

# The Independent

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## REPUBLICAN "REDEMPTION."

The Associate Editor Dives into the Records to Oblige Some Friends Who are Appalled by the Big State Debt.

Major Wm. Daily, one of the Old Guard of Populism in Nemaha county, asks the following questions:

1. Was the money that constituted the Bartley defalcation all or partly the permanent school funds?

2. If it was school money, has that fund ever been reimbursed?

3. If it is school money and has not been reimbursed, is that amount included in the report of the state indebtedness?

4. If the Bartley robbery consisted of the permanent school money, under the law is not the state bound to reimburse that fund?

The manner in which these questions are framed leads me to believe that readers of The Independent might be interested in the answers to them.

A brief answer to the first question is that part of the Bartley defalcation consisted of permanent school funds and part belonged to other funds. To give a clearer idea, however, I purpose to quote a little from the records:

Under the republican regime prior to 1897 it was the practice to carry on the "General Ledger" in the state treasurer's office the balances in the several funds exactly the same as if no defalcation had been made. This, of course, for obvious reasons. But when Treasurer Meserve came in, and the Bartley shortages became known to a certainty, he set about to correct the General Ledger so that the "book balance" shown in any fund would exactly correspond with the amount in depository banks and cash on hand in the vault. In order to do this, it was necessary to transfer the shortages to an account which was called the "Suspended Account." Not all of this shortage is a legal charge against Bartley, however; some of it represents losses in depository banks through republican criminal carelessness—but that's another story.

The "Suspended Account" itemized as to liability was as follows, when first transferred:

SUSPENDED ACCOUNT.	
Capital National bank.....	\$236,361.83
Buffalo Co. National bank.....	4,493.00
Globe L. & T. Co.'s Sav. b.k.....	12,892.54
Bank of Wymore.....	14,965.57
First Nat. Bank of Alma.....	40,312.48
First Nat. Bank of Orleans.....	20,000.00
Merchants' bank.....	8,731.85
J. S. Bartley.....	335,878.08

Total.....\$673,641.35  
Classified, however, as to funds wherein the losses occurred the Suspended Account was as follows:

SUSPENDED ACCOUNT.	
General.....	\$114,997.69
Sinking.....	180,101.75
Permanent school.....	270,153.45
Temporary school.....	38,820.44
Permanent university.....	9,775.93
Agri. college endowment.....	43,368.61
Live stock indemnity.....	3,843.39
Normal endowment.....	12,600.09

Total.....\$673,641.35  
Hence, a little calculation will show that the \$335,878.08 carried in the Suspended Account as a charge against J. S. Bartley, consisted of the following funds:

BARTLEY LIABILITY.	
Permanent school.....	\$270,153.45
Permanent university.....	9,775.93
Agri. college endowment.....	43,368.61
Normal endowment.....	12,600.09

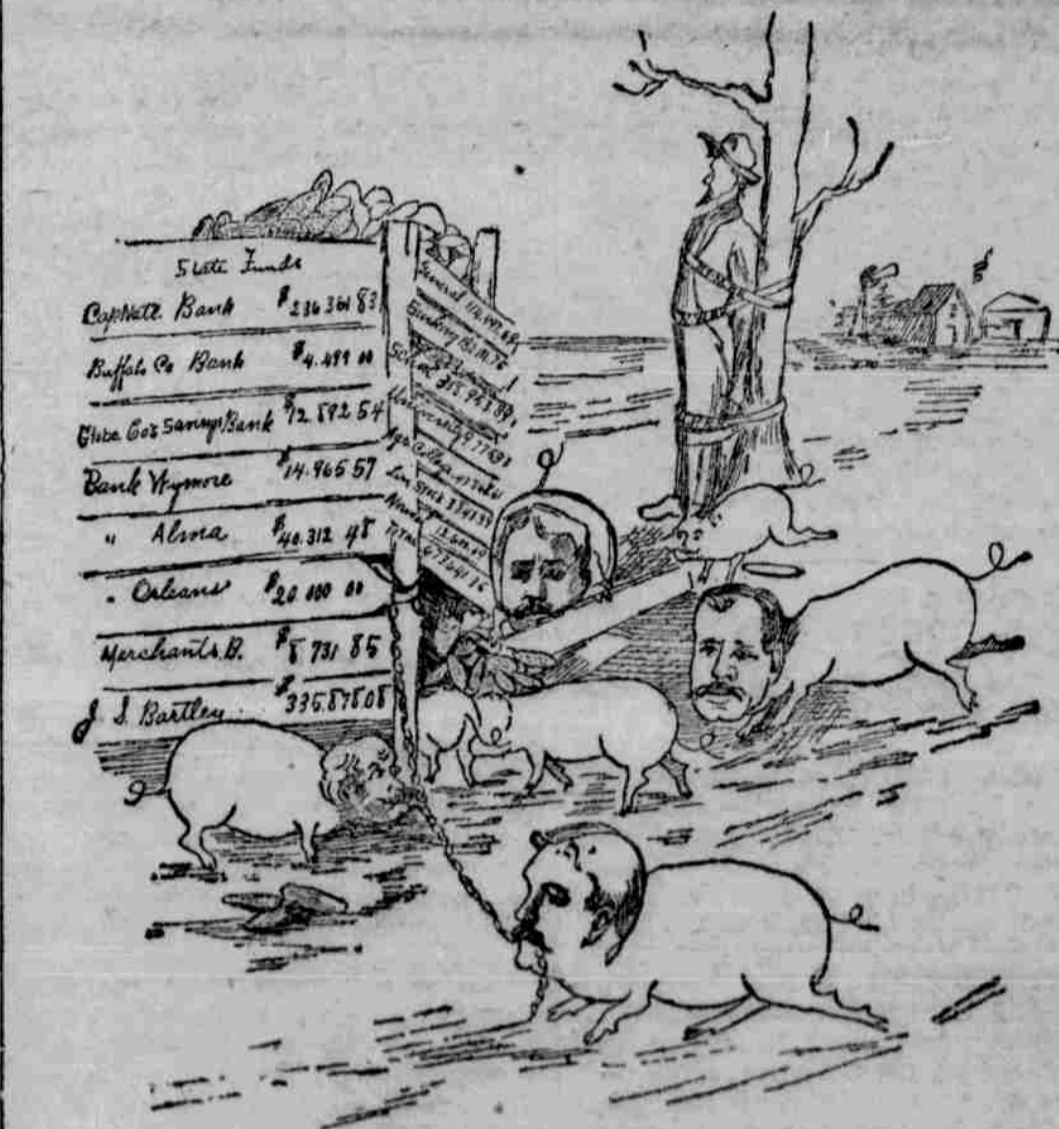
Total.....\$673,641.35

These sums were so entered against Bartley in the Suspended Account because they represent "trust funds" for which the treasurer is at all times personally liable, and to which the depository law does not apply. Recapitulating, the answer to Major Daily's first question is that the Bartley defalcation consisted of \$335,878.08 of "trust funds" and an undetermined portion of the \$337,763.27 in "current funds," part of which, at least, could be legally charged to him if it were worth while to litigate the matter—because of his violation of the depository law.

Coming to Major Daily's second



Under Populism—1897 to 1901.



Under Republican "Redemption"—1901-3.

question, the answer is that no portion of lost "trust funds" has ever been repaid by Bartley or his bondsmen, notwithstanding the big talk we heard about his "putting it back" if the governor would parole him and give him an opportunity to collect what various republican statesmen in Nebraska "owe" him. A small portion of the Suspended Account has, however, been recovered, principally through the activity of Attorney General Smyth. An occasional bank failure, and the resultant receivership, disclosed that Bartley (then in prison) was one of the depositors. Attorney General Smyth would immediately take steps to secure Bartley's dividend for the state. The amounts recovered are as follows:

from receiver of Citizens' National Bank, Gr. Island.....	\$ 894.31
For permanent school fund, from comptroller of the currency, final dividend Kearney Co. Nat. Bank.....	744.00
For permanent school fund, from receiver of the Bank of Atkinson.....	6,762.30
For permanent school fund, from receiver of the Bank of Atkinson.....	1,445.81
For permanent school fund, Citizens' Bank, Gr. Island.....	447.16
Total "trust funds".....	\$10,290.58
For temporary school fund.....	601.00
For sinking fund, Capital National dividend.....	35,454.37
For general fund, Capital National dividend.....	4,727.27

For general fund, First National Bank of Alma.....

Grand total recovered, \$51,954.31  
Of this, \$45,854.88 was recovered during Treasurer Meserve's two terms, and \$6,099.43 during Treasurer Stauffer's term. This left the Suspended Account on November 30, 1902, the sum of \$621,743.23, of which \$325,587.50 is still carried as a charge to J. S. Bartley and represents that much loss to the four permanent educational or "trust" funds of the state.

Major Daily's third question is interesting at this time in view of the enormous increase in the state debt during the last six months of administration by the "redeemers." The answer is that no portion of the \$621,743.23 in the Suspended Account is counted as a part of the present state debt. Permit me to explain what the state debt is:

Prior to the advent of populism in Nebraska, the state's indebtedness consisted of state bonds, or "funded" debt, and state warrants, or "floating" debt. Four years of populist and democratic administration, saw the funded debt wholly wiped out and a big reduction made in the floating debt. To be specific, let us consult the records:

On April 1, 1877, state funding bonds were issued, in accordance with the provisions of section 8, article 9, of the constitution of 1875, and in pursuance of an act approved February 14, 1877, payable in twenty years, to take up certain "certificates" and outstanding warrants which then constituted the "floating" debt of the state—and which even at that early day showed the incapacity of republican officials as financiers. Nebraska's period of statehood had run ten years and one month—and she was in debt nearly \$450,000. In other words, republican extravagance used up all the state revenues and incurred a debt of about \$45,000 each year.

These bonds were issued as follows:  
To Austin Corbin.....\$123,000.00  
To permanent school fund.. 326,267.35

Total.....\$449,267.35  
On April 10, 1891, there were issued \$100,000 of "state relief bonds," due April 1, 1896. Part of these had been paid by the republican treasurer prior to January 7, 1891—the date on which the populists and democrats took full charge of the executive offices. On that date, then, the "funded" debt of Nebraska was as follows:  
State bonds.....\$449,267.35  
State relief bonds..... 19,000.00

Total funded debt.....\$468,267.35  
Now, let us look a little into the rise of the present "floating" debt, which, it will be remembered, was wiped out by the issue of state bonds in 1877. For a number of years it appears that the republican state officers managed to get along by spending no more than the current receipts from taxes. Even as late as 1886 we find less than \$12,000 of general fund warrants outstanding, and there was double the amount of cash in the treasury to take up and pay these warrants. Doubtless the history of this rise can best be told in tabular form:

### THE "FLOATING" DEBT.

	Warrants Outstanding.
November 30, 1858.....	\$ 106,265.68
November 30, 1890.....	582,946.68
November 30, 1892.....	788,793.52
November 30, 1894.....	577,835.78
November 30, 1896.....	1,936,373.47
November 30, 1898.....	1,371,584.01
November 30, 1900.....	1,727,447.72
November 30, 1901.....	2,087,483.22
November 30, 1902.....	1,289,228.22
November 30, 1903.....	2,388,174.33

Taking the total indebtedness, "floating" and "funded," at the nearest biennial periods it became evident that—  
The populists took charge of the state government with a total debt of \$2,484,240.27  
In four years they got this

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