to, for which there will be no return will probably be something ranging from \$5,000 to \$10,000. If we can get \$5,000 help from the other mines, I think we would be out very little money.

The effect of this move on Newcastle, I believe, will be immediate and of the utmost benefit, and I think we can immediately bring about a reduction on present prices of not less than 25 per cent besides having the absolute control of our mine and being able to establish a thorough discipline, which ought to be worth at least ten per cent more. In order to get these darkies, we have got to start in immediately and make our arrangements and be gathering them up ready for their coming here in January. I have also got to obtain from the Northern Pacific road a lease for the right to handle the surface privileges on Section 19 and Section 17, so that we can eject

the miners now occupying our houses without payment of rent. I will look after this with Schulze at once.

On the receipt of this I would be glad to have you give the matter consideration and advise me as promptly as possible your approval of the plan of brining the negroes to Franklin, which carries with it the probable expenditure of about \$25,000 to make the move, \$15,000 of which we except at least to re-collect from the darkies after mining operations have commenced. The sooner I get this word the better, as we ought to send our men on at once and be organizing the forces.

Yours Truly,  
C.J. Smith

*(from Oregon Improvement Company Records)*

I received today your letter stating that so far as you had looked into the matter you approved the course of putting the Negroes in the Franklin mine. I am glad you think so and hope we can get the matter arranged so we can commence to take early action in reference to this, as the Franklin mine is now in shape where we can work it up to an immediate output of about 8,000 tons a month and by the first of August can increase this to 12,000 tons and can sell every pound of it at a profit of not less than \$1.00 a ton, and under favorable conditions of the market can get a net profit of \$1.25 a ton. As long, therefore, as the mine is idle we are losing this much in our earnings. On the basis of the figures sent you for transaction, it will cost about \$35,000 to place the Negroes in the mine, of which we will get back about \$20,000 by deduction from the labor of the Negroes as soon as work is under way. If we can get a rate of about \$35 from Virginia to the coast it will reduce the amount to about \$25,000 all told needed to expend for this purpose.

Yours Truly,  
C.J. Smith  
General Manager

OREGON IMPROVEMENT CO.

Joseph Simon, Receiver

C.J. Smith, General Manager

S.B. Willey, Auditor

A.S. Gibbs, Cashier

Portland, Oregon, Jan. 28 1891

W.H. Starbuck, Esq.  
Pres. O.I. Co., New York

Dear Sir;

As you will doubtless be interested in matters that are transpiring out here in connection with the properties, I send you the following:

On September 1st, as I have heretofore advised you, a demand was made by the miners operating in all mines west of the Cascade Mountains in Washington for a horizontal increase in wages of 15% on all classes of labor. Owing to our crippled financial condition it was considered advisable to accept this condition for Newcastle Mine as the neighboring mines had agreed to it, but the Franklin Mine was