## SHELDON'S

certainly foreign mortgages should be taxed. The sensible thing to do is to tax all mortgages, both foreign and domestic,

as an interest in real estate. Being as-

sessed as an interest in real estate they

would then be assessed for taxation pur-

owner of the real estate assessed upon

the equity he possesses.

It is contended by many that the result of such a law would increase the

rate of interest because Nebraska is not a creditor state. If such is the case the

possibility of an increase in the interest

rate may be avoided by permitting the privilege of contract whereby the owner of the land may, if he chooses, pay the tax

on the interest of the mortgage. He could afford to do that and be none the worse

off than he is at present. Certainly if

all the domestic capital that is available for the investment of mortgages is driven

out of the state non-residents may be

expected to raise the rate of interest as

they no doubt will do when there is no

longer competition by domestic capital.

During the past ten years we have been bountifully blessed with good crops and

prices. The people of this state have been paying off their indebtedness and accum-

ulating capital which should be invested

at home. The present law discriminates

against domestic capital and in my opin-

ion it is forcing the residents of this

that extent it increases beyond measure

continue the pernicious system of the

Another amendment that is needed to

the revenue law is one that will permit

the reduction of bona fide indebtedness.

Under the present law a man wno is in

debt is taxed for all that he possesses

and for all that he owes. The debtor

class of property holders should not be

that almost every other state permits the deduction of bona fide debts in some

erty holders pay a much greater propor-

tion of the city, town and villages taxes,

according to the value of their property,

than do the railroads which have their

terminals within the corporate limits. The

railroads receive benefits from the cities,

towns and villages and in return should

pay their proportion of the city, town and

It may be a debatable question whether

the great corporations of this state have

of the taxes. But the Union Pacific and

in the past been paying their full share

Burlington railroads have refused to pay

in full the taxes which have been regu-

larly assessed and levied against them for the years 1904, 1905 and 1906. They are

already delinquent about three quarters

of a million dollars for 1904 and 1905. The

refusal to pay this year's tax will place

them delinquent over one million dollars.

to the other taxpayers of the state and is

wholly unwarranted when past conditions in the state are considered. The gov-

ernment gave bountifully of its land, and

They have always up to the present time

corporations, by their conduct, appar-

strange that their conduct has vexed a

for the protection of the state if their

assess and tax their property as it assess-

taxes and railroad property in the future,

so far as I am concerned, will continue

to be assessed at whatever seems to be

pass a law depriving them of this priv-

elege they probably will continue this prac-

a joint resolution be passed memoralizing

congress to pass a law that will deprive

a non-resident from enjoining the collec-

tion of a tax levied upon property within

poses of business is a unit. But when it comes up for taxation it is sixteen dif-

ferent companies. At present this com-

pany does not give the earnings for the

different branch lines but simply gives

the earnings for the whole system within

the state. The matter of assessing such

a property with the information furnished

the state board of equalization and assess-

ment is a difficult problem. There is no

disposition on the part of any one to

assess them unreasonably, but there is a disposition to assess them equitably

and for what they are worth. Railroads

which operate branch lines in Nebraska should be compelled to furnish for each

and every branch line an itemized state-ment in detail of all the business trans-

actions of the several lines, together with

the value of the stocks and bonds of each

line and the gross and net earnings of

each. It is sincerely hoped that this leg-

islature will amend the revenue law in

difficult one. A uniform assessment of property according to its value, regard-

less of its character, is certainly to be

desired in any well governed society. All

property should bear its just proportion

of the burden of taxation. Personality should not be considered. It is neither a

crime to be wealthy nor one to be poor.

Let us remember that it is the property and not the person that should be taxed.

All amendments to the revenue law that will eliminate double taxation and secure

for the people of Nebraska more uniform

and just assessment of property will be welcomed by every one that has the wel-

In the conduct and management of the

state institutions the governor is largely

in its management. All the superintend-

ents and heads of the different institutions

that are appointed should be held res-

ponsible for their conduct and for the

management of their institutions directly

to the governor. The laws of this state should be amended so that in case of

mismanagement and misconduct the gov-

ernor may remove them summarily. We

have witnessed in the past at several different times the pitiable condition in

which governors of this state have been

placed when trying to remove a delin-quent or incompetent appointee. I trust

this legislature will see to it that the laws

are amended so plainly that such occur-

rences may not necessarily happen again.

pecially the railroads and the telephone

companies, have in the past maintained

presence of any kind of professional lob-

byists is neither needed nor desired. The

The great corporations of Nebraska, es-

fare of the state sincerely at heart.

The question of equitable taxation is a

The Burlington railroad for the pur-

It is, therefore, recommended that

The citizens of Nebraska can not en-

equitable and just.

the state.

this respect.

taxation. Notwithstanding the

present law in this respect.

neither fair, right nor just.

village taxes.

URGES THE LEGISLATURE TO CARRY OUT PLEDGES.

## WARNS AGAINST ANY EXTRAVAGANCE

Years of Prosperity Time When the State Debt Should Be Reduced-Revenue Law Should Be Materially Strengthened.

Governor Sheldon's message to the legislature was delivered to the two houses on Thursday, December 3d, and was as

To the Senators and Representatives, Thirtieth Session of the Legislature of Nebraska:

I am pleased to greet you upon this occasion. I appreciate beyond expression the confidence the people of Nebraska the tax upon that class of property. It placed in me at the last election. I is not fair to the residents of our state appreciate deeply the high honor thereby conferred upon me, and I wish to thank my friends throughout the state for the loyal and enthusiastic support they gave me during the campaign. I feel especially grateful for the assistance and support of the loyal republicans and the independent voters who belong to other political parties than the one to which I of have the pleasure of belonging and by which I was nominated.

To the members of the legislature I desire to offer a few suggestions, which, I hope and trust, will be taken in the same kindly way, and with the same good will, as they are given.

You will remember that we are pledged against extravagance and bound not to raise any more taxes for current expenses than will be necessary to conduct our state government under the most rigid economy. The total estimates for current expenses during the next blennium made by the heads of the several institutions are so large that it will be necessary for you to investigate thoroughly the needs of these different institutions before making the appropriations. Promiscuous junketing is expensive, and in the past has not given beneficial results. It is, therefore, sincerely recommended that a joint committee be appointed for the purpose of visiting the several state insti-



GEORGE L. SHELDON. Nebraska's New Chief Executive.

tutions and inquiring Into their actual needs before the appropriations are made. The indebtedness of the state should be decreased while the state is prosperous. By an act of the last legislature provision was made for payment of the outstanding indebtedness of the state. That act will insure the payment of the debt within a few years if future appropriations are kept within reasonable bounds. The current expenses must be kept within the income of the state. It will not do

to increase the public debt at this time. The constitution of the state will not permit the permanent school fund to be invested in any other securities than registered county bonds of this state, and United States and state securities. field for investment of this fund should be enlarged. There are other forms of investment equally as safe that would increase the interest return to the fund. If it were invested in municipal bonds, school bonds, or in Nebraska mortgages, the state would be benefitted on account of the interest being paid at home.

The one-mill levy will reduce the float-ing indebtedness of the state about \$300,-000 each year. A large part of this floating ing btedness has been taken up by the state treasurer for the benefit of the permanent school fund. There will be, there-fore, about \$300,000 of the permanent school fund each year to be reinvested on this account alone.

It is urgently recommended that this legislature submit an amendment to the constitution so that the permanent school fund will not remain idly in the hands of the treasurer when the state indebtedness is paid off. Times and conditions change, Therefore it will be for the best interests of the state that this section of the constitution be amended so that future legislatures may determine from time to time what class of additional securities shall be available for the investment of this

The new revenue law of 1903 has brought about one of the most uniform properly conducted where there is friction assessments of property ever had. But there is still urgent need for amendments which will provide for a more equitable distribution of the burdens of taxation among the property holders of this state. Under the present law real estate that is mortgaged is assessed for taxation purposes at its full value to the owner of the land without any deduction whatever for the amount of the mortgage. In addition to this, if a mortgage is held by a resident of the county or of this state the mortgage is also assessed at its full value. There is no good reason why a piece of real estate that is encumbered with a mortgage should be burdened with greater taxation than a piece of real estate of the same character and value that is not mortgaged.

Again, under the law, if the mortgage is held by a non-resident of the state, and a a strongly organized lobby in Lincoln great many of them are, no tax is levied during sessions of the legislature. The against it because mortgages are construed to be personal property. Personal property is supposed to be assessed where the owner of the property resides. If domestic mortgages are to be taxed, then the components of the property resides. If the components of the property resides of the components of the property resides.

Ida M. Tarbell, who wrote Lincoln

editing The American Magazine.

The American Magazine Has Changed | with the very best novels and short | iam Allen White, the famous Emporia stories and great timely article by Hands. For 30 Years It Was Leslie's Popular other famous writers and beautiful Monthly.

pictures by great artists. The new editors are making good. and the famous "Story of Rockefeller"; Their periodical grows better every ing with her story "The Tariff in Our William Allen White, the well-known Kansas editor; F. P. Dunne, creator of "Mr. Dooley"; Ray Stannard Baker, of "Mr. Dooley"; Ray Stannard Baker, Lincoln Stoffens are under the Staffens are under the Stoffens are under the Staffens are under the staffe and Lincoln Steffens are under the experiment in brotherhood now being "The Negro Crisis," suggests that the long as we have no state law to the conleadership of John S. Phillips, now conducted in America—The Theosopi- separation of whites from blacks may trary. I recommend that the best effort cal Institution at Point Loma, Cal. become necessary. Never before has such a brilliant Katherine Tingley, the power in the group been gathered together, and organization, is a wonderful leader, serial, "Arethusa, a Princess in Slavthey are not only contributing them- reminding one of Mary Baker G. Eddy ery," being a love story of old Conselves, but are filling the magazine in the ability she has exhibited. Will- stantinople.

ial, clever men who, by their persistent and able efforts, are able to accomplish much for the interests they represent. The fact that during all of the previous history of this state no law has been passed which has regulated freight rates poses where the land is and not where the mortgage lives. The value of the mortgage would then be deducted from the value of the mortgaged estate and the in any particular bears vitness to the effective work and influence of a strongly organized railroad lobby. It is expected that this legislature will pass such meas-ures as will forever put an end to ring rule in Nebraska. It is to be hoped, therefore, that there will be passed not only an anti-pass law, and a primary election law, but that there will also be passed a law that will prohibit professional lob-

The use of the telephone as a means of communication is becoming general in Nebraska. There are complaints in many parts of the state of unreasonably high rates and poor service. It is, therefore recommended that the railroad commission, in addition to control of railroads, be also authorized by law to control telephone companies and regulate the rates thereof.

In regard to the railroad legislation that you are about to enact, permit me to offer these suggestions:

First-It is recommended that a law be passed prohibiting any culroad company from charging in the future any more between points within this state than were the charges on the first day of Jan-uary, 1907; compelling them also, to furnish to the railroad commissioners traffic and classifications in force on that

state to invest their capital in securities and lands of other states. The present system plainly imposes a double tax upon Second-Inasmuch as the constitutional mortgaged property, when the mortgages is held by a resident of this state and to amendment providing for the railroad commission does not definitely define the powers and duties of that commission, a law should be passed immediately that will clearly, simply, and unmistakably define its powers and duties. Besides de-fining the duties of the commission, there and it is against good public policy to should be conferred upon it the power to prohibit rebates, special rates, and dis-criminations of every sort to any particular person, company, firm, corporation or locality; and power to change, or alter, any or all schedules, classifications or tariffs that are in force on any railroad in this state at any time, so that the compelled to bear extraordinary burdens rates, fares and charges shall be reasonable, just, and equitable. Let this law be written so plainly that it can not be misunderstood, and with such deliberation

form or another we are still discriminthat it can not be set aside by the courts. ating against the debtor class which is Third-It is recommended that you deprive the railroads of the right to enjoin The cities, towns and villages of this the enforcement of a rate made by the state in almost all instances have a high commission pending an appeal to the state rate of taxation. It is important, therecourts. fore, that property therein be equitably assessed. At present the resident prop-Fourth-It is further recommended that

you pass a joint resolution memoralizing

congress to pass a law that will deprive common carriers from enjoining the enforcement of rates made by a state commission between points within a state pending an appeal to the feredal I sincerely believe that it will be for the best interests of the state that you give your immediate attention to the enactment of laws that will do away with professional lobbying, that will abolish the free pass nuisance, and that will define the powers and duties of the railroad commission, so that the commission can get to work at once. There is great need in this state for a reduction of freight and passenger rates. The people need the relief. The commission will naturally await the action of the legislature. For these reasons it is essential that this work be done as quickly as a careful consideration of the subject will per-

Their action in this respect is not fair The people of Nebraska are to be congratulated upon the fact that they have become awakened and are determined to govern themselves. We have been elect-ed to carry out a definite program. It the people of this state, in a great many instances, voted bonds to help build these a just one. Let us work together in harmony. It is suggested that all members of the republican party keep before them the platform that was adopted at the in the matter of freight rate regulation. charged what they pleased. It requires last republican state convention. Let us patriotism at times to support and main-

tain a stable government. These great pledges I realize somewhat the grave responsiently lack that noble quality. It is not bilities that are about to be placed upon me, and appreciate the importance of the patient people. No doubt they would ask work that lies before me. Having been elected without obligations, except the trust I owe the people of this state as property were in danger, yet they deny the right of the state government to their public servant, I shall endeavor in the administration of the affairs of our state to be guided by what seems to be es and taxes all other property. Every-thing that can be done will be done to for the best interest of Nebraska and for enforce the collection of these delinquent the general welfare of her people. I bear no malice toward anyone, not even to the great corporations that have so strenuously opposed, and which probably will continue to oppose, the establishment of common justice in this state. Their join the collection of a tax levied against rights must be protected, but when they their property, because they are denied that privilege. But railroads, being nonabuse their privileges as they have done in the past they must be held to strict account. The welfare of our state deresidents of the state, seek relief through the federal courts. Until congress shall mands that they must not be put out of business, but that they must be put out

of Nebraska politics. I realize fully that this reform movement not a crusade against wealth, but rather a movement against graft and greed, and abuse of power. It has for its object the establishment in this state, from one end to the other, of government by the people and for the general welfare of the state. Legitimate interests must be protected. Conspirators against the common good and violators of the law must be prosecuted. The law of the land

must prevail. I hope and trust that I shall have the loyal support and the wise counsel of the good citizens of this state, with the light of their intelligence, and with the wishes that God may grant me, I hope and trust my administration may meet the expectation of the people of this state who have elected me.

GEORGE L. SHELDON.

The National for January is a "snappy" number, "Affairs at Washington," by its editor, Joe Mitchell Chapple, is exceptionally strong in character; and several additional pages are added to this department, giving to the reader an insight into the affairs at the National Capital such as can be obtained from no other publication. "Cuba's Malady" is the title of one of the most timely articles of the month, and is written by John Vavasour Noel, who has been in Cuba for some time, and has made a study of the conditions that led up to the intervention by the United States. Kate Restieaux contributes an interesting article upon John Greenleaf Whittier, the great American poet. Charles Warren Stoddard furnishes one of the best stories he has written for many months, under the title of "Caprice." "The Bright Side of Packingtown," by Mary Humphrey, gives the reader an intelligible idea of conditions, and is so widely different from the sensational material, that all good people, except those who are looking for "yellow literature," will appreciate the article. The "Home Department" is, as usual, full of those helpful hints that we all want to know. The editor adds to the "Happy Habit" articles a set of "Resolutions" which are good for all living beings. The number is filled with the very best fiction, among which might be especially noted, the story "Reversing an Engineer," by C. C. Johnson; "The Poor Man's Cow," by Miriam Sheffy; "A Comedy in the Air," by Charles McIlvaine; "His Client," by F. Binney de Forest; as well as other fascinating fiction.

(Kansas) editor and novelist, compares Emporia and New York City. Of course the article is compact of wit and wisdom. Ida M. Tarbell, proceed-

F. Marion Crawford begins a new

GOVERNOR MICKEY'S LAST WORD TO LEGISLATURE.

SUGGESTS WHAT SHOULD BE DONE

Urges Legislation in Behalf of the People, and Pleads for Strict Economy in Appropriations -Able Document.

Following is Governor Mickey's message delivered to the legislature January 3d: To the Members of the Thirtieth Session of the Legislature of Nebraska-Gentlemen:

The organic law makes it the duty of the chief executive to call the attention of each recurring legislative body to the general condition of state affairs and to make such suggestions and recommendations as in his judgment the needs of the public service require. In discharging this duty I desire primarily to congratulate the members of this assembly on the exceedingly prosperous conditions which prevail in their respective districts-conditions of thrift and competence which have never been equalled in the history of the state. Without attempting an analysis of the cause, it is apparent that a goodly heritage is ours.

You are assembled at a time when history is being rapidly made. Never before has there been an era when the public conscience was so quickened to a sense of justice and when there was such a general demand for the purging of the inequalities which have been tolerated in our civil system. The time is ripe for improvement along ethical lines. Abuse of special privileges and opportunities must give way to justice. Organized so-ciety has drifted to a higher plane and the inquiry of the times is "how can the greatest good be conserved and guaran-teed to the greatest number?" This, I take it, is the present day spirit and trust it is the dominating sentiment which will control the actions of each of you through this entire session.

The Revenue Law.

The condition of our state revenues is rapidly assuming a more satisfactory phase. The hostility which the new revenue law engendered in the campaign of two years ago has almost entirely disappeared, and the measure is now generally regarded as both wise and beneficent. It Is equal to the necessity of raising sufflcient funds to meet the economical ad-ministration of state affairs and the gradual extinguishment of the floating debt, two ends which must be met. A needed amendment, however, is one which will require the railroads to report to the state board of equalization and assess-ments the actual amount of earning of each road within the state as one of the bases of assessment. Freight rates in Nebraska are considerably higher than in the states to the east, and yet the earnings of the roads doing an interstate business are reported to the several states in the ratio which the total mileage bears to the mileage within each state. This is a manifest injustice to Nebraska. If the railroads persist in charging our people higher rates than they do the people of Iowa and Illinois, then the earnings reported to our state board should be corshould be affected accordingly. The new law has now been in active operation three years, and during that time has been under the rigid scrutiny of all interests. With the exception of two of our railroad systems, the Burlington and the Union Pacific, it has met with unqualified endorsement. The railroads mentioned regard themselves seriously ag-grieved in the matter of the amount of their assessments and the consequent enlarged taxes. They have gone into the courts to test the legality of the action of the state board of equalization and assessments, so far as it affects them. and though they lost their suit in the United States district court they have appealed to the United States supreme court, where the issues are now pending. The amount involved is twenty per cent of the total taxes due from the two roads to the several counties, with the excep-tion of those counties where the amount in controversy is less than \$2,000. For the years 1904, 1905 and 1906 the total of taxes thus withheld is about \$1,000,000, Approximately \$100,000 of this sum be-longs to the state, and the remainder to the several counties, school districts and municipalities. Manifestly the failure to collect such an amount of tax is working great hardship and embarrassment to many county treasuries. Firmly believ-ing that the railroad assessments as made by the state board are not more than the law makes obligatory, and are not out of proportion with the assessment of other forms of property. I confidently look to the highest court in the nation for a vindication of the state's right to assess any and all corporations upon the actual value of their property and the issuance order compelling the payment of all deferred taxes. The State Debt.

A fairly satisfactory progress has been made during the past biennium in the reduction of the state dept. On November 30, 1904, the outstanding general fund warrants aggregated \$2,253,386,40. On November 30, 1906, the same item had because reduced to \$1.916,681.31, a total reduction for the biennium of \$336,705.09. Of this latter amount, \$273,946.80 is directly chargeable to the redemption fund act created by the last legislature, providing a one mill levy for the gradual extinction of the floating debt. It will thus be seen that the excess of receipts over expenditures for the biennium, aside from the redemption fund, was only \$62,758.29, indicating that in the matter of appropria-

tions the previous legislature left but little margin between receipts and disbursements. The estimates now in the hands of the state auditor for the maintenance of all branches of the state government during the next biennium, payable from the general fund, total the enormous sum of \$3,416,143.84, the largest estimate ever submitted to a Nebraska legislature. The estimated general fund receipts for the biennium are \$2,926,674.72, a sum \$489,-469.12 too small to pay the estimated bills. It requires no argument to prove that the pruning knife must be applied to these overgrown estimates. The treasury must be protected from the threatened on-slaught. It will not do to make appropriations even equal to the estimated re-ceipts, let alone in excess of them. There be a gradual debt reduction, not only through the operation of the redemp-tion fund, but also through a wise and economic conservation of the general

fund. economical administration of affairs and the state demands that you make good. The attacks of those who have designs on the treasury will be most aggressive and persistent, but you must stand firm for the interests of the taxpayers and the integrity of the treasury.

Pure Food Law. After many years of effort congress has finally passed a pure food law, very comprehensive in its scope, affecting all food products and also drugs and chemicals which enter into the compounding of medicines. The federal law applies only to interstate business. It prevents the traffic in impure food products across state lines, but does not prevent the manufacture and sale of such products within state mes. It is evident that if the people of Nebraska are to receive full from the present agitation pure, wholesome and truthfully branded feed the national enactment must be supplemented with a rigorous state law em-bodying the same features. Otherwise of your respective houses be given to the framing and passing of an adequate law which will give to our people ample pro-tection along the lines indicated.

Shortage of Permanent School Fund. On June 20, 1906, the supreme court ren-

finally disposes of the suit brought by the state to recover from the bondsmen of former State Treasurer J. S. Bartley. The state lost, though the decision re-ferred to was based on a mere technical-ity. This famous case has run the gaunt-let of the courts for a number of years and it now appears that there is no possibility of recovering from the bondsmen any portion of the Bartley shortage. Such being the fact, it remains for the state treasury to adjust itself to the conse conditions. Section 9, Article 8 of the constitution reads as follows:

"All funds belonging to the state for educational purposes, the interest and inome whereof only are to be used, shall be deemed trust funds held by the state, and the state shall supply all losses thereof, that may in any manner accrue, so that the same shall remain forever inviolate and undiminished."

It is therefore obligatory upon your body to make provision for the restitution of the depleted funds, either by authorizing the drawing of a warrant upon the general fund for the amount, payable to the treasurer, or by authorizing a special levy upon the grand assessment roll covering one or more years, sufficient to meet the requirements. The items and amounts of such shortage are as follows: Permanent school fund.....\$259,842,87 Permanent university fund.....9,775,93

Agricultural college endowment Normal endowment fund..... 12,600.09

ment to the constitution creating a state railway commission of three members. This amendment was adopted by a large majority at the late election, and at the same time the first board of commissioners was duly elected. With reference to the powers and duties of the commission the joint resolution submamendment reads as follows: the submitting the

"The powers and duties of such commission shall include the regulation of rates, service and general control of common carriers as the legislature may pro-vide by law." etc.

It will be necessary for your honorable

body to define in detail the duties of this commission and to confer upon it ample authority to effectively deal with the subjects which will come before it. You are to fix salaries of the members and make provision of such clerical help as may be needed, presumably one secretary to the board. You should make it certain by legislative requirement that the person selected for the important position of secretary shall have had practical experlence in connection with railroad man-agement and rate making, able to meet the rallroad officials upon their own ground and thus capable of rendering the more valuable assistance to the board. The people are looking to this commission for relief from railroad oppression. measure of success achieved by the board will very largely depend upon the choice of a secretary. He should be an expert, .The railroads have been a supreme fac tor in the development of Nebraska and no one will gainsay their right to reasonable returns upon their actual invest-ments. It is also right that the people should be protected against unjust discriminations and extortionate rates. The remedy of national legislation is being vigorously applied and it remains for the several states to be equally active. I favor such legal restraint as will operate against discrimination and will guarantee equal privileges to all. Now that the people have established a railroad commission and have authorized you to clothe it with ample power, marked improvement along these lines is confidently expected.

Education.
The growth of our educational system in all its branches has been phenomenal and highly satisfactory. Our people are alive to the importance of good schools vide for the needs of such institutions whenever the need has been made manifest. At the present time the state is supporting by direct taxation the university and two normal schools, in addition to five junior normals, a school for the blind and for the deaf and dumb. no doubt but that your honorable body will carefully consider the requirements of all these institutions and will make such appropriations as will further their progress and be in line with the growth and development of the state-

Institutional Comments. I am pleased to call your attention to the fact that the penitentiary is nearly self-supporting in the department of maintenance. The current bigmed report of the warden shows that for the six months ending November 36, 1966, the per capita cost of maintenance was \$60.97. During that time the per capita earnings of the convicts were \$50.99, making the ret maintenance cost to the state but \$15.08 for each inmate, a little less than nine cents per day. The physical condi-tion of the prison is first-class and it stands today as a model institution of its

The three insane asylums of Nebraska have each been created by different stat-utes and are known by different names. That at Lincoln is known as the "Nebraska Hospital for the Insane," the one at Hastings is designated "Asylum for the Incurable Insane," while the one at Norfolk is styled the "Insane Asylum at Nor-folk." Owing to the variations in the statutes creating them some perplexing questions have arisen, and are likely to continue to arise in the future, with respect to their control, numagement and legal status. I deem it important that the chapter of our statutes dealing with the insane be revised, that the three asylums be placed on exactly the same footing, that they be styled respectively the "Lincoln Hospital for the Insane," the "Hastings Hospital for the Insane," and the "Norfolk Hospital for the Insane," that there be no distinction in the character of the patients received at either institution, and that the state be con-veniently districted so that each asylum shall receive the patients coming from its own district. The word "ineurable" is almost brutal in its suggestion and it should be omitted from the title of any and all of the asylums.

Anti-pass Law. During the past two years a very general sentiment has developed against the sswance of free railroad transportation Such action on the part of milroad of-ficials is rightly regarded as unjust discrimination and as being subversive of the public word. Both the great political parties have declared against the practice in their state conventions and have pledged themselves to definite action. I recommend that at as early a date as is practicable you add to our statutes a rigid anti-pass law, applicable to all cases save those of bona fide railroad emfamilies, and care-takers of live stock, With the exceptions noted, a heavy penalty should be imposed both on the party issues a pass and the party who

Direct Primary. I urge your honorable body to give to the state some form of a direct primary law, but with such limitations as will make it popular and effective. It should rigidly guard against the selection of canright to rule.

Law Enforcement. I have a firm conviction that the chief executive should have more specific power conferred upon him in the matter of law enforcement. Section 6, article 5, of the constitution reads: "The supreme executive power shall be vested in the governor, who shall take care that the laws be faithfully executed." While the foundation is well laid the statutes are conferred upon him in the matter of law enforcement. Section 6, article 5, of the constitution reads: "The subreme executive power shall be vested in the governor, who shall take cure that the law he faithfully executed." While the foundation is well laid the statutes are not sufficiently broad to give to the governor the power which is often needed to correct abuse. A number of complaints have reached me of refusal on the part of county attorneys to prosecute offenses, even when the necessary complaints, etc., have been placed in their hands. On account of such neglect of duty the law-abilding sentiment in the community has been outraged and great wroms has been done to the rights of established society. The governor is powerless to interfere because he has no control over the conference of the statutes are the giving the estimated receipts for the fiscal period commencing April 1 1907, and ending March 31, 1269, These are based on \$5 receipt of the amounts levied for all purposes under the grand assessing the priod commencing April 1 1907, and ending March 31, 1269, These are based on \$5 receipt of the amounts levied for all purposes under the grand assessing the period commencing April 1 1907, and ending March 31, 1269, These are based on \$5 receipt of the amounts levied for all purposes under the grand assessing the priod construction of \$5 receipt of the amounts levied for all purposes under the grand assessing the period conmencing April 1 1907, and ending March 31, 1269, These are based on \$5 receipt of the amounts levied for all purposes under the grand assessing the period conmencing April 1 1908, and ending March 31, 1269, These are based on \$5 receipt of the amounts levied for all purposes under the grand assessing the priod construction of \$5 receipt of the amounts \$5 15, 125 and \$5 165, 225 and 1808, and sunder of the amounts bevied for all purposes under the grand assessing the priod of \$5 receipt of the amounts \$5 16, 125 and 1808, and sunder of the amounts at two years. These total \$5 160, 225 a criminal cases and in civil matters wherein the state is interested, where proper
in the state is interested, where proper
centishint has been made to the county
attorney and where he neglects or refeses to prosecute, that the governor be
given power to either command such
county attorney to immediately institute
vigorous and faithful prosecution, or in
lieu thereof to hire special counsel to

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dered a decision which, in all probability, take arrange of the cause. She expensionally disposes of the suit brought by or the county, or to do both, and in even f the continued neglect or refusal of such county attorney to act that the governor be given absolute power to remove him from office for nwith. haw would prove of the greatest importance to the cause of good government and would remedy a defect which now plainly exists.

The Parole Law. My observation is that the parole law, section 570 of the criminal code; is a wise addition to the statutes and that its ractical workings are humane and bene-The highest result sought to be ricial. stamed by confinement in the penitontiary is reformation rather than revenge, an impeuts to correct habits of life rather than the mere visitation of condign punishment. The power of parole, if disrectly exercised, can be made the means of a permanent upift to the pentinent one, at the same time relieving the state of the direct care of such. In the four years of my tenure of office there have been very few violations of the terms of parole, it being impossible to entirely guard against imposition.

Drafted by Joint Committee, I believe the public laterests will be best subserved if all bills affecting the more important matters of legislation could be formulated and introduced by joint committee of the two houses. This suggestion is especially pertinent to such subjects as direct primary, anti-pass, freight rate and railroad legislation. Any ther course is likely to result in a multiplicity of bills upon the same subject, a divided support, and either no legis-lation at all or the final adoption of a faulty measur State Treasurer's Bond.

The attorney general holds that under ur present law governing the giving of indemnity bonds each of the individuals or guaranty companies signing such a bond are liable for the whole amount. The law does not permit of a division of the entire amount of the risk between individuals or companies, each taking a part and being responsible for no more One bond must cover the whole amount and each party signing it is liable for all the risk. This construction, and it is undoubtedly correct, makes it very difficult for the state treasurer to give a satisfactory guaranty bond in so large an amount as is required (\$1,000,000) for the reason that but few of the bonding companies will sign a joint bond. In view of these facts I recommend that the law governing official bonds be amended so as to permit of the division of large risks between several companies, each giving its individual bond for such part of the risk as is apportioned to it and being responsible for no more, and that the mount of risk permitted to any company be limited to twenty-five per cent of its

State Suits Involving Heavy Loss. The suggestion of President Roosevelt in a recent message to congress that a law should be passed to prevent courts from setting aside just decisions for mere technical errors in pleadings, instructions and evidence, recalls some of the civil cases wherein the state of Nebraska was on technical grounds a defeated party, and brings to public attention the ne-cessity for providing a remedy against public losses like those revealed in the litigation of civil cases instituted by the

If the people can not get relief by means of a statute like that suggested by Presi-dent Roosevelt, provision should be made to amend the constitution to meet present conditions.

The Junkin Act.

The power of the state to curb trusts, monopolies and conspiracies in restraint of trade has been demonstrated by the enactment and enforcement of the Junkin This is a law passed by the last legislature entitled "an act to protect trade and commerce against unlawful restraints and monopolies, and to prohibit the giving or receiving of relates on the transportation of property, and to provide a penalty for the violation thereof." Shortly after this act went into effect I directed the attorney general to bring a suit against the Nebraska Grain Dealers' association, which has resulted in a sweeping decree issued by the supreme court perpetually enjoining the members thereof from monopolizing the grain bustness and controlling the prices of grain, The effect of the suit was to give the producers of grain the benefit of one and one-fourth cents per hundred which had been unlawfully charged for elevator serv-ice, and to restore competition in the grain besiness throughout the state. A similar action was brought against the Nebraska Lumber Dealers' association the result of which is now pending in the supreme court. The bill carried with it an appropriation of \$10,000, to be ex-pended under the joint direction of the governor and the attorney general, and of this amount \$2.542.02 has been used. Supreme Court and Commission.

During the past two years the supreme court, limited by the constitution to three members, has been assisted in the consideration of cases by a commission of six members, and the nine so working to-rether have reduced the docket so that cases now coming from the district courts can be heard and determined within a little less than a year. The commission system is a makeshift to add to the judicial force without contravening the constitution. The system is rather cumber-some, not entirely satisfactory and should be tolerated only until such time as the constitution can be amended to provide for a court of sufficient membership.

I recommend that you submit to the electors an amendment to the constitution providing for a supreme court of five members, to be increased to seven mem-bers as the public service may require and at the discretion of the legislature, at a solary in proportion to the responsibility and dignity of the office. Such an amendment would no doubt be sunctioned by all parties and could be made a part of the bullet and carried as the the railway commission amendment at the last elec-

Public sentiment is greatly stirred at the present time by reason of the abuses every child has an inherent right to an opportunity for self-improvement and the best interests of society in general de-mand that that right should have con-crete expression. The employment of children of tenders years in factories, stores, theatres, concert halls, saloons, and in even worse places, is a extra-against youth and if persisted in will have a serious eect upon the body politic. I recommend that an adequate inw be en-acted upon this subject and that there be coupled with it such a compulsory educa-tion section as can be made effective. Railroad Passenger Rates.

With the abolition of free transporta-tion, which I assume this legislature will accomplish, will naturally come increased earnings of the passenger departments of the several railroads. As these corporations are already earning sufficient income upon their stocks and bonds it follows that the people should have the benefit accruing by reason of the disappearance of the pass. Assuming that the anti-pass law will be rigidly enforced, its is a safe conclusion that a reasonable reduction in present rates can be made without doing rigidly guard against the selection of candidates who may have received a plurality of the votes cast but not a majority, and should in all respects safe-guard the principle that the majority have the right to rule. suggest these rates for your considera-

The governor appends two statements— one giving the estimated receipts for the fiscal period commencing April 1, 1907,

"JOHN H. MICKEY."