NEBRASKA AFFAIRS EXHAUS-TIVELY REVIEWED.

Recommendations for New Legislation in Various Directions-A Plan for Enhancing the Finances of the State-Greater Economy Urged-Immediate Relief for Drouth Sufferers Recommended-Other Matters Touched Upon.

Gov. Crounse's Last Words.

The biennial message of Governor Lorenzo Crounse as read to the senate and the house of representatives yesterday is as follows: Gentlemen of the Senate and House of

Representatives: In obedience to a constitutional requirement it becomes my duty as well as it is my pleasure to communicate for your consideration such information as I may possess concerning the affairs of the state, together with such recommendations touching needed legislation as observation and experience during my two years in the office of chief executive have suggested.

With you for the time is lodged the duty of making laws for the state, a duty which involves no light responsibility. Beside some degree of familiarity with the methods of legislation, it presupposes a thorough knowledge of the state's condition and needs. To furnish such knowledge in great part the law requires all officers of the executive department, and of all the public institutions, to make a report of the condition, management and expenses of their several offices and institutions. These reports have been made for the biennial period just closed and will be placed before you. They have been prepared with care and contain much valuable information. I commend them to your careful study.

Relief for Drouth Sufferers. The period intervening between the meeting of the last legislature and your present assembling has been one of general depression throughout the country, which has been especially aggravated with our people by the partial failure of crops in the year 1893 and their total destruction in a large portion of the state in the year just closed. This double misfortune has resulted in a condition of distress in many localities which has been followed by numerous and urgent appeals for help. Inspired by the action taken by the legislature of 1891 for the benefit of sufferers from the drouth of 1890, frequent demands have been made on me during the last six months to call an extra session of the legislature to take action in the matter. Notwithstanding the comfert it would have given me to escape these importunities by turning the subject over to the legislature, I decided not to make the call. To have done so would have been to make the action of Nebraska exceptional among the states similarly afflicted and would have structive information bearing on this subgiven the state an undesirable advertise- ject. ment. I also knew that, in the action taken in 1891, the state had reached its limit of indebtedness under the constitution, and considering the empty condition of the treasury and the inability to appropriate aid, I chose not to incur the large expense which would attend an extra session, but de- | mal times its operation might be attended termined to leave to the several counties the | with little risk, but in times of financial care of their needy till the convening of the stringency and uncertainty, such as have regular session. While my decision has been a disappointment to some of the more importunate and less considerate, in the main it as experience has shown. The law imposes has had pretty general approval, and the on officers who are chosen with no special several counties and localities where distress exists have gone to works and by engaging | duty of determining the solvency of the in works of internal improvement and by organized effort have furnished work and supplies for the needy.

In the meantime I have revised and reformed the relief commission of 1891 which has been actively and earnestly at work ascertaining the extent and location of the relief required and in soliciting and distributing aid. Considering the stringency of the times conations both from within and from without have been quite liberal. Espe-cially are the thanks of the state due to the state of Oregon, which through the chamber of commerce of Portland, has already donated several car loads of grain and provi sions, and to the states of Illinois, Indiana and Iowa, which are making generous shipments. Thanks are also due to the several railroads of the country, and especially those whose lines extend into this state, for generously giving free transportation to all donations for the relief of our citizens, the aggregate cost of which at usual rates would have been many thousands of dollars. The sum of all donations, consisting of flour, grain, food of various descriptions, coal and clothing amounts to something like 150 carloads, fifty of which have been coal. All of this and what is still to come, together with what the several counties and localities have supplied, must go far towards affording the relief required. What the legislature may choose to do or find itself able to do is for you to determine. That there are and will be cases of distress unprovided for, and would be under the most liberal provision for the care of all, is in the nature of things. Modest and spirited people will subrait to want rather than beg or eat the bread of charity. On the other nand there are the immedest, importunate and undeserving who are ready to profit at the expense of the deserving. The history of the distribution of the aid given by the state in 1891 shows that in some instances well-todo people, men who had money in banks, shamelessly shared the bounty designed for their unfortunate neighbors. People of that class have been most importunate for an extra session of the legislature and a repetition of the experience of 1891. Disappointed in this, as appears by letters and circulars which have found their way to my table, they have undertaken to berate the executive and to solicit aid on their own account rather than through the commission organized for that purpose. While some of these circulars may have been inspired by good motives, others have not and all have brought but little good and much discredit to the state.

The Most Pressing Matter. The first and most pressing subject demanding your attention, therefore, will be the action that should be taken for the relief of sufferers by the late drouth. With the limit of indebtedness which, under the constitution, is fixed at \$100,000, already reached by the action of the legislature of 1891 in voting \$100,000 in bonds for a like purpose, and the general fund, carrying some hundreds of thousands of dollars, in meeting its 7 per cent unpaid wrrrants, you are confronted with the question of right, as well as of wisdom, in voting any state aid. To my mind the giving of donations from the state treasury is of doubtful propriety and should only be done in extreme or unavoidable occasions. A too ready and frequent response by the state begets dependence, destroys manly pride and encourages improvidence. My idea is that the several counties should care for their own needy. Many of them are free from debt and abundantly able and willing to do so. What they want is power to raise means on county bonds, if necessary, and donate or loan the money to their citizens who are in need for such time and on such terms as may seem best. Each county feeling its own responsibility and having a concern for its own people will give thorough investigation in all cases the deserving for a quarter or less of the plan would not only serve for the present, but would be applicable in other years should there be a repetition of the experience of 1894. Furthermore the bonds issued under such provision would furnish good investment for the permanent school fund of the state. If any risk were to be taken on any of these bonds the state might as well take it as to make donations outright from its treasury. I might further suggest that as an emergency exists the powers of county commissioners or boards of supervisors might be temporarily enlarged so that warrants, under certain restrictions, might

The State's Financial Condition. The financial condition of the state is bad and I trust you will not allow the session to end without having taken steps to mena th From the reports of the treasurer and auditor it will be seen that on the 1st day of December last there were outstanding warrants drawn on the general fund to the amount of \$547,281.18 and on the feeble-minded institute fund for \$51,256.93, making an aggregate of \$608,538.11, with only \$28,503.67 in those funds from which to pay them. At the same time there was in the treasury \$417,313.61 of idle money belonging to the permanent school fund. In other words, the state was paying interest at the rate of 7 per cent per annum on upwards of six hundred thousand dollars and was losing interest on over four hundred thousand dollars. If under the law of 1891 the permanent school fund could have been invested in these warrants as it was intended, much of this interest, instead of going to warrant brokers, would be saved for the benefit of the schools of the state. But unfortunately the supreme court has decided that law inoperative, as will be referred to in another part of this communication. This load of high interest-bearing debt has been incurred by appropriations made by more recent legislatures, notably that of 1891, in excess of taxes that could be levied and collected under our present revenue laws. The assessors of the state vie with one another in their efforts to reduce the valuation of property. In this they are encouraged and supported by the natural disposition of one precinct or county to shift its burden of taxation on the others. As a result the property of the state, which by the census of 1890 is estimated at \$1,275,685,514, is assessed at about \$180,000,000, or less than 15 per cent of its value. Under the present limit of 5 mills levy on the dollar for the general fund it is hardly possible, with the observance of the

tion sufficient money to meet the needs of the state. The remedy for this lies either in an increased valuation of the property of the state or in extending the limit of the levy. To extend the limit of the levy is simple and an increased valuation can be effected in different ways. One is by providing for the assessment of property through state or district assessors, and thus removing the work from local influence. Another is by giving greater power to state and county equalizing boards. The state equalizing board, consisting of the governor, treasurer and auditor, under the present law can make no change in the assessment roll as it comes to them. In equalizing state taxation among the several counties its power is restricted to varying the rate under the limit fixed as applied to one county and another. Its authority should be enlarged so that it could not only raise the valuation of any particular county or counties, but increase the assessment of all the property returned to any

strictest economy, to raise on so low a valua-

extent not exceeding its true value. In the auditor's report will be found a statement showing the excess of appropriations for several years, the percentage of delinquent tax and other interesting and in-

The legislature of 1891 passed an act pro-

Deposit of State Funds.

viding for the deposit of state and county funds in banks. The wisdom of such a law, as far as it concerns the money of the state, to my mind, is doubtful. In ordinary or norprevailed for the two years last past, it is liable to be accompanied with much hazard, reference to their fitness for the task the proposed depositories and the financial ability of the obligors on the several bonds offered as security for deposits asked for. The act does not even provide that the sureties shall make oath as to their responsibility nor for any sworn statement of the amount, character and value of the property owned by each. Notwithstanding this the approving officers, consisting of the governor, secretary of state and attorneygeneral, following the practice of the courts nave, as a rule, demanded of all sureties an oath showing their liability over and above exemptions. Even this precaution has not proved a protection, for in one notable instance the required oath was taken glibly and unhesitatingly and a rotten bank which had successfully deceived expert bank examiners and hundreds of innocent depositors succeeded in putting upon the state an almost worthless bond for a large sum. Luckily in the case referred to, that of the Capital National bank, it will be found, I believe, that no deposit was made under the bond and the state is not the loser by the transaction. During the past two years of financial stringency the law was been an invitation to the banks of the state to apply for funds which some of them could get in no other direction seemingly, and no less than fiftynine applications and accompanying bonds have been received. Of these forty-seven were approved-enough to many times absorb the comparatively little idie money in the treasury aside from the permanent school fund, which the supreme court in the case of the State vs. Bartley has decided not subject to deposit under the law. This list of depositories includes many banks of undoubted standing, some of which were solicited to apply in order to furnish the treasurer avenues in which to safely put out

the state's money.
Still another question arising under this act is as to how long this approval of any depository is to ho'd. The conditions which warrant the approval of a bond today may change in the course of a few months in these times of uncertainty, and it is hardly supposable that the board could keep track of such changes. Still, it is in behalf of the bank with such failing security that the strongest personal and political influence would be brought to bear, and the treasurer might yield to such importunity without personal responsibility or liability on his part. If the law is to be continued it may be well to consider whether it should not provide for periodical examinations into the sufficiency of the several bonds and a limitation be fixed to the life of them without reapproval, and such other amendments as will give additional security in depositing the state's money.

In this connection I may add that as a measure of additional safety in deciding on the value of some of the bonds offered, the board employed the services of one of the leading commercial agencies, having an of-fice at the capital. The services have been valuable, the price agreed upon reasonable, and I would recommend the payment of the

charges made therefore. Investment of Permanent School Fund To the state have been given the sixteenth and thirty-sixth sections of land for the ben-efit of its public schools. The constitution has fixed the minimum price at which these lands can be sold at \$7 per acre. The money derived from the sale of these lands forms a permanent school fund, the interest on which, together with the rents from unsold lands, furnishes a temporary fund which is applied to the support of the public schools. It is therefore important that this permanent school fund shall be at all times invested, and at the best rate of interest obtainable. As a member of the board of educational lands and funds I have labored earnestly to effect this. The law limits the investment of this fund to United States or state securities and registered and distinguish real from pretended cases of | county bonds. No state bonds have been ofneed. In this way relief can be brought to fered during the last few years and, the deserving for a quarter or less of the expense that it would cost the state. This and high premium commanded, and plan would not only serve for the present, in the hope of being able to invest in county bonds, which ordinarily pay the best interest. the money has not been tied up in United States bonds. But owing to the depression of business, failure of crops and other causes, but few counties have made new issue of bonds and those issues have been engerly sought by bond brokers. Where the board has heard of any proposed issue it has been prompt to assure the county authorities that the state would purchase them at as good or better rate than obtainable elsewhere. In lic affairs. Extravagance begets extravasome few instances county bonds have thus gance. An unwarranted or too liberal

be issued, fundable later in the bonds recommended. arrangements with agents, by the imposition of terms which the board had no power to comply with and by other methods not necessary to recite, the offer of the state to pay to the county direct such better price has been disregarded and the bonds have had to be obtained, if at all, through second hands, and at an increased price.

In order to keep the entire permanent school fund at all times invested and carning some interest I would recommend the enactment of a law directing the board of educational lands and funds to invest all moneys of that fund not otherwise invested, in United States bonds, with authority to sell and convert them from time to time into other lawful and better interest paying securities when opportunities offer. Without an act of the kind suggested the board is powerless to make such conversion. This was so decided in an opinion given by the supreme court as will be seen by reference to page 684, fifteenth volume of Nebraska re-

In answer to questions submitted to the house of representatives the supreme court gave an opinion to be found on page 659, volume 25, Nebraska reports, holding that state warrants issued in pursuance of an appropriation made by the legislature and secured by the levy of a tax for its payment are state securities in the meaning of the constitution, which says that educational funds may be invested in state securities. Following this decision the legislature by a law, found in the session laws of 1891, chapter 48, declared that when a warrant of that description shall be presented to the state treasurer for payment and there shall not be money in the proper fund to pay said warrant, the state treasurer shall pay the amount due on said warrant from any funds in the state treasury belonging to the permanent school fund, and shall hold said warrant as an investment of said permanent school fund. Early in his term of office and even before a levy had been made for their payment and they had become state securities, the present state treasurer had, for some reason, paid a large number of warrants drawn in favor of members of the legislature and others, and for the payment of which there was no money in the treasury other than the school fund, but later and after the levy of a tax had been made for their payment, the treasurer for some other reason declined to pay any more warrants and turned them into the permanent school fund, contending among other things that he must first have the direction of the board of educational lands to purchase warrants.

Court Sustained the Treasurer.

In order to compel him to comply with the law the attorney-general, at the instance of the board, instituted proceedings in the supreme court. That tribunal sustained the treasurer, holding that inasmuch as the constitution had constituted the governor, secretary of state, treasurer, attorney-general and commissioner of public lands and buildings a board for the investment of the permanent school funds, it was not competent for the legislature to empower the treasurer alone without specific direction of the board to pay warrants and turn them into that fund. In answeing the argument of the attorney general, who contended that it was never intended that the board should remain in continual session from January 1 to December 31 of each year

in order to pass upon warrants presented and to make orders for their payment from the permanent school fund, Chief Justice Norval, who delivered the opinion of the court answered this by saying: "The construction we have placed upon the constitution will not have the effect outlined by the attorney general. It is the duty of the board charged with the management and control of the school funds to determine when, and in what sum said funds shall be invested, as well as what securities of the kinds authorized, by the fundamental law, shall be purchased, and the price that shall be paid for the same. When the board has so determined and ordered, it may by resolu-tion, entered upon the records of its proceedings, authorize and direct the state treasurer to pay out the money therefor. It may, prior to the purchase, examine the particular se curity offered for sale if deemed desirable and expedient, but it is not indispensable that it should do so. The board may direct the treasurer or any other member of the board to do that."

With a view to meeting the direction of the court, which seemed to point out the way in which the objection of the treasurer could be overcome, the board was convened, when I submitted the following resolutions, which were unanimously adopted, namely:

The Governor's Resolutions. Resolved, That the sum of \$200,000 of he permanent school fund of the state of Nebraska, or so much thereof as may be necessary, be and hereby is set apart from which to pay outstanding warrants drawn upon the general fund, which warrants are registered and bearing numbers from No. 13,292 to 16,000 inclusive, together with accrued interest, it being determined by this board that said warrants are drawn in pursuance of an appropriation made by the legislature and secured by the levy of a tax for their payment, and therefore are state securities, and the state treasurer is instructed to at once notify the several parties in whose names said warrants are registered of his readiness and purpose to pay said warrants so that the interest on the same shall cease as provided in chapter 93 of the compiled statutes of Nebraska and when so paid the warrants shall be held by the treasurer as an investment of the permanent school fund and shall be stamped and signed as provided

by law. Resolved, Also, that the further sum of \$250,000 of the permanent school fund of the state, or so much thereof as shall be necessary, be and hereby is set apart from which to pay current, unregistered warrants already drawn, as well as those which may hereafter be drawn, against the general fund under appropriations made by the last legislature, it being determined by this board that such appropriations are secured by a levy of a tax for their payment, and the state treasurer is hereby directed to pay such warrants as they may be presented at the state treasury and stamped, signed, and hold the same as an investment of the permanent school fund as provided by statute.

Resolved, Further, that the state treasurer, a member of this board, be and hereby is empowered to act in its behalf in determining questions as to the genuineness and ownership of any and all warrants presented under the foregoing two resolutions, and when in doubt he will refer the matter to the chairman to be submitted to the board for its decision.

The people of the state have the right at all times to demand the practice of the strictest economy in the appropriation and expenditure of their money. Especially can they insist on a rigid adherence to this rule when they themselves are struggling under an enforced observance of it in their in dividual affairs. The greater portion of the money which finds its way into the treasury goes for the support of the several penal, reformatory, charitable and educational institutions of the state. On the way in which these institutions are conducted, therefore, depends to a great extent the expenses of the state. They need that attention and supervision without which extravagance, waste and even peculation grow up. In my several relations as appointing officer and member of the board of purchase and supplies I have given much study to their management, and I think I can safely say that most of these institutions were never more ably and economically conducted than they now are. In fact, the limited appropriations for their support made in 1893 have demanded the vergise of more than the usual care and economy. You may recall my remarks to

the legislature two years ago when I said: "Nebraskans, in the main, are a plain people. With most of them life is a perpetual struggle. Hard work, frugality and economy are their constant companions. They indulge in little extravagance themselves, and they may reasonably expect their representatives to govern themselves in like manner. The tendency of the day is fests itself more than in the conduct of pub-

for tomorrow, and I submit to you whether your predecessors have not always passed the high water mark. Such is my opinion, and in my judgment the aggregate of appropriations made by the last legislature should be cut down fully three-quarters of a million dollars, notwithstanding the growth of the state in the meantime.

Made a Beginning. Whether out of deference to my advice or not the fact is that the sum of appropria-tions made by the legislature of 1893 was \$2,208,940.26, as against \$2,886,575.63 in 1891, or \$667,635.37 of the three-quarters of a million reduction recommended by me. Current expenses for the support of convicts in the penitentiary are fixed by a contract made by the legislature. The affairs of the normal school and the university are under the control of a board of education and a board of regents respectively. Hence these institutions are omitted from the following comparison:

During 1892 the remaining eleven institutions supported 1,564 inmates at a cost for current expenses of \$390,678, or \$248 per capita, or \$.68 per capita daily.

During 1893 they supported 1,822 inmates at an expense of \$411,897, or \$226 per capita,

or 62 cents per capita daily.

During 1894 they supported 5,042 inmates at an expense of \$393,327, or \$192.61 per

capita, or 52.7 cents per capita daily. Thus it is shown that during the years of 1898 and 1894 these institutions sustained an average number of 1,932 inmates at an ex-

pense of \$805,224. The institutions produced \$48,700 of this amount in cash, farm and garden products, although the two years just closed have been very unfavorable to agriculture. In arranging for a wider and sharper competition in bids for supplies, in providing for the slaughter of beeves at the larger institutions and its purchase by the carcass at wholesale prices in others instead of purchasing through local butcher shops, by analysis of coal, the manufacture of soap and other articles of large consumption, by the largest production of supplies for use of the institutions and of products for sale from their lands, and in other ways the expense of supporting these institutions has been greatly reduced. What has contributed more than anything else to their economical conduct has been the requirement of periodical reports from each of them.

Section 21 of article 5 of the constitution requires that the officers of all institutions of the state shall make a semi-annual report to the governor, under oath, of the moneys received and disbursed. A compliance with this wise requirement it seems had never been insisted on, and except in the case of the university, which is under the control of neither the governor nor the board of public lands and buildings, scarcely any reports of the kind were supplied. I not only insisted upon these reports being furnished, but adopted for them such a form as would present much information valuable in keeping watch over expenditures made. These reports show not only the number of officers, employes, inmates, money used for both current and extraordinary expenses, what has been produced, consumed and sold, but what it has cost the state per capita during the given period for board, for clothing, for fuel and other items of expenditure. These reports furnish the data from which to ascertain the relative cost of maintaining inmates and for comparing it with the cost of other states, as well as for ascertaining the relative expense for different periods. While these reports, with a knowledge that they your study. For reasons i cannot underare before the executive and open to public check to extravagance and a stimulus to greater care on the part of heads of institutions, they will, I trust, serve as a valuable guide to you in making appropriations.

I would call your attention to the need of lishment and government of several of the state institutions. Some were provided for before the adoption of the constitution, of makes the commissioner of public lands and buildings, the secretary of state, the treasurer and attorney-general a board instrusted with the supervision and control of all asylums and other institutions except those for educational purposes, some confusion has arisen and some conflict of authority relating to the appointment of officers and upon other points which have been the subject of decision by the courts. In one institution the tenure and duties of an officer are fixed, while in a similar one, and for no apparent reason, these are left undefined. The whole matter should be carefully considered and the laws made clear and specific.

Governor should Appoint All.

In the case of some of the institutions of the state the governor appoints the superintendents and other officers, while in others this authority is given to the board of public lands and buildings. This is wrong. The governor should be charged with the appointment in all these cases and he alone should be responsible to the people for his actions. The responsibility for a bad appointment should not be a divided one and one not directly traceable or chargeable to any one person. Considerations of a political or partisan character may be opposed to a favorable acceptance of this recommendation at this time, still sound legislation should not be avoided for fear of the loss of some partisan advantage. It is unfortunate that the heads of some institutions, in cases where to fitness experience has been added, should become the sport of political fortune, and for good reasons only should tried and experienced officers be replaced.

Actions Brought by the State. Soon after my inauguration the Capital National bank of Lincoln failed and its affairs and assets, pursuant to the United States statutes, were placed in the hands of a receiver for settlement and liquidation. State Treasurer John E. Hill, during both his terms of office, had deposited large amounts of state funds in that bank. An investigation by a legislative committee disclosed that he had turned over to his successor, State Treasurer Bartley, who had received them in lieu of money, certificates of deposit issued by such bank to the amount of \$285,357.85; that these were thereupon surrendered by Treasurer Bartley and the amount thereof credited upon an account with the bank opened by him as state treasurer, and that prior to and including January 21, 1893, he had checked or drawn out portions of this amount, leaving to his credit on account of the surrendered certificates the sum of \$236,364.62. No part of this has as yet been realized by the state from any source, and for that amount ex-Treasurer Hill has failed in any manner to account. I was advised that it would be prejudicial to the rights of the state upon his bond to file or authorize to be filed any claim in its behalf with the receiver, and I did not do so. I am informed that some claim in the premises was presented by Treasurer Bartley, but that as yet no dividend has been paid to him on account thereof.

I deemed it important that an action for the recovery of this deficit should be speedily commenced upon the bond of ex-Treasurer Hill, for his last term of office, and in conformity with my advice and directions to the attorney-general as provided by law such an action was commenced on the 30th day of March, 1893, in the district court for

Douglas county. Irregularities in Institutions.

Other investigations instituted by the legislature disclosed various apparent delinquencies, malfeasances and embezzlements on the part of persons connected with state institutions, especially the asylum for the insane and the state penitentiary. In consequence, presumably, of these disclosures, the legislature by chapter 58 of the laws of 1893 appropriated and placed under the direction and control of the governor the sum of \$10,-000, to be used by him so far as deemed necessary in employing attorneys to prosecute criminal cases and pay the expenses connected therewith where the state had been defrauded by its officers, employes or others dealing with such institutions, or having in their pessession or control moneys, funds, toward extravagance and it nowhere mani- property or effects belonging to the state; or to prosecute civil actions or proceedings against officers, persons or incorporations indebted to the state on account of moneys, been secured, but in others, through private appropriation of today forms the precedent | funds or effects belonging thereto, or upon

any official bond, contract or obligation for the safe keeping or disposal of such moneys, funds or effects, and a supplementary ap-propriation of \$5,000 was made for the same general purposes. Portions of these sums have been expended in the proceedings hereinafter mentioned, but a considerable part thereof remains unexpended, applicable to the same or similar proceedings.

Under this authority I employed ex-Judge E. Wakeley of Omaha to assist the attorneygeneral in prosecuting the action referred to upon the bond. Douglas county was selected as the forum upon advice of counsel for the state, who believed that its interests would be jeopardized by the bias and local prejudice which would pervade a jury trial in the district court of Lancaster county, where the transactions connected with the breach of the bond and the failure of the Capital National bank had occurred, astended with much local excitement and feeling. It was, however, determined by the district and supreme courts that the cause of action upon the bond arose in Lanancaster county, and that there only the action could be properly brought.

Although the percentage of the insane in Nebraska has not increased and is not greater than the average in other states, yet the liberal policy adopted by the legislature of 1891, under which the state assumes the expense of caring for all the insane of the state without making in turn any charge to the counties or to the estate or relations of the patient, has resulted in a large influx of patients which is taxing the full capacity of the three asylums. If this policy is to be continued there is a demand for more room. This should not be met by a multiplication of asylums. By alteration of and additions to the three asylums the state now has ample room can be provided to anticipate the wants of a couple of decades and at a small fraction of the expense attending the establishment of a new one. Double the number of patients can be taken in charge by the same officers and maintained at a reduced per capita expense. Whether all, or which one or ones, should be thus enlarged is for you to determine, and it would be wise if your action were guided by some committee attended by a competent architect, who should first examine these different institutions.

These three hospitals, located at Hastings, Lincoln and Norfolk, under the superintendency of Drs. Johnston, Hay and Little respectively, have been ably managed and I desire to testify to the hearty co-operation and sympathy of these gentlemen and the stewards under them in my efforts to reduce the expenses of these institutions to the minimum. A reference to the table furnished you will show that the annual per capita tax expense was reduced from \$270.04 in the year 1892 to \$152.65 in 1894 at Hastings, from \$229.72 to \$193.05 at Lincoln and from \$270.34 to \$258.04 at Norfolk during the corresponding period-all excellent showings and about equally good considering the difference in population of each,

which of course affects the result. The institution at Hastings bears the name "the asylum for the incurable insane." To those who are taken there who have reason enough to understand the significance of the application and to their friends the name stands as a terror and it should be changed to "the hospital for the chronic insane." Whether there should be a separate hospital for the chronic insone or not is discussed in the reports of the several superintendents and their discussion is worth take to set forth it is my opinion that the inspection and criticism, have served as a classes referred to should be distributed

Transportation of Patients.

In connection with the foregoing I desire to make a recommendation in the interest of both humanity and economy. It is usual a revision of the laws relating to the estab- | for sheriffs to convey lunatics from their respective counties to the hospital. The common fear of a crazy person which possesses people, generally leads these officers in 1875 and were placed under the direction some cases which have been brought to my and supervision of trustees chosen by the attention to bind their subjects with irons legislature. Under the constitution which and straps, both cruel and unnecessary, and tending to aggravate the malady of the patients. Their transporation should be by a skilled and experienced attendant from the institution, and money provided for the payment of the actual expense incurred. This would result in a saving of 50 per cent or more of the amount now paid.

The subject of irrigation is of such importance as to demand special consideration at this time. The fact that nearly or quite half the lands within the state lie west of the line of humidity sufficient to insure an unbroken succession of crops renders irrigation necessary to protect the people against disaster in unusually dry years. The partial failure from drouth in 1890-92-93, and the almost total failure of 1894, has awakened the people to the necessity of providing for watering the growing crops by artificial means. The soil of western Nebraska, where, to some extent, want now prevails, is as fertileas that of any portion of the United States, and in years past has yielded abundant harvest in response to the efforts of industrious settlers. This fact has fostered anti-irrigation sentiment and retarded work tending to the establishment of a system of irrigation, but the more recent failures from drouth have dissipated all false opposition and star ed active operations in several counties of the state. And now while irrigation in Nebraska is in its infancy and necessarily experimental, it will be well for the present legislature to give the subject careful study, to the end that wise legislation may be enacted providing for the protection of individuals in their rights to the use of water for irrigation purposes. The right to the use of water from the streams should be so safeguarded by law as to prevent the very appearance of monopoly and to preclude all possibility of erroneous rendition of the laws which may be passed covering the question.

The deputy commissioner of labor and industrial statistics has prepared a careful report upon irrigation, se ting forth the extent to which it has been carried within the state, including a tabular statement, accompanied by a map, showing all statistics as far as obtainable at this time. The question of water supply and best methods of applying the same to the land is discussed in the report named, to which you are referred for more extended information upon this ques-

Reet Sugar Industry. Experiment of the most convincing and

conclusive character has demonstrated the peculiar fitness of Nebraska's soil and climate for the production of sugar beets. Under the stimulus of the act passed by the legislature of 1889 offering a bounty of 1 cent, and the further action of congress in 1890, giving a bounty of 2 cents for every pound of sugar produced, the manufacture of sugar sprang up and rapidly grew into proportions which gave much promise to the state. The beet sugar factory established at Grand Island was soon followed by the erection of another at Norfoik, both representing an investment of something like a half milion of dollars, employing during a part of the year some 600 employes and disbursing many thousands of dollars in wages and in the purchase of beets. Under proper inducement these factories might be multiplied and carried into many of the counties of the tate This would result in a much-needed diversification in our agriculture, in smaller holdings in land and consequent rise in value, a largely increased population, the employment of a vast army of workmen, and adding in the end very largely to the wealth of the state. Furthermore it is demonstrated that beets, as a crop, will succeed in dry seasons when other crops fail-n matter worthy of much consideration, in view of our recent

The Bounty Question. By the action of the legislature in 1891 the state bounty theretofore offered was withdrawn and congress has also recently repealed the law giving the bounty of 2 cents par pound. As a result one of the two factories of the state has just been closed and it is a matter of doubt whether the other will continue under present conditions, I should regard it as a serious misfortune to the state if an industry of such importance and which has drawn so much interest to Nebraska should die out, and it is well worth your earnest consideration whether

anything can be done by you to keep alive those factories we already have and to encourage the establishment of others. Should you conclude to do so it might be by a bounty to the manufacturer of sugar conditioned that he pay for beets used not less than a price named, and that the payment of such bounty do not continue beyond the time when the general government may give sufficient protection to the industry.

MAXIMUM RATE LAW. At the last session of the legislature a law was passed classifying freights and fixing reasonable maximum rates to be charged for the transportation of the same on the railroads of the state. Before the law went into effect, however, parties interested in the several roads instituted proceedings in the federal court to test its validity and justness and by a recent decision rendered by a judge of the United States court the operation of the act has been suspended. The decision of the court, as I understand it, while it asserts the constitutionality of the act and concedes the right of the legislature to enact laws of this kind, holds that the rates so fixed are not sufficiently remunerative to the roads and for that reason enjoins their enforcement. The opinion of the judge is disappointing and unsatisfactory. It is to be regretted that in saying to a state that certain railway rates established by it a reununreasonable the court did not give the state some rule by which reasonable rates might

be determined. The opinion leaves undetermined also another important and long-agitated question, whether fictitious capitalization of railroads should be added to their real value when fixing a basis upon which incomes shall be permitted. Not only with a view to determining the soundness of the decision rendered, but with the purpose of settling the questions I have referred to and any others which may be valuable as a guide to future legislation, I would advise that provision be made and direction given to prosecute the case until it shall have reached the court of last resort, if necessary, in order to definitely establish the rights of the state. If this be not done it will be for you to consider whether a new law be enacted, or whether to let the present one stand until the business of the state shall have grown up to it, when, under the present ruling, it could be put in operation.

The Russian Thistle.

The Russian thistle, a most dangerous pest and one which has proved very damaging to some of the states on our north, has invaded our territory and no effort should be omitted to expel it. The matter has been called to the attention of our people by Professor Bessey of the state university and by action taken by the state boards agriculture and horticulture. Any aid that legislation can give towards its extermination and resisting its invasion should be

Public Schools, The report of the superintendent of public instruction shows that owing, no doubt, to the stringency of the times there was a falling off in the money expended for the sup-port of public schools in the year 1894 as compared with the year 1893-from \$5,149,-748 in 1893 to \$4,745,556 in 1894. At the same time it is gratifying to note that the average daily attendance at school rose from 161,152 in 1893 to 171,198 in 1894.

The State Normal School.

The state normal school at Peru is in a flourishing condition and is doing much good in meeting the demand for a hi . r grade of teachers for the common schools the state. A pleasant visit to that institu tion assured me that the work done there is thorough, and the condition of things as I found them testifies to the zenious care exercised by the board of education and the pride it has in its charge. My attention has been called to the fact that the supply of water there has recently failed. As the buildings are not insured this

matter should have prompt attention. The State University. The state university, under the active and energetic direction of its present chancellor, has obtained a wonderful growth in attendance and has taken high rank among similar institutions of the land. In considering the wants of the university as respects room it is well to consider that quite a large fraction of those enrolled is in attendance upon the preparatory school and they are not university students proper. This preparatory department is in a sense a high school, which, with its superior advantages, naturally invites a large local attendance. Of the 1,156 pupils in attendance, and whose place of resi-gence is given in the last report of the regents, 571, or about 50 cent, are credited to Lancaster county and presumably mostly from the city of Lincoln. The regents announce their determination to gradually drop the preparatory work. This conclusion is a proper one. It will not only limit the work of the institution to the object contemplated in the law establishing it and for which the bounty of the general government and the support of the state are liberally given, but will be something of a guide in determining whether any additional room should be provided, and if so, how

The comprehensive report of the recents covering the biennial period just closed will be laid before you and will give you much desired information respecting the institution. It closes with a statement of its needs, which include the large sum of \$155,-000 for new buildings and appurtenances, and repairs of old ones, beside the usual amount for current expenses. The request comes at a time when both the condition of the treasury and the condition of our people can filly respond to it. While I share in the just pride the people of the state feel in the university, and appreciate the importance and desirability of providing the higher education for our young, yet I cannot repress the suggestion that with the state, as with the family or individual, the question of cost and ability to pay it must be considered in connection with the question of desirability.

Other State Institutions.

I cannot undertake in the compass of this message to make special reference to all the state institutions. I have only done so in cases where I have thought such reference desirable. In the reports made by their several heads will be found an account of their transactions and an estimate of their wants, while in the table which will be appended to this communication will be found. an account of the amount of money that has been expended for the maintenance of each and for what purpose expended. Money Received and Paid Into Treas-

ury. Received and paid over to the state treas-

urer funds as follows: Drafts from federal government in behalf of soldiers and sailors' home ... \$19,464-37 Five per cent of net proceeds of sails of 201 00 furmture.....

Conclus on.

In relinquishing an office which came to me in a manner highly complimentary I do so with the consciousness of having tried to be of service to the people of the state who have so frequently honored me. How well I have succeeded they must decide. I shall carry with me pleasant recollections of the kindly relations which have existed between myself and those with whom I have assoclated or had to deal with in an official way.

Gov. Holcomb's Message.

Following is the message of the incoming governor delivered to both branches of the legislature:

Fellow Citizens of the Legislative Department of the State of Nebraska: I have been called by my fellow citizens of Nebraska to serve them as governor of the state. In your presence I have just taken the prescribed oath of office, and, agreeable to time-honored custom, I will now address you briefly before entering actively upon the discharge of the important duties of the

office. I am indeed deeply impressed with the