Hist Society

The Worthington Advance.

VOLUME VI. WORTHINGTON, NOBLES COUNTY, MINNESOTA, THURSDAY, JANUARY 17, 1878. NUMBER 20.

ANNUAL MESSAGE —OF— GOV. J. S. PILLSBURY.

Gentlemen of the Senate and House ot Representatives;

The presentation of my third annual communication touching general public affairs, affords an occasion which I gladly embrace to tender my cordial congratulations upon the encouraging auspices under which you now convene for legislative deliberation. One year ago when you assembled for this purpose, the country at large was disturbed with threatening uncertainty respecting the determination of its choice of a chief magistrate; business energies everywhere lay prostrate; the dreaded insect which had repeatedly destroyed the fruits of agriculture had prepared for the propagation of fresh swarms throughout a vast extent of additional territory; the present was marked with arrested enterprises, and the future filled with foreboding, while a feeling of fear and despondency was rapidly spreading among all classes of the people. These discouragements have happily disappeared. The Presidential complication which imperilled the public peace if not the stability of the government, was adjusted in that happy spirit of concession and wise moderation which in my judgment will give popular government a prouder status among the nations of the earth; the finances of the government have been managed with that sound and broad conservatism which is leading to a healthy business revival, and which if persisted in must speedily ensure an honorable redemption of the national pledges. The invading locusts have completely evacuated our territory, under circumstances which give hopeful promise of future exemption from their incursions; the labors of the husbandman have been rewarded with crops unexampled in quality and abundance in the agricultural experience of the State; our unoccupied lands are being rapidly absorbed for immediate cultivation by new immigrants in numbers and character never before equalled; our suspended railroad construction has been earnestly resumed, important links in the broken arterial lines have been supplied, new routes and extensions in the development of our railroad system projected for early construction, and new activity, impelled by new hope and courage, is everywhere inciting our people to new efforts for individual and public prosperity.

To gratefully recognize the bountiful agency of Almighty God in such numberless blessings is not less the duty than the wholesome impulse of an appreciative people. Indeed, considering Nature's first munificence of climate and physicial attributes, and the subsequent success which has marked the formation and growth of our State, a cheerful and frequent reference to such advantages, is but the healthful exercise of that ready and sober good sense which becomes a rational and happy people. Glad and hopeful however as we should feel in view of the prosperity of the present and the prospects of the future, thoughtful men will feel not less deeply the responsibilities imposed by them. So rapid and energetic is the recuperation of our people from a prostrate industrial condition, that the lessons of the past are prone to be overlooked. Recovery from business depression for this reason is never unattended with serious danger, and it may indeed be questioned whether seasons of excited activity, all things considered, are not really more detrimental to a durable public welfare than those marked by slow and more cautious movements. Happy the people who may prove sufficiently wise to profit by both—to reap victory equally from adversity and from prosperity, and with whom the bright promise of hope shall prove a guide rather than a snare. With such a people the worthy use of what has been already gained, is at once an acceptable offering for the past and an inviting gaurantee of the future.

DEBT AND EXTRAVAGANCE.

These considerations impel me o warn my fellow citizens against a repetition of those errors of the past, with which we are all too familiar. It is obvious to all persons of even casual observation that the most fruitful source of the wide popular distress, from which we in Minnesota are happily emerging, has been the over indulgence of the universal propensity to incur debt. In this State the poor settler, beginning with the small indebtedness absolutely required as the hard condition of his frontier lot, soon acquires the habit of buying on credit, and is constantly tempted to anticipate the proceeds of his expected crop by effecting a loan for the immediate satisfaction of his real or fancied necessities. If there follows a failure or serious shrinkage of the crop which is thus drawn upon in advance, or if there be a material decline in its expected market value, the embarrassment of the debtor is inevitable, and his purchases are therefore made at a constant disadvantage, while his necessities as constantly increase. Nor is this early contraction of debt caused in most instances so much by the urgent wants of the settler as by that impatience with the slow results of his unassisted labor which induces the premature purchase of improved implements, and by his readiness to listen to the persuasions of various and ever present patent venders of every conceivable article of necessity or convenience. In the course of my visits to different sections of the State, and especially to those regions ravished by grasshoppers, I have been surprised at the extent to which farmers have been willing to mortgage their entire property—lands, stock, implements and household furniture—for the purpose of purchasing the latest assumed improvement in farm machinery; which costly purchase, and the often excellent machine it supercedes, are alike not unfrequently suffered to perish unprotected from the weather, while the needless debt thus incurred is accumulating its burden against the improvident debtor. Another source of embarrassment to the average farmer, is his passion for the purchase of more land than he can profitably work, and his disposition to keep store debts constantly floating for expenses sometimes of a pernicious personal character, which could well be avoided with benefit alike to his pocket and his health. This inclination to incur debt which finds perhaps some excuse in the primary necessities of the settler, extends with less plausibility to the man of moderate means, to gratify his love for more luxurious living; to the rich for the indulgence of extravagant display, and to the reckless pretender from the necessity to preserve false appearances. From individuals it extends to communities, to public organizations and societies constituted for various purposes not excepting those with moral and religious aims. Townships, school districts, villages, cities and countries all alike hasten to issue bonds in behalf of what are assumed to be needed improvements—for the construction of roads and bridges, for the erection of costly school edifices and other public structures, and especially for fixing the route and hastening the construction of promised railroads held temptingly for bonuses from competing localities.

It is not claimed that the purposes for which much of this indebtedness has been incurred, are not desirable or worthy objects. They attest indeed the characteristics of enterprising and high toned communities, and when kept within judicious bounds the means thus resorted to in furtherance of these objects are effective aids to commendable public progress. But the eagerness with which both private and public debts are incurred without due consideration of the time or needs of the situation or the adaptation of means to ends, is unquestionably the crying evil of the period and the most potent cause of financial disorders.

RETRENCHMENT.

In view of the disasters which have manifestly resulted from these causes I feel it my duty to appeal earnestly to all classes of our people to heed the costly lessons of the past. Now that we are emerging from a period of what is termed hard times, there is danger that our best men, impelled by a renewed spirit of enterprise may plunge into renewed excesses. This is the periodical liability, especially of energetic communities. The facility with which immediate results may be reached by entailing their cost upon posterity, is a constant incentive to premature undertakings. If these were prosecuted only as fast as they could be paid for in cash, they would be limited to the urgent need of the hour, and extravagant expenditures and resulting oppressive taxation would be effectually checked. Hence the obvious policy of discountenancing the contraction of debt and the consistent obligation of all good citizens to curtail their private expenses and live within their means.

This is alike the duty of all classes—rich and poor, lender and borrower producer and consumer—for the interests of all are involved in the result. In no other direction is the identity of the individual with the common good, more signally exhibited than in that policy which consults the capacity of the honest purchaser to pay his honest debts as affecting, not only those immediately concerned, but the interests of all. In the firm pursuit of this simple policy will be found not only the prompt correction of obvious abuses, but in my judgment the first condition for the practical solution of the profound problems which closely concern the existence of our political and social fabric. The shedding of fraternal blood which was last summer witnessed in the industrial centers of the country, is a solemn admonition of the perils to be sooner or later encountered from the unsettled questions growing out of the momentous relations of copital and labor, and supply and demand, upon which our own personal and associated practices have an inevitable bearing. If we may not discover a sovereign remedy for so radical an ailment we may at least avoid some of the causes which aggravate the evil.

With all the financial skill and boasted progress of the age, no short cut has yet been discovered as an escape from the time honored necessity to spend less than we make, as the first essential to real success. Whatever may be said for our material and political prosperity, it is not flattering to our vaunted civilization that we possess so little social wisdom; that we encumber our neighborly intercourse with the costly follies and affectations of a bedizened society; that we hamper our social freedom with the machinery of needless conventionality, and jeopard both our peace of mind and financial standing, to support the mockery of social parade.

REFORM.

Let us with one accord turn to simpler and nobler ways. Let us endeavor to correct that growing aversion to manual labor, which is making effeminate idlers of our young men. Let us vindicate the dignity and manful status of patient toil. Let us show the false attractions that tend to overcrowd our cities, and expose the flimsy glamour which lures honest labor from manly self-support to a condition of beggarly dependence. Let us frown upon senseless extravagance in public and private affairs, and attest the character of rational economy as both an essential condition of solvency, and an attribute of a higher civilization. Let us be superior to that flattery of a shallow local pride which induces struggling communities to oppress themselves with the cost of premature improvements. Let us discourage the ruinous dispostion, especially of small and poor townships and counties to burden themselves with debt in aid of visionary railroad schemes. Let us resolve to pay as we go and discontinue the seductive expedient of escaping present difficulty by the easy postponement of solemn obligations; and above all let us resolve not to afford the humiliating spectacle too often presented by communities which rush into debt with a precipitancy equaled only by the disgraceful expedients with which they seek to escape its honest payment. Every consideration of expediency and honor should impel us to seek that profit from experience, without which the advent of special fortune may prove a curse rather than a blessing. The measure of our success shall attest our progress toward a deserved and enduring prosperity.

PUBLIC EXAMINER.

Among the inevitable results of this expansion of credit, are the extravagance and insolvency of insurance and monied corporations, continued malfeasance in office, and especially an alarming increase of embezzlements and defalcations by local custodians of public funds. In view of the growth of these evils, and of the constant liability of the abuse of the public interests arising as well from official incapacity as from intentional mismanagement of them, I earnestly renew the recommendation made in my inaugural message, for the appoitment of a competent accountant for frequent and searching examinations of the books of public officers and those charged with the handling of the funds of all public institutions.

Nothing would insure the honest and careful conduct of officials more than their liability to be suddenly called upon at irregular and unexpected periods by an authorized examiner intent upon an exhaustive investigation of their accounts. It would be reasonably certain of achieving the same excellent results as have been gained by the unlooked for visits of the financial examiner of the general government to the banking institutions throughout the country. Such an accountant should be a man of the highest integrity and persistent firmness, with the experience, tact and skill of an expert. He should act in the capacity of instructor, as well as in that of examiner, and be clothed with ample power not merely to expose culpable practices, and correct erroneous modes of accounting, but when necessary to order new books and establish and enforce a proper system of keeping the same, To meet the requirements of so difficult and responsible a position only a person of rare and varied capacity, and of great force of character would be fully competent, and of course a sufficient salary should be provided to command the superior services of such a person. The management of county finances under the present law is without adequate supervision by the board of county auditors, who, even when poseessed of the requisite power, and inclination for the purpose, cannot effectually perform such duty without the technical knowledge and skill possessed by experts. For the same reason the brief and formal visits of legislative committees to our State institutions are destitute of any protective or supervisory value. The probable adoption of the amendment to the State Constitution providing for biennial sessions, lends additional and imperative force to the measure so far as State institutions are involved, both in necessitating double appropriations for two, instead of one year's maintenance, and by doubling the interval during which they will be exempt from all supervision whatever. The importance of this supject is too apparent to need further elucidation. Its adoption could hardly fail both to ensure a more efficient and economical management of state institutions, and to promote a feeling of security relative to the conduct of these noble charities, the proper support of which is the pardonable pride of an enlightened people. To any objection founded upon the expense of the proposed new office, it will be sufficient to say that the loss sustained by any one of the recent defalcations of county treasurers in this State would several times cover the cost of the additional provision demanded for their prevention.

COUNTY FUNDS—STATE BANKS.

In furtherance of the same end I recommend that you cause a thorough enquiry to be made to ascertain what further provision may be needed for the greater care of county funds, with reference to their deposit in banks, the securities and collection of interest therefor, and the due safeguards required in the checking out of such funds, and also the further authority or means which may be deemed requisite to facilitate the enforcement by county attorneys of the present and future provisions of law concerning the same. The nature of the existing law relative to State banks and the inferences deducible from recent legal enquiries concerning them, induce me to suggest whether a revision of the present law governing these corporations is not demanded by a proper regard for the public safety relative to them. The present tendency of capital toward the abandonment of the national banking system offers a constant temptation to evade our usury laws by shaving processes, and other illegitimate devices which have led to gross abuses in other States, in view of which due precaution should be taken for the protection of the public from the many dangers to be thus apprehended.

The reasons before urged for the appointment of a public examiner of State institutions and county finances, as well as for a revision of the laws respecting them, apply with equal force to the monied corporations created under our State laws. The fact that we have been thus far exempt from the disasters which have befallen similar institutions in other States should not lull us into neglect of proper precaution against similar calamities at home.

SAVINGS BANKS

Savings institutions, to which are intrusted the small earnings of the industrious poor, especially demand the most rigid restraints against their mismanagement. These under a perfectly safe system, encourage those habits of economy which are the foundation of individual and public prosperity, and in view of the faith reposed in them by depositors, hwo of necessity are unable to judge of their solvency, the importance of throwing about them every responsible guaranty of safety cannot well be exaggerated. The grievous losses which the repeated failures of these institutions have elsewhere inflicted upon a class of dependent people least able to bear them, should teach us to lose no time in moulding our own institutions, while in their plastic infancy, against both the unconscious weaknesses, and the studied devices which lead to their ruin. The state which creates these corporations, regulates them by its laws, and controls them by its officers, is indeed already in a great measure responsible for their safety, since it is largely the State's supposed backing which lures public confidence toward them. In view of this fact and of the lasting consequences which receive color from provident beginnings of this character it is peculiarly obligatory upon the State to provide for the safety and to assume a more thorough guidance of such institutions. As the result of an undeviating law the misery entailed by the abuse of the sacred trusts reposed in them is closely in proportion to the benefits flowing from their wise management. There is reason to believe that the existing law governing these corporations is seriously defective in its lack of restrictive features, and I recommend that it be carefully revised for greater safety; while certainly in no other field could the services of an examining officer such I have recommended be employed to better advantage than in the faithfu supervision of these monied institutions. The law should require such officer to visit our state banks no less than twice in each year, and our savings institutions not less than three times annually.

STATE FINANCES.

The report of the Auditor will e xhibit in detail the various matters under his supervision, including the present condition of the State finances and the transactions of the year, the general statement of the latter being as follows:

Receipts.

Balance Dec. 1st, 1876	$116,264 29
State Taxes	432,724 86
Taxes from Railroad Companies	135,840 92
Taxes from Insurance and Telegraph Companies	27,473 35
Fees of Insurance Commissioner	4,783 00
Interest on State Deposits	1,064 90
Board of U. S. Convicts	703 32
Reform School Indebtedness	15.855 35
O. P. Whitcomb unexpended seed grain fund	1,034 50
Sale of Sinking Fund Bonds	99,045 00
Interest on Sinking Fund Bonds	6,000 00
Sale of Pine on School Lands	24,834 96
Interest on Stumpage accounts, School	2,228 00
Interest on Permanent School Fund	200,319 46
Redemption of $77,800 U. S. Bonds & Premium on Gold, School Fund	80,740 20
Redemption of five Mo. Bonds—School	5,000 00
Sale of School Lands 1877	17,142 18
Sale of School Lands former years	39,465 79
Sale of Pine on University Lands	2,139 96
Sale of University Lands	8,451 11
Interest on Permanent University Fund	16,743 62
Sale of Int. Imp. Lands	5,340 05
Interest on Int. Imp. Land Fund	4,263 63
Inebriate Asylum Fund—Licenses	2,941 16
Sale of Bonds, Inebriate Asylum Fund	16,162 50
Miscellaneous	5,241 53
	$1,271,783 64

Disbursements.

For legislative, executive and incidental expenses	$166,403 47
For printing, printing laws in newspapers, paper and stationery	46,759 25
For support Insane Hospital, Reform School, D. D. and Blind Institute, Soldiers' Orphans, Normal Schools and University	248,553 87
Public buildings & Prison grounds	3,856 08
Enlarging University grounds	7,979 24
Inebriate Asylum	19,150 00
Interest on State debt	35,000 00
Apportioned School Fund	199,981 40
Purchase of bonds for invested funds	318,516 66
Miscellaneous expenses	62,311 82
	$1,138,511 79

Balance in treasury Nov. 30, 1877	$133,271 85
To the Credit of the following funds:	
Interest fund	$ 25,627 47
Sinking fund	33,269 17
State Institution fund	38,160 86
Permanent School Fund	11,439 42
General School Fund	10,929 84
Apportionment School fund	3,801 84
Permanent University fund	1,683 41
General University fund	3,273 13
Internal Improvement fund	325 61
Inebriate Asylum fund	1,713 35
Internal Improvement Land Fund	7,226 48
	$137,450 58
Less revenue fund overdrawn	$4,178 73
	$133,271 85

I invite your careful attention to the various items of what the Auditor deems improper expenses to the State, and of his suggestions for dispensing therewith. Respecting the publication of the session laws in the newspapers there is little doubt that the serious burden it now entails upon the State is out of proportion to the benefit it confers. The letting of the public printing by contract to the lowest bidder having become the established policy of the State with results of conceded excellence, there seems no good reason why a similar policy should not govern this mode of publication. Certainly the policy of allowing as much compensation to local newspapers with few subscribers, as to journals of large and general circulation, can be defended on no principle of either business or justice. The total cost of the printing of 10,000 copies of the session laws averages about $6,500 annually, being about sixty-five cents per copy, while the newspaper publication of the general laws alone cost the State last year the sum of $16,805.10. The prompt dissemination of the laws among the people affected by their provisions is recognized as a just and salutary measure, and I suggest that the law may receive such amendment as will render it at once more efficient, just and economical in its practical operation.

While the effects of some of the amendments of last winter to the general tax law have not impeded its efficient operation as much as was apprehended, the continued tampering with its generally excellent provisions is to be deprecated. The payment of taxes under any circumstances is felt to be, in a certain sense, a hardship, but certainly a aw which summarily compels the timely and equal distribution of its burdens among all property holders should be countenanced as at least not discriminating against prompt tax payers, which lenient laws practically do. It is found that the relaxation of the enforcement and penalty provisions of these laws rarely favors poor men, on whose behalf the change is sought, so much as the large holders of uncultivated lands, whose default imposes additional burdens upon those who make timely payment. The total valuation of the taxable property of the State as determined by the Board of Eqnalization for 1877, was $221,000,000, an increase of $2,500,000 over that of the previous year. The rate of State tax is two mills, and the rate for all purposes, local and general, throughout the State, shows an average of about seventeen mills, which is a slight increase over that of the preceding year. There was an increase of about 450,000 acres to the total taxable property since the last valuation.

The operation of the law amending the constitution of the State Board of Equalization, so that all sections of the State are represented upon it, promises to give the general satisfaction that was expected of it.

ESTIMATES.

Your special attention is requested to the following estimates of the Auditor for the year 1878.

FOR GENERAL REVENUE FUND.

Receipts.

From current and delinquent taxes	$270,000 00
From State Prison labor and other sources	100,000 00
Transfer from interest fund	12,000 00
Seed grain	35,000 00
	$417,000 00

Disbursements.

Legislative expenses	$ 65,000 00
Executive	50,000 00
Judicial	53,000 00
Public printing	35,000 00
Laws in newspapers	5,000 00
Deficiencies	8,000 00
Unexpended appropristions	74,379 00
Outstanding warrants	130,833 00
Overdrafts	4,178 00
Miscellaneous appropriations	30,000 00
	$455,080 00

*This estimate is made upon the assumption that the amount due from the State Prison contractors will be paid unto the treasury. If it is not paid this item will be $50,000 less.

STATE INSTITUTION FUND.

Receipts

From State taxes	$ 90,000 00
From railroads	150,000 00
From telegraph companies	700 00
Balance in treasury	38,168 00
	$278,868 00

Disbursements.

For Insane hospital	$ 110,000 00
For State prison	50,000 00
For Deaf, Dumb and Blind Institute	28,000 00
For Soldiers Orphans	3,000 00
For State Reform School	27,000 00
For Normal School	30,000 00
For State University	31,000 00
For current expenses of State Prison, 1877	45,000 00
For unexpended appropriations	10,600 00
	$334,600 00

Probable excess of disbursements over receipts	$ 55,732 00

This exhibit should compel cautious legislation. It shows that instead of an estimated surplus from which to draw as at the beginning of last year, there is an actual deficit in the two available funds amounting to an aggregate about $95,000, and your consideration is respectfully called to the Auditor's recommendations with reference to the financial management of the ensuing year.

RECAPITULATION OF RECEIPTS, EXPENDITURES AND BALANCES,

During the Fiscal Year ending November 30, 1877.

FUNDS.	Balance in Treasury December 1, 1876. Dr.	Cr.	Receipts from Co. Treasurers.	Receipts from Miscellaneous Sources.	Total Receipts	Expenditures.	Balances in Treasury December 1, 1877. Dr.	Cr.
Revenue	$14,844 44		$279,802 94	$35,194 92	$314,997 86	$304,332 15	$4,178 73	
Interest		$26,769 91	43,221 73		69,991 64	44,364 17		$25,627 47
Sinking		15,062 54	39,005 72	105,045 00	159,113 26	125,844 09		33,269 17
State Institutions		55,641 31	86,546 82	136,598 52	278,786 65	240,625 79		38,160 86
Permanent School		1,375 21	56,607 97	110,575 16	168,558 34	157,118 92		11,439 42
General School		12,845 73	116,442 95	87,092 77	216,381 45	201,649 77		14,731 68
Permanent University		1,182 34	8,451 11	2,139 96	11,773 41	10,090 00		1,683 41
General University		4,676 30	10,892 59	7,950 49	23,519 38	20,246 25		3,273 13
Internal Improvement		1,925 61			1,925 61	1,600 00		325 61
Internal Improvement Land		10,650 09	7,893 68	2,170 36	20,714 13	13,487 65		7,226 48
Inebriate Asylum		979 69	2,941 16	16,942 50	20,863 35	19,150 00		1,713 35
Totals	$14,844 44	$131,106 73	$651,809 67	$503,709 68	$1,286,628 08	$1,138,511 79	$4,178 73	$137,450 58
Deduct Revenue Fund Overdrawn		14,844 44	Deduct am't overd'wn Dec. 1, '76		14,844 44	Deduct Rev. F'd overdrawn		4,178 73
Total cash in Treasury Dec. 1, 1876		$116,264 29	Actual Receipts		$1,271,783 64	Leaving actual balance in Treasury		$133,271 85

Deposited as follows, viz.:

In First National Bank	$51,087 38
In Second National Bank	22,934 83
In Merchants National Bank	29,432 59
In German American Bank	29,817 05
Total	$133,271 85

RAILROADS.

The report of the Commissioner of rail roads shows the encouraging fact of a revival in rail road extension, 216 1-2 miles of road having been constructed in 1877, chiefly in the last half of the year. This is largely in excess of the entire four years preceding, and the greatest number of miles completed in any one year in the history of the State, except in the flush years 1870-1-2. The business of the roads for the reported year ending June 30th. 1876 shows gross earnings $5,408,039.00 against $6,000,967.00 in the year ending June 30th, 1877.

This falling off of over half a million dollars was owing to the light crop of 1876, compared with the heavy crop of 1875. The largely increased business of the roads since our late magnificent harvest, does not come within the year of the report. The increase, however, has been so gratifying to some of the companies, as to lead them to reduce tariff rates, to take effect with the new year. This reduction on some of the roads it is hoped, will be followed by all, if anticipations of business for the coming year are fully realized.

The sales of railroad lands has been greatly stimulated by the departure of the grasshoppers and the great crop of 1877, being 223,419 acres for eleven months, ending November 30th; of this quantity, 168,884 acres were sold ince July, and chiefly in the three months of Septem ber, October, and November.

STATISTICS.

The report of the commissioner of Statistics shows the total area devoted to wheat culture in 1876 to have been 1,869,172 acres, and the yield to have reached 17,964,632 bushels. The unfavorable reports which continued to reach the commissioner until late in the season, induced an estimate of eight and one-half bushels or less, as the wheat average for 1876, but the official figures as above given exhibit a yield of nine and sixty-one one-hundredths bushels as the average for that year. This, although the lightest product ever gathered in Minnesota, probably equals the yearly average wheat yield of the whole country, several of the leading States showing an average product, from year to year, of less than eleven bushels. In this State the official returns from the beginning of her agriculture, show an annual wheat average of fully seventeen bushels. The past season the acreage is officially reported at 1,806,084, which produced an aggregate variously estimated at from thirty to forty million bushels.

The four leading cereals produced an estimated total of seventy-five million bushels, while the total value of the products of agriculture for 1877 is believed to exceed fifty-five million dollars. Although the soil has yielded as generously in some former years, the increased breadth of the several crops, as well as their bountiful product, distinguishes the season of 1877 as the grandest agricultural year of our history.

The value of the flour manufactured in the State in 1877 is estimated at fifteen million, five hundred thousand dollars, and that of the manufactures of all kinds at $42,600,000.

The zealous inquiries of the commissioner have elicited information respecting a variety of sugar cane which is being cultivated on a small scale with great profit, and which it is believed can be made an invaluable addition to the general products of the State. The cane is said to yield from one hundred and fifty to two hundred gallons of syrup per acre, which is readily granulated, experiments having shown it practicable to grow sugar and liquid products valued at one hundred and fifty dollars per acre, while in addition the leaves of the plant equal in weight and value crops of the best hay as food for stock. The article has excited wide spread interest for its many uses, and it is the prevalent conviction among enquirers that farmers can profitably produce their own sugar and syrups of a quality equal, when skillfully manufactured, to those of Louisiana. The bountiful crops of last year, coupled with fair prices, have stimulated an extraordinary demand for the cheap and productive lands of the State. Official reports from the several United States Land Offices show for the year a total absorption of the government domain, under the various modes prescribed, amounting to 850,000 acres of which 410,900 were taken during the three months succeeding harvest. The same accelerated eagerness for lands is exhibited by the sales of the several railroad companies, which comprise a total of 223,419 acres, more than two thirds of which were sold since July last. Adding the sales of the State Land Office, comprising those of School, Internal Improvement and other State lands, amounting to 33,531, a grand total of about 1,107,000 acres is shown to have been transferred to private hands during the year 1877, a much larger proportion of which is intended for immediate cultivation than was ever before devoted to practical use in a single year. The effect of this land movement has been a rapid increase in the population of the State which is now estimated from reliable data to approximate 700,000. The returns of vital statistics show a total of 21,205 births and 7,043 deaths, being a continuance of the rare proportion heretofore exhibited of more than three births to one death, which is a measure of natural increase of population marking a vigorous and healthy people. These returns moreover show the deaths to have included no case of small pox for two years prior to 1877, while of those of the latter year 213 were caused by old age. I cannot close this reference to the bureau of Statistics without an expression of deep regret at the untimely death of its honored head, the late Dr. John B. Phillips, an accomplished gentleman and estimable citizen, whose public services were circumscribed chiefly by the modesty of his pretensions to public notice.

EDUCATION.

University of Minnesota.

Among the many resources upon which the people of this State may confidently rely in aid of the common prosperity, there is perhaps nothing about which they have a right to feel a prouder satisfaction than with the condition and prospects of their University.

Whatever else may be requisite for the perpetuity of free institutions, it is certain that their maintenance is not possible without a varied and diffused popular intelligence. Other things being equal, that is conceded on all hands to be an essential requirement of a government alike "of the people, by the people and for the people." Toward the promotion of this first condition of durable welfare no state of the union possesses the material for more ample facilities. With such endowments and a due appreciation of the responsibilities which are implied, the character and condition of the institution which is the head of our educational system and which should be the common goal of scholarly aspiration, are justly matters of deep interest to all concerned. Its early struggles are doubtless known to you. In consequence of the perhaps premature erection of a costly edifice, and the financial collapse of 1857, which rendered its lands unavailable, the institution became so much embarrassed, that by an act of the legislature approved March 8, 1862, the Regents of the University were "authorized and empowered to convey any or *all* of the lands" of the congressional endowment in liquidation of the crushing debt with which it was then loaded. Governor Ramsey, in his annual message to the succeeding legislature, referring to the progress made in such attempted settlement, expressed a hope for the early consummation of so desirable an end, while so hopeless seemed the struggle under the formidable burden, that in the general estimation of its sorrowing friends the institution was to be deemed fortunate if its extrication could be effected by the sacrifice of its entire landed endowment. To-day our University stands not only free from debt but with an accumulated permanent fund of $350,000, while with the lands remaining of the original grant and the domain subsequently derived from congress, the property of the University may be deemed fairly worth one million dollars. But hopeful as is this view of its condition, it is in the practical achievements of the institution in the noble work for which it was established that we may most indulge an honest pride.

The devoted efficiency of an able faculty, the assiduity of a superior class of students, and the generally harmonious working and inviting outlook of the institution are all matters for public congratulation. The University will this year complete its first decade of proper college work with an actual enrollment of 803; of whom 150 are students of full collegiate rank. From the first completed graduation in 1873, degrees have been annually conferred in the several courses, showing steady progress both in the number and scholarly rank of students, the class of 1877 comprising sixteen graduates whose character and attainments reflect credit upon the institution and the State to whose liberality the result is largely due. It may perhaps be said that those who have most labored to a laudable end are most sensible of the room that still remains for improvement; and among the zealous and thoughtful friends of the institution, there is a profound conviction that the time has come for taking a radical step in advance. They believe that it cannot be an economical or advantageous policy to employ the superior and costly machinery of the University in the mere labor of preparation for the legitimate collegiate purposes of the institution, and that pursuant to the true theory of our educational system, all under agencies should be officially aided and shaped in such a manner as to point inevitably by an ascending scale of continuous preparation to the crowning summit of the University.

Accordingly at a recent meeting of the board of regents, after an elaborate discussion of the subject, a resolution was adopted requesting me to embody in this message to you an "emphatic recommendation that provision be "made by law to encourage the formation of "high schools in the counties where they are "not yet established, to articulate with the "curriculum of the University, by adequate "appropriation of money in aid of that object, "to be distributed under prescribed conditions. "Also to recommend the passage of a law requiring all of the high schools in the State to "adopt a uniform course of study which will "qualify their scholars for admission into the freshman class of the University." In compliance both with this request, and with my personal convictions, I cordially make such recommendation, with full confidence that it will prove a measure in the interest both of a comprehensive policy and eventual economy in furtherance of the great educational interests which we all have at heart. For other suggestions and the various details pertaining to our leading institution, I respectfully refer you to the report of the regents, and I earnestly bespeak at your hands a continuance of that support to which its friends gratefully ascribe a large measure of its success.

Normal Schools.

The permanent provision made by act of the last legislature for the support of the three Normal Schools of this State, has relieved these institutions of the embarrassing contingency of annual appropriation for their maintenance. The result must prove beneficial in promoting greater confidence in their stability and efficiency, both by their determinate maintenance and by their removal from the influence of political entanglements and local jealousies. It is gratifying to learn that these schools are doing successful work in their legitimate sphere. In consequence of the reduction of preparatory work and other causes, chiefly that of a change in the period covered by the Normal year as required by an act of the last legislature, a smaller enrollment and attendance are shown at these schools than during the preceding year. At Winona a higher course of two years has been entered upon including the Latin language, with encouraging results, while all the schools exhibit a laudable purpose to advance their work to a higher level, and achieve more thorough results.

Common Schools.

The root of the educational system of this State, from which must spring the widely-branching knowledge snited to the varied needs of her people, is to be found in our public schools. Upon these the masses are dependent for that rudimentary education which proposes no special career beyond the qualifications for business and the duties of citizenship. The condition, therefore of this germinating plant is naturally of wide popular concern. The character of its after growth may be inferred from it much as the bounty of the harvest is gauged by the preparations of the seed time. For a thorough presentation of the subject in all its details, I take pleasure in referring you to the able report of the Superintendent of Public Instruction, which affords the following summary for the year 1877:

Total enrollment	162,557
Number districts	3,700
Number school houses	3,141
Aggregate value of real property	$2,982,516
Whole number of teachers	4,742
Amount of Permanent School Fund	$3,378,569

Your careful attention is requested to the many important questions discussed by the superintendent, and especially to his proposal to render the boundaries of school districts identical with those of townships, and his comments upon the character and operation of the act of last winter, familiarly known as the Merrill text-book law. With respect to the first, there seems to me much force in the reasons he gives for the correction of the evils resulting from such continued subdivision of school districts, as ends in their diminutive helplessness. With reference to the text-book law, I deem it not improper to state that I reluctantly gave my consent to a measure so apparently revolutionary in character. After due consideration, however, my convictions were that the great extortions which our people have so long endured regarding their school supplies, were sufficient reasons for justifying a radical effort for their correction, and I accordingly approved the bill, although doubting the wisdom of some of its provisions. From the first the law has encountered every species of obstruction. At the outset its practical operation was crippled by the non-approval of an act from which funds were expected to make it effective, and it has been confronted with the persistent sneers of the prejudiced, the reluctant and lukewarm acquiescence of those honestly doubting its wisdom, and the bitter opposition of many whose pecuniary interests are affected by it. Under these circumstances the law has made more progress, and has grown more in public favor than could have been expected. A formal contract has been entered into by the State as required by the law, under which rights have vested, every condition required has been thus far complied with by the contractor, and there is no reason to doubt that the law can be practically enforced to the general benefit of school book purchasers. It was not, of course, to be expected that a law embracing so many changes of serious import, should prove free from minor defects, but it may be fairly said that these are no greater than are usual in similar enactments, while the two great attainments of cheapness and uniformity of school books, will unquestionably be realized by a just and thorough execution of its provisions. It is my earnest desire to see the law so amended and supplemented as will lead to that desired consummation.

INSURANCE.

The sixth annual report of the Insurance Commissioner contains much valuable information. It affords the following summary of the insurance transactions within this State during the year 1876:

Fire and inland risks taken	$64,375,681 00
Premiums paid thereon	972,874 33
Losses incurred	367,705 26
Number life policies issued	1,997 00
Amount insured thereby	3,200,964 00
Life premiums paid including renewals	432,667 04
Death loss incurred	259,159 78

The Commissioner commends the laws of this State governing fire and inland insurance companies, and suggests that in their present shape they will bear letting alone. He discusses with great clearness and force many of the causes which have wrecked certain life companies, and in connection therewith suggests a number of practical remedies. I especially desire to reinforce his recommendation for the enactment in this State of a law to prevent forfeitures of such life policies as have been in force a term of years, for mere non-payment of premiums. As the Commissioner justly says, "the public welfare demands such legislation as will protect policy-holders against the injustice of so harsh a contract." The report contains other suggestions of practical value to which your attention is solicited.

STATE PRISON.

From the report of the officers ot the State Prison it will be seen that there was a large increase in the number of admissions to that institution during the past year, and that the number in confinement at its close was 235, which is 23 in excess of the capacity of the prison. The current expenses for the year were $45,075.55, and the earnings $23,322.66, leaving a net cost to the State of $21,753.29. This shows an average cost per convict of $109.86, which is a reduction of twenty-eight dollars from that of the preceding year, and exhibits a continuance of the careful economy of the warden and other officers. I earnestly invoke your prompt consideration of the urgent requirements attending the safe and proper keeping of convicts. The immediate construction of additional cells is imperatively required. The estimated cost of these to the number of 250 is $62,500, and a further sum needed for various improvements, expenses and deficiencies, swells the amount asked for to $85,835.49. In addition to the sum so desired for extraordinary purposes, the actual expenditures for current maintenance amounting to $43,243.30 for 1877, and an estimated requirement of $50,000 for the ensuing year are to be provided for. This necessity for two years support results from the accidental omission of the last legislature to provide for the current expenses of the past year, an emergency demanding the prompt use of private resources, for the relief of which your early action is solicited. Few matters afford a better field for wise deliberation than the judicious care and treatment of those who violate the laws. The protection and order of communities demand this as perhaps the first necessity of legislation. In our own case the fact that our prison accommodations are already more than exhausted, precludes the possibility of delay. Proper consideration of the matter should obviously have reference to the demands of the future as well as to the necessities of the present, In view, therefore of the lack of room, and other disadvantages, which must soon limit the required enlargement of prison accommodations upon their present site, the wisdom of expending so large a sum to obtain further capacity for the existing prison, may well be doubted. But were the construction of the desired cells entered npon without delay, it would prove but a temporary expedient inadequate to the demands of a near future. I therefore urge that steps, looking to the early construction of another prison, be immediately taken. Having given this subject some consideration, and obtained information from the prison authorities of other States, I have reached the conclusion that, with the selection of a proper site, the labor of our convicts could be employed in the erection of new prison buildings, with great advantage and economy.

This has been done in other States with the best results. The Connecticut State Prison and the Penitentiary at Albany, N. Y., were both built chiefly by convict labor many years ago, and have proved to be as well and safely constructed as any prisons in the country. The selection of a sight upon or in close proximity to building material is requisite both to avoid the cost of transportation and to insure the safety and best services of the constructing convicts. Accordingly after mature examination of the relative advantages afforded in different sections of the State, it is my conviction that by the selection of a site near the granite quarries at Sauk Rapids, and convenient to supplies of superior timber, substantial buildings could be erected of the solid stone there abundantly afforded, under the most advantageous circumstances. This, I think, both because of the facility with which the superior granite could be made available by the labor of convicts, and because of the convenient, central and safe situation there presented. Another consideration not unworthy of attention relative to the employment of convicts in that kind of labor, is the fact that both by reason of its rude character, and the locality where it is proposed to be prosecuted, it will tend to relieve the skilled and lighter labor of honest workmen in industrial centers from that competition with the results of the enforced services of felons, which is felt to be a serious grievance. I recommend that at least the preliminary action required in so important a matter receive your early attention. Should the services of the convicts be required before the termination of the present contract controlling them, such labor could doubtless be obtained from the contractors at a less rate than would be necessary for the compensation of ordinary workmen.

The suit against the contractors for nonpayment of rent and convict service, which was pending when I last communicated with you, remains unsettled. It was decided against the State in the District Court, bnt on an appeal the Supreme court reversed that decision upon the ground that the Inspectors exceeded their powers in contracting to furnish more accommodations than the State then possessed. The Inspectors, it will be seen, recommend a compromise.

INSANE.

The report of the Trustees for the Insane shows that the number of patients in the hospital has already reached 579, and that the full capacity of the Institution, permanent and temporary, is limited to 600. This leaves a margin but for 21 patients, which the trustees state will be filled in three months. The urgent necessity for immediate action looking to the erection of another hospital was shown to the last Legislature, but the neccessary steps for the purpose were not taken. The necessity for action is now still more imperative and as the preliminary selection of a site combining so many requisites, will absorb much time, the matter will admit of no futher delay.

This requirement and that of the State Prison before referred to, must of necessity take precedence of the claims of all other institutions. The report embraces various suggestions to which your attention is asked, especially that relating to a proposed change in the mode of appropriations.

DISHONORED BONDS.

I feel impelled by the convictions upon the subject expressed in my preceding messages to renew my recommendation for an early settlement of the indebtedness represented by our dishonored railroad bonds. The measure proposed for this purpose by the last legislature, and submitted to the people in June last, was rejected, as you are aware, by an overwhelming popular vote. This resulted, I am persuaded from a prevalent misapprehension respecting the real nature and provisions of the proposed plan of adjustment. I should be sorry indeed to be forced to the conviction that the people by this act intended other than their disapproval of the particular plan of settlement submitted to them. For in my opinion no public calamity, no visitation of grasshoppers, no wholesale destruction or insidious pestilence, could inflict so fatal a blow upon our State as the deliberate repudiation of her solemn obligations. It would be a confession more damaging to the character of a government of the people than the assaults of its worst enemies. With the loss of public honor little could remain worthy of preservation. Assuming therefore as I gladly do that this vote of the people indicated a purpose not to repudiate the debt itself, but simply to condemn the proposed plan for its payment, I shall be happy to co-operate in any practicable measure looking to an honorable and final adjustment of this vexed question. That we are indebted for our proud progress in all that constitutes a prosperous State, chiefly to the incalculable advantages afforded by our railroads, will be conceded by all. That the early construction of these railroads was chiefly due to the issue of these bonds, is equally known to all conversant with the facts.

When therefore the purpose for which the debt was incurred has been achieved, it seems clear that mere informalities, if any such were committed, should disappear in just determination of issues between honest parties. But even if we failed to receive full value for the bonds, can we afford to force concessions on that account? Would the inconsiderable sum to be thus gained prove a fair compensation for the damaging imputation upon the fair name of our State? While therefore it does not comport with the honor of a reputable sovereignty to take the initiative for the partial payment of obligations to the full payment of which she has solemnly pledged her faith and credit, she may not necessarily incur discredit by the acceptance of such abatement as her creditors see fit to offer. On this account the rejection of a proposition of rare liberality volunteered by the holders of these bonds is deeply to be deplored. The manifestation however of an honorable purpose to meet the just obligations of the State can hardly fail to elicit new propositions for that rightful settlement of our indebtedness, which is the earnest desire of all good citizens.

PARIS EXPOSITION.

I feel it alike a pleasure and a duty to invite your attention to the importance of securing a proper representation of the products of this State at the Industrial Exposition, which will commence in Paris in May next. Not least among the desirable results to be fairly expected from such a movement is the opportunity which will be afforded to repair in some degree the consequences of the lamentable failure of our State to take part in our own great National Exposition in 1876. Upon a material basis of simple cost and profit it can be easily shown that the results obtained justify ample expenditures for a full presentation of wares and products to be exposed to such world-wide observation as is obtained at these exhibitions. And it is quite as much the quality as the volume of the immigration that should be the inducement for enterprising young states to attract population to their territories. But for the unaccountable blindness of our legislature of two years ago, Minnesota would have secured a fair share of the wealthy English stock breeders who were lured to Kansas by the incomparable display of her products at the Centennial Exposition, and who have proved so valuable an acquisition to that enlightened young State. But it hardly becomes us to limit our estimation of these displays to a calculation of the material gain to be expected from them. The civilizing amenities resulting from these contests of commingling nations for supremacy in peace rather than war, should invite the desire for an honorable share in them on the part of all enlightened communities. I cordially invite you to supplement the action recently taken by Congress to this end, by such aid in furtherance of local action as was contemplated by that body.

IMMIGRATION.

With much of the same general purpose, and for similar reasons, I request your aid in behalf of a systematic effort for the encouragement of general immigration. I think the time has fully come for a persistent movement to that end. The paralyzed industries of the country have filled the cities and neighbor-

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