

THE STATE DEBT

Editorial: Weston's Report Shows It Greater Than When Bartley Last Reported

The Independent is inclined to compliment Auditor Weston upon his promptness in preparing his biennial report—or, more specifically, upon his wise choice of George Anthes as deputy auditor, for it devolves upon the deputy to do the things for which his chief gets credit.

But The Independent cannot say many complimentary things about the showing made. Neither can it look back to the campaign just closed and recount the numerous lies which were told by republican candidates regarding the financial condition and history of Nebraska, without a pessimistic feeling. That is to say, the old adage, "Honesty is the best policy," must have been written by some "gezebu" who never mixed up in Nebraska politics.

The floating indebtedness of Nebraska is today \$53,000 greater than it was six years ago. It is \$417,000 greater than it was four years ago. And it is \$241,000 greater than it was two years ago. Yet the republican governor-elect went before the people of Nebraska and told them that the fusionists had run the state in debt numerous thousands of dollars—the amount varied at different places; and they turned around and elected him—because he played the double-cross on the brewers and prohibitionists and drew support from both sides.

The following shows the size of the floating debt at the close of biennial periods (which end November 30 of the even-numbered years) back far enough so the unbiased reader can see who fastened the floating debt upon the state, who made any reduction, and who again increased it:

FLOATING DEBT OF NEBRASKA.	
Warrants Outstanding.	
November 30, 1886.....	\$ 11,943.46
November 30, 1888.....	106,265.66
November 30, 1890.....	582,946.08
November 30, 1892.....	788,795.62
November 30, 1894.....	577,825.75
November 30, 1896.....	1,936,273.47
November 30, 1898.....	1,571,684.01
November 30, 1900.....	1,727,447.72
November 30, 1902.....	1,989,328.63

Correctly speaking there was no floating debt in 1886, because the treasurer had something like \$22,000 of general funds on hand to meet the outstanding warrants when they were presented. None of them were registered and drawing interest. Ten years of republican administration saw the debt grow to almost two millions. Four years of fusion government resulted in a decrease of nearly \$209,000. And two years of the rule of the "redeemers" sees an increase of nearly \$262,000. God only knows what two years of administration by the "rescuers" will show. The debt today is only \$53,000 greater than it was after Bartley had looted the treasury—but that is net; the republicans have swallowed up all the reduction made in four years of fusion government, and some besides.

The Independent takes a little grim pleasure in quoting from the ready print side of the Wilber Republican of October 31, 1902, "boiler-plate" matter under a Lincoln date line, headed "A Splendid Record."

"The fusionists expended the large amount appropriated by the legislature and at the close of their two years' term had unpaid bills outstanding amounting to the enormous sum of \$149,000. . . . The republicans have made a saving to the taxpayers during the last year and ten months of \$189,000 and at this rate of saving the total saving for the two years will be more than \$200,000. . . . The difference in favor of the republicans as compared with the fusionists, who owed \$149,000 at the end of their term, is therefore \$349,000."

This is the same sort of slush that was made use of by the republican governor-elect in his campaign that the "redeemers" could save \$200,000 to the taxpayers and yet run the speeches. Very peculiar circumstance state in debt \$262,000, while the fusionists actually cut down the debt \$209,000, yet increased it \$149,000. Consistency is not one of the gems in the republican collection.

The Independent has commented upon the "deficiency" matter fully in previous issues, but in this it expects to make an accounting of the floating debt in connection with deficiency appropriations and see what the facts are. The legislature of 1901 appropriated \$149,112.05 for so-called "deficiency" claims, and \$33,623.92 for "miscellaneous claims not deficiencies." In both cases the consideration had passed before the appropriation was made, so practically there is no difference. Accordingly, \$182,735.97 of warrants issued by the present auditor were for commodities and services

rendered during the fusion administration, taking no account of the time between the time the republicans took charge and March 31, 1901. The legislature of 1897 appropriated \$114,643.40 for deficiency and miscellaneous claims; and these were not a proper charge against the fusion administration, because they were incurred by the preceding republican officers. Now to our calculation:

FUSION.
Floating debt, Nov. 30, '96. \$1,936,273.47
Add deficiency claims.... 114,643.40

Act'l debt to begin with. \$2,050,916.87
Floating debt, Nov. 30, '00. 1,727,447.72

Apparent reduction \$ 323,469.15
Deduct deficiency claims.. 182,735.97

Absolute reduction.....\$ 140,733.18
In other words, after eliminating the question of deficiencies by charging them to the administrations where they properly belong, the four years of fusion administration resulted in a net reduction in the floating debt of over \$140,000. Now let us see the republican account:

REPUBLICAN.
Floating debt, Nov. 30, '00. \$1,727,447.72
Add deficiency claims.... 182,735.97

Act'l debt to begin with. \$1,910,183.69
Floating debt, Nov. 30, '02. 1,989,328.63

Apparent increase \$ 79,144.94
Add defic. claims, about. 75,000.00

Absolute increase, about. \$ 154,144.94
Auditor Weston estimates about \$75,000 of deficiency claims to go before the next legislature, and The Independent accepts his figures.

Four years of business administration by fusion officials cut down the debt \$40,000. Two years of "business" administration by the "redeemers" increased it \$154,000. Who can tell what will be the result at the end of two years "work" by the "rescuers"?

School Fund Problem

The management of the trust funds held by the state as an endowment for its public schools and educational institutions has for years constituted the most perplexing problem confronting the people of Nebraska. Up to this time every effort to deal with this subject in a rational manner has failed, notwithstanding the fact that to the temptation to use this money for private speculation is traceable all the treasury scandals with which Nebraska has been so grievously afflicted.

While the chief obstacle unquestionably lies in the constitutional provisions restricting school fund investments to a narrow list of securities, these limitations promise to prove more troublesome in the future even than in the past. The bonds in which the school moneys have been invested are gradually becoming payable and when they are taken up by the counties issuing them the proceeds must be added to the uninvested balance, swelling more and more the idle money in the hands of the state treasurer. To amend the constitution, granting that is possible, will require not less than three years, and in the interval the conditions would be getting constantly more aggravating unless measures of relief are introduced by the legislature or by the new treasurer on his own account.

The Bee maintains now, as it has in the past, that there is nothing to prevent the state treasurer from depositing the school fund balances together with the other moneys in his possession and crediting the interest earned to the school fund, the same as if it were paid on investments in state warrants. The present treasurer has his school funds on deposit in various banks, some of them without the protection of depository bond. This money is earning interest which the treasurer asserts has all been turned into the treasury, but instead of being credited to the school fund the interest on the school fund deposits has been lumped in with the interest on current funds and poured into the general fund, out of which the ordinary expenses of the state government are paid. This amounts to a diversion of money belonging to the school fund into the general fund, which is certainly as much a violation of the constitution as is the deposit of the school funds in depository banks.

If we must disregard constitutional provisions, which all admit cannot possibly be strictly observed, there is no reason whatever why the school funds should not be managed from now on on lines of sound business principles, without any more specious juggling to cover up notorious facts.—Omaha Bee.

The Bee has read into Treasurer Stuefer's assertions something The Independent has never been able to see. Treasurer Stuefer has never said, or if he has The Independent has seen no mention of it in public prints, that the uninvested balances of the educational

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trust funds are earning interest or that he has been turning such interest into the treasury. He has made statements which would lead the uninformed to believe that these uninvested funds are earning interest and that he is turning it into the treasury—but he has not said so.

None of the uninvested trust funds have "the protection of depository bonds," no matter where Treasurer Stuefer has them deposited. A depository bond covers lawful deposits of state current funds; but a deposit of trust funds in any bank is unlawful, making both the treasurer and the banker alike embezzlers, and the depository bond would not protect it in case the bank should fail.

It is probable that the legislature might enact a law providing that the state treasurer may lawfully deposit the trust funds in banks for safe keeping temporarily, and thus relieve him and the bank of the odium of being embezzlers whether they like it or not, and that the supreme court would not set the law aside for unconstitutionality; but if it is attempted to specify in the law that a certain rate of interest must be paid on such deposits, or that an indemnifying bond must be given, it is doubtful if the law would stand. The principle that a deposit in bank is a loan to the bank, cannot be lightly set aside; and if it applies to the deposit of A it must apply to the deposit of B.

Refrigerator Cars

The State Journal is a constant and persistent knocker against government ownership of any public service utility, and is fulsome in its praise of individual effort in such lines.

The Independent would ask the Journal if any municipal-owned street car line would be likely to run its cars up into the dead of winter, even into zero weather, without any attempt at heating them?

During the cool weather it was regarded as a sort of joke that the Lincoln Traction company was running "refrigerator cars," but now, with the thermometer at zero, it ceases to be funny.

Perhaps a company that can defy an ordinance to fix rates; that can spend thousands of dollars in putting a heating plant (God grant it can be connected up with the company's refrigerators!), could defy any attempt to regulate its action as to heating its cars.

The coal strike is even now being felt. Because of the high price of anthracite, the traction company is economizing by letting its passengers freeze. Rudge & Guenzel are giving away prize packages of hard coal with every purchase of a base burner. Won't some philanthropic citizen donate one of these prize packages to the Lincoln Traction Co.?

Wu Ting Fang, former Chinese minister to the United States, sailed for China from San Francisco on November 25.

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The Lincoln Hide & Fur Company, 929 R street, Lincoln, Nebraska, successors to S. J. Dobson & Co., quote the following prices, f. o. b. Lincoln, until further notice: No. 1 green salted hides, per lb., 73-4c; No. 2, 63-4c; bulls and side branded, 63-4c; horse and mule hides, large, each, \$2.35; small, 75c-\$1.50; green sheep pelts, each 40-75c; dry pelts, 5-8c per lb.; dry flint butchered hides, per lb., 12-13c; dry fallen, weather beaten and murrain hides, per lb., 5-10c. Our classified fur list, together with little booklet telling how to trap, skin, stretch and handle furs and hides to obtain the best results, will be mailed free to all upon request, also write for tags and general information any time. All correspondence promptly attended to.

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