

# The Nebraska Independent.

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## PROPOSING A LEADER

Populists at St. Louis Help Inaugurate the Teller Boom.

ALL PATRIOTS URGED TO UNITE

Bring Together the Scattered Forces and Make One Victorious Charge.

United Resistance to Wholesale Robbery and Grinding Oppression.

"Expressly disclaiming any purpose or right to bind any party or person by the views here set forth, we but yield to an overpowering sense of duty in saying that we do to members of the people's party and to all other good citizens, who, apprehending the approach of a momentous crisis in our country's life, are willing to avert it by acts of exalted patriotism. We came to St. Louis as citizen members of the people's party to be present at the meeting of the national republican convention that we might determine more definitely for ourselves the true aim of that organization in the present struggle.

"Here we have seen the 'boss' in politics more securely enthroned, more servilely obeyed and more dictatorial as to candidates and policy than has ever before been witnessed in the field of national politics. One man, the perfection of his type, representing the millionaires, the banks, the corporations, the trusts and every other remorseless and plutocratic element in our country's life, has, through the power of money, dictated the nomination of Mr. McKinley and shaped the platform of his party. We have witnessed a convention, magnificent in numbers, pretending to represent free American constituencies, moving for three days as if a hand of terror was above them, whose might they dare not tempt, and whose imperious pointings it was impossible to disobey.

ISSUE MUST BE MET.

"This convention, slavishly responding to the will of the money power, has forced an issue which must be met. It is a challenge to the yeomen of the land. If it is declined, or, if it shall succeed, the fetters of a tyranny, more grinding than that of czars or emperors, will be riven upon the plain people of the country, fetters which must be indefinitely worn with the contemptible spirit inseparable from willing serfs, or, in the end, be broken with the irresistible power of a mighty revolution.

"That issue is formulated in the demand that the existing gold standard must be preserved, and for the enactment of all measures designed to maintain inviolably the obligations of the United States, and all our money—either coin or paper—at the present standard. This means that silver shall be permanently degraded into mere money of change and that it be deprived of its legal tender quality, except for some paltry sum; that the greenback and all other forms of government paper money shall be redeemed and destroyed; that the national banks shall be swollen into a power of triple their present ability to contract the volume of money, and absorb the earnings of industry, and to grip the throat of all industrial and commercial life, while from time to time it terrorizes the voters into choice of its tools for all legislative, judicial and administrative positions.

"It will require that all of our present national bonded debt be refunded and new bonds be issued, running for half a century and made expressly payable in the present standard of money—gold. All other forms of debt—private, corporate, state and municipal, will ultimately be made payable in the same yellow money, or its equivalent.

"With these measures enacted, the gold plutocracy triumphant, the condition of the people will be no better than was that of the recently manumitted black slaves. Their right will be to go to the end of the chain that binds them—a freedom of irremovable debt, grinding poverty, of a black and cheerless future.

"The money power has forced this issue now because, in its judgment, those whom its policy would enslave are divided into hostile political families which cannot be united in time to resist its onset. It regards it as impossible that harmonious action can be secured between the different organizations that favor monetary reform and resistance to their insatiable greed. With populists, silver democrats and independent bimetallics, supporting different nominees for president and the national congress, it feels assured of victory, and it has determined to press now and without abatement the advantage which this apparently lamentable condition raised up before it.

A SUGGESTION TO MAKE.

"In this, the most threatening crisis that has befallen our country since the civil war, though simply citizen members of the people's party, we venture to make momentous suggestions to you, our brethren. In doing so we have neither desire nor ought to impair in the least degree the efficiency of our noble organization, charged as it is with the present and future generations, and whose integrity and growth is essential to the perpetuation of our free institutions. Our constant aim will be to defend it from foes within and without and to preserve it as a power consecrated forever to the defense of humanity's dearest rights upon the American continent.

"In view of the shameless submis-

sion by the republican convention to the most extreme demands ever made upon Americans by the money power, every thought and effort of American manhood should, from this hour, tend towards creating and cementing a union between those who would resist the conspiracy of wholesale robbery and grinding oppression. A coincidence of fear, of hope, of conviction, already exists among intelligent and observant people. Political division alone creates an obstacle to unity of purpose and harmony of action between them. The duty of every patriot is to remove this obstacle, so far as it can be by honorable concessions and reasonable sacrifices. These do not contemplate even the thought of merging our party into any other, or the slightest impairment of its efficiency, but alone for the sake of humanity, and to avert, if possible, the disaster which the supremacy of the money power now so menacingly forbodes, to secure the union of good citizens who think alike upon the important issues of financial reform, in behalf of the election of a president, who, in spirit, is antagonistic to none of the fundamental principles of our party, has openly engaged in the most sturdy advocacy of our chief measures.

"Measures must be gained or defeated through men. After all the chief problem in this crisis is to find a



SENATOR TELLER.

man upon whom patriots can unite, whose life is a witness that if entrusted with authority over national legislation and its enforcement he will defy every allurements of wealth and every menace of power, standing unflinchingly by the cause of the people in the fierce struggle inseparably connected with the enactment of our proposed financial reforms.

TELLER THEIR CHOICE.

"We see in the private and official life of Henry M. Teller, a beacon, burning brightly, warning the people off the threatening shores of dissension. He has but now publicly abandoned the republican party, with which he has been associated from its first organization, entering it when led by conscience to strive for the overthrow of human bondage and leaving it when Lincoln's teachings and humanity were swallowed up in the greed and cruelty of money kings. For twenty years he has been a commanding figure in the nation's life, a cabinet officer and senator of the United States. Nominally he, as a republican, has many times defied his party when its members sought to make it an instrument of injustice and oppression.

"For twenty years he has stood as a bulwark against the tyrannical encroachments of the national banks. He has never hesitated to declare that they should be deprived of all authority to issue money and to control its volume; he is an unflinching advocate of the duty of the government to maintain and exercise exclusively for the people the sovereign power of emitting all money gold, silver and paper. He holds that to issue bonds in time of peace is a stupendous wrong to the people and the country.

"When to this official record are united an unspiced private life, a character without blot or stain, a grateful and generous nature, a patriotism that knows neither state nor section, we feel we are but performing a duty to our beloved country in thus calling attention to Mr. Teller's merits and availability as a candidate for president as one upon whom all populists may consistently unite while they strenuously organize and strengthen their organization.

"The necessity and wisdom of a dispassionate consideration of his claims upon the support of the American people have become the more apparent since the patriotic republican leaders who abandoned their party under his inspiration have announced him as their nominee for president of the United States.

"We bid our fellow populists to calmly consider the suggestions we have made. It is our fervent hope that the patriotism of our motives will, in their judgment, justify the course we have taken. Let us all so act that, in the wisdom of an inscrutable providence, the union, which we may tender and of which our suffering country stands in such trying need may not be affected, we can at least declare in the presence of God and our country that we did our duty as patriots and the fault or failure does not lie at our doors."

This is signed by H. E. Taubeneck, Illinois; J. H. Davis, Texas; M. C. Rankin, Indiana; T. M. Patterson, Colorado; J. Hugh McDowell, Tennessee; John P. Steele, Illinois; Thomas Fletcher, Arkansas; Howard S. Taylor, Illinois; Homer Prince, Arkansas; J. W. Dollison, Arkansas; M. R. Coffman, Arkansas; J. A. Edgerston, Nebraska; R. A. Sankey, Kansas; Charles E. Palmer, Illinois; F. D. Eager, Nebraska; J. D. Hess, Illinois; A. L. Maxwell, Illinois; George M. Jackson, Arkansas; S. J. Wright, Texas; S. P. V. Arnold, Illinois; Eugene Smith, Illinois; W. J. Quick, Missouri; Calvin K. Reifmiller, Missouri; Frank E. Richey, Missouri; W. J. Platt, Tennessee; Horace G. Clark, Colorado.

## THE GOVERNOR SPEAKS

A Protest Against Stealing Interest On the Children's Money.

WORK OF SNEAKING BOODLERS.

They Hold \$600,000, the Children's Funds and Pocket the Interest.

The Most Disreputable Gang that Ever Infested the State.

EXECUTIVE CHAMBER, LINCOLN, NEB., June 20, 1896.—There has appeared recently in both the news and editorial columns of the State Journal several articles concerning the question of the investment of the permanent school funds of the state which are so misleading and devoid of truth, and which so willfully misrepresent my action in relation thereto that it seems to me a brief statement of the facts should be made. To the people of Nebraska this is a very important subject, and they deserve to be fully and truthfully informed as to just what has been accomplished in the way of investing the idle surplus permanent school fund by the board of educational lands and funds, as is required by the constitution and statutes of the state.

These several published articles have also been followed by a communication signed by Hon. H. C. Russell, one of the members of the board of educational lands and funds, which is largely a repetition of, and seems to be based upon, the statements contained in the articles to which I have referred. The false impressions sought to be conveyed by these several articles may be briefly summarized as follows: First, that a very large part of the permanent school fund has already been invested by the present board, second, that I, as a member of the board, have been endeavoring to purchase securities by paying premiums in an illegal manner, and, third, that by my action the rate of interest has been lowered and the board prevented from securing bonds at an advantageous rate of interest as they otherwise would have secured.

TREASURER'S REPORT.

I desire to state in the beginning that according to the last official report of the state treasurer, May 31, 1896, there was \$675,036.59 in the state treasury belonging to the permanent school, university and agricultural college endowment funds, every dollar of which, under the law should be invested in interest bearing securities. Of this immense sum over \$595,000 belongs to the permanent school fund, and yet we are told with supreme self-assurance that "this fund is nearly all exhausted." Let us see what has really and actually been accomplished.

The records for 1895, show but one transaction by the board of educational lands and funds looking toward the investment of any part of this fund. This was the purchase of Otoe county bonds in the sum of \$40,000, bearing 4 1/2 per cent interest, which was afterward accepted by the county authorities, was made by the board on July 22, 1895, and the bonds issued November 12, 1895, and registered in November 22 following, they were not in fact paid for until January 15, 1896, so that as a matter of fact, during the year of 1895, nothing was accomplished in the way of actually investing any part of this fund. It is true that during that year there was paid on account of bonds purchased the sum of \$75,000 from December 5, 1894, to June 18, 1895, but these payments were made on account of bonds purchased by the board as it existed under the administration of my predecessor, Governor Crouse, and were no part of the purchases made by the board of educational lands and funds as at present constituted. These amounts were paid for balances due on purchases of Hamilton county and Dawson county bonds made by the preceding board.

On March 5, 1896, there were purchased small issues of bonds of Richardson county and Harlan county, aggregating only \$5,360.61.

On January 1, 1896, the permanent school fund alone had to its credit more than \$600,000. At the first meeting of the board of educational lands and funds held January 15, I introduced a resolution providing for the purchase of state warrants already issued and those hereafter to be issued, which would have opened up a way for the investment of the entire fund at the very desirable rate of five per cent interest per annum. This resolution was in line with the decision of the supreme court and the action of the prior boards regarding this same fund. Ever since the adoption of the constitution state warrants have been deemed state securities and at different times have been purchased as an investment for this fund, thus establishing a precedent which has been adhered to constantly until overturned by the opinion of the attorney general after the introduction of the resolution referred to. Had there been a sincere desire to invest this fund here was a ready and proper way and at a rate of interest at which no person could complain. This method of investing school funds had not only been established and approved by several acts of preceding boards of educational lands and funds, of which the attorney general of the state was always a member, but it also had received the sanction of the supreme court by a decision rendered in the 25th Nebraska by Judge Reese. This decision referred directly to the question as to whether state warrants are state securities within the meaning of the constitution and holds in the affirmative. To this was added the weight of the opinion of the court as it is now constituted, rendered in the 41st Nebraska, in the case of state against Bartley, on page 284, where the court

NOT STATE SECURITIES.

"We must not, however, be understood as holding that warrants against the general fund are not state securities within the meaning of the constitution. Although that question is not presented by this record, in re state warrants, 25 Neb., and State vs. Bartley, supra, we assume them to be legitimate investments for the permanent school fund; but, if the state, as trustees for said fund, desire to invest in that class of securities, it is required to do so on terms of equality with other investors."

Notwithstanding these unambiguous decisions of the supreme court in three separate and distinct cases, all referring to the same subject matter, the opinion of the attorney general to the effect that state warrants are not state securities seemed to have been sufficient to outweigh in the minds of a majority of the board the constitution, the statute and the decisions of the court referred to. Refusing to follow the long established precedent and the decisions of the court, the board voted down the resolution which I had introduced and which would have provided an ample and adequate means at a good rate of interest for the investment of this entire sum. Not content to allow the matter to rest upon the opinion of the attorney general and the action of a majority of the board thereon, and in view of the important public interest involved, I took occasion to request an opinion from three of the ex-judges of the supreme court, giving to them a copy of the resolutions introduced by me and the opinion of the attorney general.

Ex-Judge Maxwell says: "I have re-read this (the attorney general's) opinion very carefully and the reasons he assigns fail to show that state warrants are not state securities."

Although the opinion of Judge Reese was not rendered in an action actually pending, yet it was given to the legislature in pursuance of a request for the view of the court as to the propriety of passing a law for the investment of the permanent school fund in state warrants. The question was very carefully considered by the entire court and the opinion prepared by him concurred in by all of the members. Judge Reese is one of the ablest lawyers in the state, and was a member of the constitutional convention of 1875 and knew the object of the provision was to make safe investments for the school fund. "I see a correspondent in the (Fremont) Leader calls attention to the fact that the members of the constitutional convention of 1871, which was in session about four months, were paid in state warrants, which the state board invested the permanent school fund in. That is a fact. I was a member of that convention and also the constitutional convention of 1875. Chief Justice Mason of Nebraska City and Justice Lake of Omaha, both then judges of the supreme court, were also members of the convention of 1871, and their warrants as well as my own were paid out of that fund and no one questioned it."

Judge Reese says: "I have re-read the decisions of the supreme court as found in 25th Neb., 659; 49th Neb., 353; 40th Neb., 298, and 41st Neb., and am wholly unable to see that the decision in 25th Neb., is wrong, or that it has been overruled by the later decision of that court."

SOUND IN LAW.

Governor Crouse, who is also an ex-judge of the supreme court says: "I have neither the time nor have I access here to the authorities cited to enable me to enter upon the discussion you invite. Your resolutions, however, are substantially those adopted on my motion by the board when I was a member of it. You know their fate. Yours, I think, will fare no better. The resolutions in my judgment are as sound in law, as wise in purpose, but the wisdom and ingenuity of our modern Daniels seems to run in the direction of shielding the plunderers of the treasury rather than to protecting the treasury itself."

I submit that, in view of authorities so numerous and carrying such weight, this well adapted plan for the investment of this entire fund should not have been rejected; nor can it in truth be said that I have not made every effort possible to secure the investment of all these funds at a greater rate of interest than can be obtained in any other way.

After the refusal of the board to cooperate with me in the purchase of state warrants my attention was turned to the purchase of United States bonds which, while it would not bring as large a revenue for the benefit of the temporary school fund, it would bring a great deal more to the state than could be obtained by permitting this fund to remain idle. Besides, in so doing, the board would be complying with the law and discharging its full duty. Therefore I offered a resolution looking to the investment of all idle funds in United States bonds, the legality of which could in no wise be questioned, and at a rate of interest that would yield at least 3 per cent per annum, providing especially in the resolution that if at any time before the funds were invested county or state bonds could be purchased yielding a higher rate of interest, that this be done in lieu of the purchase of United States bonds. This resolution met the same fate. Thus by the action of a majority of the board we are restricted to the purchase of state or registered county bonds, the only other securities mentioned in the constitution.

Now I desire to briefly allude to what has been accomplished in that respect. The \$40,000 4 1/2 per cent Otoe county and \$5,000 of Richardson and Harlan county bonds heretofore mentioned having been purchased, the next issue offered to the board was \$30,000 of Greeley county bonds drawing 4 1/2 per cent interest. Upon the submission of the proposition to sell these bonds to the state at par, the minutes of the meetings of the board of educational lands and funds show that Commissioner Russell moved that the bonds be accepted at 5 per cent interest per annum, which was seconded by Mr. Piper, after which I offered a written resolution to

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purchase the bonds at par value as offered. The motion to accept these bonds at 5 per cent could have no other effect than the rejection of the offer, because not only does the law provide that bonds issued as these were should not be sold at less than par, but these bonds were voted with the provision that they should not be sold at less than par. This board, therefore, had but one of two alternatives—either to accept them at par or to reject them. The resolution thus introduced by me was accepted in place of the original motion and the bonds were thus purchased. The board has also purchased \$25,000 of Boone county bonds drawing interest at 5 per cent upon a basis netting the state about 4 1/2 per cent interest per annum being paid by detaching coupons first maturing to the amount of the premium agreed upon.

This is the extent of the investments of every description completed by the present board out of the permanent school fund.

## OTOE COUNTY REFUNDING BONDS.

In my absence from the city, March 10, a meeting was held to consider a proposition for the sale to the state of \$85,000 5 per cent bonds of Otoe county. As a result of that meeting the following letter was sent to the county clerk of Otoe county:

LINCOLN, March 14, 1896.—Mr. E. R. Haas, County Clerk, Nebraska City, Neb.—Dear Sir: I am instructed by the board of educational lands and funds to notify you that after a careful consideration of your proposal to sell the state \$85,000 worth of bonds at the rate of 4 1/2 per cent interest, payable semi-annually, that we do not feel justified in taking them at less than 5 per cent per annum, payable semi-annually, which we are ready to do at any time that will suit your convenience. An early answer is desired, as we have propositions from Saunders county for \$100,000 and other counties sufficient to exhaust the fund on hand. Very respectfully,

H. C. RUSSELL,

Secretary Board of Educational Lands and Funds.

At the time this letter was written, March 14, 1896, according to the report of the state treasurer, the first of the month there was in the treasury trust funds amounting to over \$690,000.

Learning that this offer of the board had not been accepted by the authorities of Otoe county and that the bonds had been sold in the east I requested the purchaser to submit an offer for the sale of the bonds to the state. An offer was made to sell them to the state at 103 per cent, thus yielding a rate of 4.7-10 per cent interest. Thereupon I introduced a resolution to accept their offer upon the terms stated. This resolution was amended so as to require them to detach coupons for the premiums. This counter proposition of the board was accepted and it is to be hoped that the transfer will be fully completed at an early date. During the negotiations for the purchase of Saunders county bonds it was insisted by members of the board that the state should pay only par value on a 5 per cent rate of interest and that they could be secured on such terms. At the same time the Saunders county authorities had determined to issue 4 1/2 per cent bonds and had so notified the board and had stated that unless the state desired to purchase them at par upon the basis of 4 1/2 per cent, they would probably go elsewhere. The board failed to secure the Otoe county bonds on a 5 per cent basis; they could not secure the Saunders county bonds at this rate of interest, and I am at a loss to understand where it is expected to secure such securities at that or a higher rate of interest.

I have always been of the opinion that the board should purchase all Nebraska county bonds issued until this entire fund has been invested; that there was a mutuality of interests between counties issuing the bonds and the state, as the interest earned by these investments would all return to the different counties for the benefit of the common schools. I have always expressed the belief that bonds bearing as low rate of interest as they could be sold for in the markets at par, or, in other words, that the board should pay as much or a shade more than other intended purchasers. This is the position I have invariably assumed in the investments of these funds, and I

believe it to be the only logical conclusion to reach. It is the duty of the board to purchase these bonds, yielding as fair rates of interest as can be obtained, for the benefit of the temporary school fund, but I contend that such investments must be made solely with reference to their fair market value; and that the board should be ready so long as this fund remains uninvested to duplicate any bona fide offer that may be made. Good Nebraska county bonds as every well informed person knows, can be floated in the market at par when drawing from 4 to 5 per cent interest, and if the board obtains any of them they will have to take them bearing such rates of interest. The statement that such purchases had a tendency to reduce the earning capacity of the school fund so invested is entirely unsupported, either by reason or experience.

## UNWARRANTED OPINION.

As to the statements made and reiterated in these several articles that a premium cannot be legally paid out of the permanent school fund for this class of securities, I desire to say that when the test comes, if we should ever be able to reach that point, a majority of the board will be of the opinion that it is illegal to pay a premium out of the permanent school fund, the logical conclusion of which would be that it is likewise illegal to purchase at a discount, and that we would be restricted to the purchase of bonds at par, or obtain them from brokers or others who might be willing to detach coupons, as has been done in the past, in payment of such premiums.

This proposition has not only been advanced through the press, but at meetings of the board objections to the payment of premiums out of this fund have been made, and so far the board has persistently refused to make any offers to purchase bonds except by the detaching of coupons where a payment of premium has been required.

The construction given to the law is entirely unwarranted. It is contrary to the opinion of the supreme court as found in the 15th Neb., page 985, where it is held that premiums may legitimately be paid out of the permanent school fund; that the true question to be determined is whether the investment of whatever sum may be agreed upon is a proper one, and that the question is left entirely to the judgment of the board of educational lands and funds, nor is there anything in the constitution or the law prohibiting the payment of a premium wherever it may be required in order that this fund may be profitably invested. There has also been established by the action of this board heretofore a well defined precedent for the investment of this fund in this manner. An examination of the reports of the board of educational lands and funds discloses that heretofore in many instances premiums have been paid out of the permanent fund and the bonds purchased upon an agreed rate of interest lower than that denominated in the bond. To illustrate: February 8, 1894, the records show that the board purchased \$150,000 Douglas county 4 1/2 per cent bonds upon a basis of 4 per cent, paying therefor \$160,893.75 from the permanent school fund, or \$10,894.75 more than the face of the bonds. Further on, June 5, 1884, the board authorized the purchase of \$17,000 Vance county bonds for \$18,565.31, to be paid out of the permanent school fund.

These bonds drew interest at 5 per cent and were purchased on a 5 per cent basis, a premium of \$1,566.31 being paid therefor.

Nearly all other investments obtained in the last few years were secured in the same manner, and, while the securities purchased may express a high rate of interest, the investment in fact yields only from 4 to 5 per cent, which inures to the benefit of the temporary school fund.

By reference to a report made to the state legislature and contained in the Nebraska house journal of 1893, which should be examined by all persons interested in this subject, it will be seen that but a very small proportion of the bonds then held as an investment for this fund bearing a higher rate of interest than 5 per cent were purchased at par value. It will be noticed that of the amount expended for bonds up to the time a very large percentage were bonds bearing not over 5 per cent, or were purchased at a premium, paid either in cash or by clipping coupons for accrued interest or premiums.

## FAIR ILLUSTRATIONS.

The above are but a few illustrations of the methods employed in the purchase of these bonds, and, while it may be stated that bonds now held draw even as high as 10 per cent interest, it should be remembered that premiums have been already paid, very greatly lowering the rate of interest, and that large amounts of these bonds have heretofore been purchased at a rate as low as four per cent.

Excepting a small issue of \$6,500 Valley county 4 1/2 per cent bonds, which lay in the treasury vaults for many months, patiently waiting the action of the board, finally taken, as shown by the records, the third of this month, all bonds which have already been purchased or which there appears to be any immediate prospect of securing, unless different methods are pursued than those now employed, have been already mentioned. It is proper to remark here that the \$100,000 Saunders county bonds, the purchase of which has been so vociferously announced, are not to be issued during the present year, and at the rate this fund is increasing there should accumulate in the state treasury before the first of the year an amount sufficient to purchase them without regard to the fund now on hand.

There was also a motion adopted at one of the meetings of the board to purchase about \$30,000 of the outstanding state relief bonds, provided they draw 4 per cent interest, but whether the party holding these bonds will part with them at this rate is, so far as I am informed, problematical and very uncertain. Like