

MESSAGE  
OF THE  
GOVERNOR

TO THE

TWENTY-EIGHTH LEGISLATURE.

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## GOVERNOR'S MESSAGE.

*To the Senate and House of Representatives:*

Though more severely afflicted than in any like period of its existence, except only during our civil war, the advancement of the State in all directions, for the past four years, has been without precedent in its history. The great overflow of the Brazos in 1899, desolating an area of six hundred square miles of unusual fertility; the destructive storm on the southern coast in 1900; the severe and wide-spread drouths of 1901 and 1902; and the ravages of the boll weevil for three successive years—all have conspired to impair the confidence and weaken the energy of the people.

Yet, notwithstanding these many and heavy misfortunes, the ad valorem tax values for 1902 have increased over those in 1898 by \$162,952,367, as against \$72,507,482—the gain of 1898 over 1890 in similar values; and that, too, without additional legislation upon the subject. This showing will appear the more remarkable in view of the fact, which cannot be controverted, that a larger amount of property now escapes taxation and, when listed, it is at a less rate as compared with its true market value, than ever before.

The increase of railway track mileage, not including switches and sidings, from June 30, 1898, to December 1, 1902, was 1344 miles, as against 886 miles constructed during the seven years prior to June 30, 1898; the number of miles under actual construction, and not in operation on December 1, 1902, was 450; and the completion of 600 additional miles may be reasonably expected during the present year should the money market continue in easy condition. This does not include 45 miles of electrical railway, also built and in operation.

On September 20, 1898, there were doing business in the State 196 national banks, with a capital of \$19,205,000, deposits of \$37,895,000, and resources of \$77,553,000; on September 15, 1902, the number of these associations had grown to 339, with a capital of \$25,261,000, deposits of \$74,042,000, and resources of \$142,632,000.

In manufacturing plants of many kinds there has been marked growth—foreshadowing the no distant day when the great abundance of almost every variety of raw material will be converted by home skill and industry into finished products, and in such form exported to other States and countries.

Nor has agriculture lagged behind in the march of improvement. The movement toward the diversification of crops has been strong, steady and general. For the want of reliable data, brief mention can only be made of this, by far the greatest and most valuable of all industries in the State. In 1898 but 18,000 acres of rice, with a yield of 180,000 bags, were under cultivation; in 1902 the area had been enlarged to 200,000 acres, with an estimated output of 2,000,000 bags. The rice mills in 1900 numbered 5; in 1902 they had increased to 16. Garden and orchard products for other markets are being extensively cultivated in many parts of the State. From two roads only, the International & Great Northern and the Cotton Belt, has it been practicable to secure reliable information as to these industries. Over them were hauled 571 carloads of fruits and vegetables in 1898; the number of carloads in 1902 aggregated 2905. The value of the domestic exports through the Texas ports on the Gulf coast were \$115,114,642 in 1902; in 1898 they were \$78,633,301.

The discovery of oil has had a most wonderful influence in attracting the world's attention to the State, and the indications are that its varied mineral deposits will not much longer continue unknown.

Nor has the advancement been confined to material interests. An earnestness, never before exceeded, is being shown in religious and educational work, that promises much for the betterment of society and for the wider dissemination of knowledge.

Other events worthy of recall have occurred during the past four years. It has been an object with the present administration to bring the State in close touch with the other commonwealths of the Union, and it has happened, with benefit to all, that large delegations of active and enterprising business men have come from the great eastern and western cities to personally acquaint themselves with the resources of the State and the character of its people; and strong assurances have been given that they all returned to their homes much gratified, indeed, with what they had seen and heard.

The late President of the United States also visited the State, and was most cordially received everywhere, and in view of his tragic and untimely death, so soon thereafter, it is pleasant to re-

cord that he appreciated, to the fullest degree, the many sincere courtesies extended him.

And it should not be forgotten that at the city of Dallas were assembled two large and exceptional gatherings—the general reunion of the survivors of the Southern armies of our civil war, and the general conference of one of the largest and most influential religious bodies of the country. On both occasions the distinguished guests were the recipients of open and generous hospitality by the city.

With this information as to the general condition of the State, which, by the Constitution, it is made the duty of the Governor to give, the following matters of administration and legislation, with a review of the conduct of the State government for the past four years, as has been the custom, is submitted the Legislature for its consideration:

#### THE GENERAL REVENUE.

At the expiration of an honorable and successful service of four years, my immediate predecessor was able to advise the Legislature that the public finances were then in a very satisfactory condition. It is, indeed, gratifying to be able to now give a like assurance. The net receipts to the general revenue for the year ending August 31, 1898, amounted to \$2,757,070, those for the year ending August 31, 1902, to \$3,046,434—notwithstanding the reduction of the rate of taxation under the Act of February 19, 1900, from twenty cents on the one hundred dollars to sixteen and two-thirds cents. On the first day of the present month the cash balance in the treasury to the credit of the general revenue was \$665,113.34. The aggregate of all existing and unexpended appropriations, for whatever purpose, on that day—including deficiencies for the past and present fiscal years, which amount to \$382,700—was \$2,549,250. The receipts to the general revenue for the current fiscal year, as estimated by the Comptroller, will aggregate \$3,050,000, of which \$600,330 was paid into the treasury on and before December 31, 1902, leaving a balance, to be thereafter collected, of \$2,449,670. Deducting the deficiencies for both years and the unexpended appropriations from the cash balance and the uncollected receipts, on the first instant, there should be a real surplus in the treasury on August 31, 1903, of not less than \$565,533; the cash balance, however, should be larger. In this estimate, are not included appropriations by the present Legislature, except for deficiencies. To avoid confusion, it should be remarked

that under the Act of February 12, 1901, the appropriation year now runs with the fiscal and ends August 31, and not February 28, as heretofore.

It is estimated by the Comptroller that the net receipts to the general revenue for the year ending August 31, 1904, will be \$3,100,000; and assuming that the receipts for the year thereafter will be fully as large, it is deemed safe to advise that the present Legislature may appropriate, for all purposes, in addition to that required for deficiencies during the past and present fiscal years, a sum not exceeding \$6,000,000 for the two years ending August 31, 1905, and to meet the expense incident to its session, without danger to the treasury. Care should be taken, however, that the appropriations be so distributed as to have a cash balance in the treasury, on the first day of August, of not less than \$700,000—because, during the months of June, July, August, September and October, the revenues are always much less than the expenditures.

The bonded indebtedness of the State aggregates \$3,989,400, all of which is held by the State, in trust, for the permanent school fund, the University, the Agricultural and Mechanical College, and several of the eleemosynary institutions, except \$687,800, which is owned by individuals. Every effort has been made by the present State Board of Education to purchase the latter amount for the permanent school fund, but without success; so highly are the securities of the State valued in the world's markets. Certain of the bonds will mature in 1904, and provision should be made for their redemption or renewal, as deemed advisable. Those in private hands should be paid, or secured for the permanent school fund. On account of the urgent need of this fund for the investment of its large money credits in the treasury, it has not been found practicable to comply with the Act of June 5, 1899, which authorized the purchase of bonds to serve as a sinking fund for the payment of such State indebtedness as will fall due in 1904.

Of the expenditures since January, 1899, the following were for permanent improvements and property: State Lunatic Asylum, \$134,980; North Texas Insane Asylum, \$163,774; Southwestern Insane Asylum, \$29,790; Epileptic Colony, \$100,328; Deaf and Dumb Asylum, \$135,763; Blind Asylum, \$28,750; Deaf, Dumb and Blind Asylum for Colored Youths, \$18,460; Confederate Home, \$28,839; Orphans' Home, \$13,510; fire escapes for eleemosynary institutions, \$14,000; State University, \$108,270; A. and M. College and experimental sta-

tions, \$153,891; Prairie View Normal, \$36,869; North Texas Normal, \$5,317; Southwest Texas Normal, \$30,056; Sam Houston Normal, \$12,500; Quarantine Department, two vessels, \$29,829; Industrial School for Girls, \$13,184; convict farm in Brazoria county, \$77,261; San Jacinto Battle Field, \$7,390; Houston and Austin statues, \$9,000; on Houston statue at Washington, \$3,500; on monument to Albert Sydney Johnston, \$2,000; total, \$1,157,261.

To this should be added the further sum of \$491,653, under the ex-Confederate Pension Act of May 12, 1899; on claims against the Republic, \$15,000; returned to the United States Government, \$45,125; and \$17,180 to reimburse the permanent free school fund—these being extraordinary expenditures—making a sum total of \$1,726,221 for permanent improvements and property and unusual purposes.

#### THE PERMANENT FREE SCHOOL FUND.

When the present administration was inaugurated in January, 1899, it was confronted with the fact that the permanent free school fund had not received its full share of the public domain as determined by the Constitution, and for that reason the validity of a very large number of titles emanating from the State was being seriously questioned.

The decision of May 23, 1898, in the case of *Hogue vs. Baker* brought the matter prominently and directly before the public.

It was, therefore, of prime importance, as well to the permanent free school fund as to those whose holdings were under titles from the State since the adoption of the Constitution, that the question should be speedily settled and so as to estop further controversy.

Accordingly, the law of March 2, 1899, was enacted—directing the Commissioner of the General Land Office, among other things, to ascertain and report the amount of public domain owned by the State when the Constitution was adopted; the amount of such domain that had thereafter been used or appropriated by the State; the amount that had thereafter been transferred or in any wise appropriated to the permanent free school fund, together with the amount of proceeds of any lands sold for the benefit of said fund, other than the lands sold as school lands; and any other matters of charge or credit to the State, growing out of the joint landed interest of the State and the permanent free school fund under the provisions of the Constitution.

Prior to 1899 there had been surveyed

for the permanent free school fund, and in pursuance of the Constitution and law, 38,976,653 acres, which includes 1,440,701 acres transferred by the Act of April 18, 1899. To this amount should be added 4,444,195 acres, and all of the unappropriated public domain remaining of whatever character and wherever located except that in lakes, bays and islands in the Gulf of Mexico within tide water limits, and all future recoveries of land by the State; and, also, the sum of \$17,180.27. This appropriation of land and money, by the Act of February 23, 1900, was in response to the findings and report of the Commissioner of the General Land Office under the Act of March 2, 1899, and was declared to be a complete and final adjustment and partition of the public domain between the State and this fund.

The further amount of 565,283 acres is reported by the Commissioner of the General Land Office to have been gained by the fund under the Act of February 23, 1900. It may, therefore, be said that the permanent free school fund has to the present time received from the State, from all sources, 43,986,131 acres of land.

Of these lands 26,196,526 acres were unsold on September 1, 1898, of which 10,728,630 acres were then under lease; on September 1, 1902, the unsold portion amounted to 22,080,225 acres, and that under lease to 13,700,235 acres. The Act of May 10, 1899, was productive of good results. The two agents authorized were sent into the field so soon as it became operative, and many of the lands were found enclosed and occupied without authority of law. The Attorney General acted promptly, in all cases of unlawful enclosure and occupancy, whenever made known to him by the agents, and from this source \$94,909.86 has been recovered and paid into the treasury for the benefit of the available school fund.

This act has been further beneficial in forcing the lease of lands, and its effect is to be seen in the large increase of revenue. From September 1, 1898, to December 1, 1902, the sum of \$1,794,148.80 was paid into the treasury as rentals. This sum—with the receipts from unlawful occupancy—exceeds the aggregate of similar revenue during the previous eight years by \$160,264.

By these means and through the improvement in taxable values the available school fund has been so increased—year by year—as to permit a larger per capita distribution, notwithstanding the rapid increase of the scholastic population and the annual loss of revenue from the sale of timber, and of one per cent. of the permanent fund.

It is believed that the public money can nowhere be more profitably expended than for the maintenance of these agents to continually look after the public free school lands.

Because of the failure of the legislative branch of the government to enact an effective mining law, the permanent fund has sustained and is sustaining losses that can hardly be overestimated. Its attention has been repeatedly called to the strong and urgent necessity of such a measure.

No disinterested and thoughtful person can read the able and exhaustive report of the Commissioner of the General Land Office without reaching the conclusion that there has been great lack of watchfulness over this magnificent heritage, which the courage and statesmanship of the founders of the Republic made possible for the present and all future generations to enjoy. He expresses the opinion that, because of two laws alone, the fund has lost from eight to twelve millions of dollars.

Prior to June 30, 1899, the proceeds from the sales of timber growing upon these lands and amounting to \$674,498.12 were credited to the available school fund and so expended. Since that date, however, all such proceeds have been uniformly placed to the credit of the permanent fund. The present Commissioner, shortly after entering upon his official duties in 1899, considerably increased the price of timber, realizing on an average in his sales two dollars per acre more than had before been received. In the purchase of bonds whenever a premium has been paid the permanent fund has oftentimes and largely been depleted in the amount of such premiums without provision for its restoration. Under the present administration the policy has been altogether different, and in every instance where a premium has been paid, not only was its return to the permanent fund made certain, but it also became interest bearing while so used.

Under the Act of April 12, 1892, transfers aggregating \$1,336,391.68 were made from the principal of the permanent to the available school fund for expenditure until its repeal, March 1, 1899. These transfers averaged \$190,913 per annum—the last transfer being on July 30, 1898. On January 1, 1899, there was to the credit of the fund \$1,213,342.67 in money. Under the law then in force it was found impossible to secure investment: only \$568,488 having been converted into bonds during the previous two years. The State Board of Education was powerless to compete.

The Acts of March 1, 1899, April 20,

1899, and April 25, 1901, in giving the State Board of Education an option on all bonds afterward issued and authorizing investments bearing not less than three per cent. interest per annum, and, also, the purchase of the bonds of cities and independent school districts, relieved the situation.

From January 1, 1899, to December 1, 1902, including the amount on hand at the date first mentioned, the money receipts to the fund amounted to \$6,835,284.90, and of this \$6,405,922.05 was invested between said dates in the several kinds of securities authorized by law. In no instance was a purchase determined until the bonds had been approved by the Attorney General, and, also, until it had been satisfactorily shown to the State Board of Education that the entire indebtedness, including the bonds offered, of the county, city or district offering them, did not exceed five per cent. of its real estate values as shown by the latest tax rolls.

It is thought that with the present law all surplus money can be safely invested within a reasonable time after its payment into the treasury, and that no further legislation is now needed upon the subject.

With the explanation given, it may be stated that on September 1, 1902, the permanent school fund consisted of 22,080,225 acres of land; \$9,291,830.91 in State, county, city and independent school district bonds; \$342,232.23 in the bonds of the Texas & New Orleans Railway Company; and \$15,289,466.93 in land notes. In this statement has been omitted all the railroad bonds appearing in the Treasurer's report of the condition of the permanent school fund on the date given, except those of the Texas & New Orleans Railway Company, on which the interest and sinking fund are being semi-annually paid. The bonds eliminated were purchased, prior to our civil war, with five per cent. securities of the United States, then owned by the permanent school fund. It is suggested that they should be omitted from all future statements as misleading, unless the Legislature shall, after a careful and thorough examination into the subject, hold them to be valid and subsisting. No interest or sinking fund has been paid on any of these bonds since March 1, 1898. Legislative investigation and action is recommended.

#### THE AVAILABLE SCHOOL FUND.

Though deprived of the revenue accruing annually from the sale of timber and from the transfer to it of one per cent. of the principal of the permanent fund, the available fund has steadily increased

since September 1, 1900. The receipts for the present year, as estimated by the Comptroller and Treasurer, will reach \$3,881,190, and will consist of the ad valorem tax of eighteen cents on the one hundred dollars, one-fourth of all occupation taxes, one dollar poll tax, all interest on bonds and notes, and land rentals. But the amount thus realized will not be the sum total of revenue for the maintenance of the public free schools. In the counties the State fund is supplemented by receipts from their own school lands, granted them for this purpose, and by additional taxation in many localities.

The Superintendent of Public Instruction expresses himself very hopefully as to the future of the schools, and regards as a certain and striking evidence of an awakened energy among the people the steady formation of independent districts and the levy of local taxes by them, and, also, by a large number of the common school districts.

#### THE RAILWAY COMMISSION.

There is no branch of the public service in whose proper and successful administration the people have a more direct and substantial interest than the one charged with railway supervision and regulation. Prior to the organization of the Commission in 1891, the provisions of the Constitution and law relating to railway corporations had been ignored, and the wisdom and practicability of their enforcement was gravely doubted by many intelligent and well meaning persons. The management of the railways was then oftentimes conducted regardless of the rights of individuals and of communities; and so great and so many had the abuses become that a commission, vested with all the authority of supervision and regulation which the Legislature could confer, became a necessity, and with it a limitation upon the companies as to the issuance of stock and bonds. Accordingly, laws were enacted upon these lines, and in the results from an operation of eleven years their practical utility is clearly and forcibly demonstrated: so that, today, there are but few, if any, well informed people, who would have them repealed and the conditions prior to 1891 restored.

Nor would the companies themselves, however violent their antagonism may first have been; for rate wars in the State have ceased, and these holdings have become permanent investments, and do not now possess the speculative characteristics of former years. The owners of the railways are not only expending annually large sums for their better-

ment, but they are extending upon direct lines or through branches into adjacent territory. During the past four years fully eleven millions of dollars have been disbursed in improvements, and 1344 miles of trackage constructed between June 30, 1898, and December 1, 1902. This answer to the prediction, so frequently and by so many made, that the railway laws of 1891 would not permit further extension in the State, is complete and conclusive.

And how have the people fared under this legislation? In 1891 the number of miles of railway was 8654, with outstanding stock and bonds amounting to \$38,765 per mile; on December 1, 1902, the number of miles, exclusive of yard tracks and sidings, was 10,884, with an aggregate in stock and bonds of \$33,360 per mile—being a decrease per mile of \$5,405. This is the direct result of one of these laws as enforced by the Commission, the benefit of which comes through reduced freight charges.

To better understand and appreciate the value of the stock and bond law, it should be noted that it went into effect on August 8, 1893, and that the percentage of increase in the total amount of stock and bonds per mile was 4.67 per cent. for the year previous; whereas, on the other hand, there have been decreases annually since it became operative, aggregating 13.94 per cent. to December 1, 1902.

Again, the average rate per ton per mile received on freight transported by railways in the State was, during the year ending June 30, 1891, 14.03 mills, but for the year ending June 30, 1902, it was 9.58 mills—a decrease of 4.45 mills per ton per mile. This may appear a very trifling difference, indeed, and unworthy of consideration, but when it is multiplied by the number of ton miles for freight hauled in the State, the aggregate covers many millions of dollars. To be more specific, the average ton rate per mile for the year ending June 30, 1899, was 10.73 mills, and for the year ending June 30, 1902, it was 9.58 mills—an apparently very small decrease of 1.15 mills under the preceding year, yet if the roads had continued to receive between these dates the rates for the year first named, the sum total of their freight revenues would have been \$7,491,576 greater than they actually were. In fairness it may also be urged, in favor of the Commission, that the service of the roads has been much improved.

From the facts given, the advantages that have accrued and will continue to accrue, both to the public and to the railway companies, from the Commission and the stock and bond laws, must be

admitted to be many and substantial. It is well to note that the Commission has been very materially strengthened by the Act of May 16, 1899, in regard to rebates and discriminations, which will, if rigidly and impartially enforced, do much toward the correction of these evils. The policy of the present administration in reference to railways has been to require the construction of additional mileage whenever a privilege has been granted, and wherever practicable, to force them into each other's territory, thereby creating a competition that will be beneficial to the public.

It must be evident to every thoughtful mind, at all acquainted with the conditions in the State, that the people cannot safely rely upon the cultivation only of what may be regarded as the staple crops. These must be supplemented by such other products as are adapted to our soils and climate to insure permanent and growing prosperity. Many of these products are classed as perishable and therefore require convenient, ready and cheap transit to markets other than local. Besides a very large excess over what can be consumed within the State may easily and certainly be produced, year by year. For this purpose, increased railway facilities become a prime necessity, or orchard and garden cultivation upon an extensive scale can not be profitably undertaken and prosecuted.

The report of the Railroad Commission is full of interest, and must be carefully considered in order to reach a correct understanding of the character and extent of its work.

Before concluding this subject, it will not be considered inappropriate to allude to a gentleman to whom the State is greatly indebted, not only for his labors upon the Commission, but also for his services to the people in every capacity, to which he has been called. With an official record, longer and more continuous than that of any other person within the State, it is a matter of sincere and great gratification that he has at all times and in all circumstances discharged every duty ably, honestly, faithfully, and with a view only to the promotion of the general welfare. He retires to private life in the full enjoyment of the love and confidence of all, followed by the earnest wish of every one that his remaining years may be as happy as his past career has been useful and honorable. The man, to whom this reference is made, is John H. Reagan.

#### THE OFFICE OF THE ATTORNEY GENERAL.

From December 15, 1900, to August 31, 1902, there was collected and paid into the treasury, through this office, \$136,220.51: also, county, city and

school district bonds, aggregating \$12,243,138, were examined and approved. Though showing these transactions and the disposition of much litigation, in which the State has been involved, the report of the Attorney General omits an account of a very large amount of business, fully as important, that has also received his attention.

#### THE COMPTROLLER'S DEPARTMENT.

The report of the Comptroller, with the tables compiled, should have most careful attention from the Legislature. The information given, with accompanying data, is such as can be had nowhere else; and no legislation affecting the finances of the State can be safely undertaken and enacted without an acquaintance with the character and details of the report. The Comptroller recommends legislative action looking to the improvement of the present system for the assessment and collection of taxes. The subject was brought to the attention of the Twenty-sixth and Twenty-seventh Legislatures, but nothing was done. It is strictly true that the amount of property escaping taxation steadily increases year by year, and that when rendition is made, it is so rated as to hardly reach one-third of its true market value. A favorite and unconcealed method of defrauding the general revenue and available school fund prevails in many of the counties through the maintenance of the county rate at a high and unnecessary figure, and as compensation to the tax payers the lowering of assessment values. This procedure results in loss to the funds mentioned.

Again, the disparity among the counties in the valuation of lands is such that, when generally understood, cannot but cause great discontent. Investigation will show that the poorer and less fertile lands are assessed much higher in proportion to their value than are the richer and more productive. No greater evil can exist in government than unjust and discriminating taxation, intentionally imposed or resulting from failure to require every interest of whatever character to contribute its full proportion to the support of the public service. The mandatory provision of the Constitution that all property, whether owned by natural persons or corporations, shall be taxed in proportion to its value, has been openly disregarded for many years, and today, is practically a nullity. It is unfortunately too true that men, who are honest in their private dealings, will unhesitatingly defraud the government of its just dues through taxation, provided no serious penalty follows.

The Comptroller asks for an appro-

priation necessary for the preservation of the records of his department, which should be allowed.

#### THE GENERAL LAND OFFICE.

The report from this office shows that the work done during the past four years has been much greater than at any like period since it has been established. The prosperity of the State—especially in those sections where the public free school lands are situated—has created an unusual demand, and the office has been compelled to continually exert its full strength in order to accommodate those seeking to lease or purchase.

The Commissioner details its operations in an explicit manner, and strongly criticises the various acts of legislation touching the public and free school lands. It is to be regretted that his criticisms are altogether too just, and that the disposition of the lands has not been attended with that care for the permanent school fund to which it is so well entitled. If there be further legislation respecting them, it should not be overlooked that a very large portion, yet unsold, cannot be used for agriculture, and any radical change, unless carefully considered, may result in loss to both the permanent and available school funds. The service of the present Commissioner is to be recognized in the large increase of the number of leases and sales—in the better prices obtained for the timber than heretofore—and in his successful investigation into the unlawful occupancy of lands, resulting in the payment of near one hundred thousand dollars into the treasury.

The fees received by this office amounted to \$81,756 from May 14, 1899, to January 1, 1903.

In a communication, since his report, the Commissioner urges the appointment of a representative of the State to act with a like one from the United States government in establishing the boundary line between Texas and New Mexico and between Texas and Oklahoma—it being understood that the boundary line between Texas and New Mexico as surveyed and marked by the United States Commissioner, John H. Clark, in 1858, 1859 and 1860, shall be retraced, and that said line shall be definitely marked by building permanent monuments thereon at suitable and convenient distances along the same from the northwest corner of El Paso county to the southeast corner of New Mexico, and to the northwest corner of Texas, and also that the line from the northeast corner of Texas south to the Red River shall be established. The larger number of monuments erected by

Clark were made of earthen mounds. Some of them have already become obliterated and others will soon follow. In the opinion of the Commissioner, unless action be taken by the Legislature in the matter, all of these mounds will finally disappear and probably cause the loss of a large scope of territory to the State. He recommends the appointment of a thoroughly practical, skilled and scientific surveyor, to be made by the Commissioner of the General Land Office, with the approval of the Governor, and that \$25,000 be appropriated to pay all expense. His recommendations should have prompt and favorable consideration.

#### THE TREASURY DEPARTMENT.

The total amount of business—receipts and disbursements—transacted by this department from January 2, 1899, to September 1, 1902, was \$61,589,982.66—an increase of \$11,940,920.78 over the like next preceding period. The Treasurer calls attention to the fact that a change has been made from the custom that has prevailed for many years, and that only cash payments can be received on land accounts, which annually cover a very large sum of money in separate receipts. He recommends that a provision be made for such payments so as to involve the least possible expense to the people, and at the same time protect the State against loss. Also, additional office space.

#### THE ADJUTANT GENERAL'S OFFICE.

Considering the very small force allowed, the work imposed upon this office during the past four years has been altogether too much. Because of the Spanish-American War the Volunteer Guard had become reduced in 1898 to three batteries of artillery, with two guns each, two companies of white and four companies of colored infantry, and one band. In 1899 its reorganization was begun, and through the well directed energy of the Adjutant General it now consists of sixty-four company, troop, battery and band organizations—aggregating in officers and enlisted men 2,987—all well armed and equipped. As will be seen from his report, companies of the guard have been on several emergencies, called upon to do very important service. Whenever so ordered they have always responded with alacrity and discharged the duties required of them in a manner worthy the strongest approval. It is proper to say that in no instance has a call for troops been made, except upon the written request of the proper civil authorities. The policy of adequately providing for annual encamp-

ments, and for the compensation of such of the guard as may be needed to aid the civil authorities in the maintenance of order and in the protection of life and property, cannot be too forcibly impressed upon the Legislature. The record of our citizen soldiery is such as to justly entitle it to liberal and considerate treatment.

In addition to his usual duties, which have been many and important, the Adjutant General was required to ascertain the amounts due from the Federal Government to the State for disbursements in connection with the late war; to individuals and corporations for transportation and supplies prior to the enlistment of the volunteers in the service of the United States; and for ordnance and quartermaster and ordnance stores furnished by the State.

After accomplishing this work he was ordered to Washington, and, through the courtesy of the department officials, succeeded in securing the early recognition and payment of the claims presented, with the result that \$1,217.87 has been paid into the treasury; \$35,860 to individuals and corporations on account of transportation and supplies; and \$43,496.91 for pay of volunteers, accepted and rejected, prior to enlistment. The last amount was placed to my credit with the State National Bank of Austin, against which 4472 checks aggregating \$43,098.90 have been drawn and mailed to the beneficiaries throughout the country. The balance will be transferred to my successor, to be remitted to those entitled so soon as their whereabouts can be ascertained. Ordnance and quartermaster and ordnance stores, valued at \$63,635.46, have been returned in kind to the State. A detailed statement of this matter appears in the Adjutant General's report. In the arrest, detention and surrender of fugitives from justice, under the extradition treaty between the United States and Mexican governments, the most satisfactory relations have uniformly existed between this State and those of the latter government bordering upon the Rio Grande.

The services of the Rangers have been altogether satisfactory. They have been very active, indeed, and always equal to every emergency. Their value in the apprehension of criminals and the protection of life and property can hardly be exaggerated. They are a necessity, and the force should be maintained.

The enforcement of law has been vigorous, and in the main successful. It is to be regretted, however, that there have been several instances of mob violence because of the commission of the most

heinous of crimes. Wherever, however, lynching has occurred, it was not possible for the State authority to interpose in time. The records of the Executive and Adjutant General's offices evidence, beyond question, that in every case, upon being notified by local officials of the formation of a mob, the promptest and most energetic action practicable was taken and whenever reasonable notice was given, the prisoner always received protection. It should be observed as against a *capias* from whatever court, the Executive cannot, under the law, take action; nor can he remove from the possession of a sheriff or constable a prisoner lawfully in his custody. From this it will be seen that, when the local officials are neglectful or too weak to perform their duty in such circumstances, he is entirely powerless.

The mob spirit is dangerous in the extreme, and if incited to action, becomes defiant of law, regardless of all constitutional and legal rights, and subversive of our civil and political institutions. Whatever the aggravation, the appeal should be to the law and its orderly methods, and not to violence, which may prove fatal to the innocent as well as to the guilty.

Much credit is due the Adjutant General for his intelligent administration of the ordinary affairs of his office, and, also, for the very satisfactory manner in which he has discharged the many delicate and difficult duties, to which he has been often ordered.

#### THE STATE DEPARTMENT.

At no time since organized, has this department been so busily engaged as during the past four years. Its receipts from January 18, 1895, to January 15, 1899, were \$289,090, and from the last date to January 1, 1903, they aggregate \$895,143.

Considering the number employed in this office, it must be admitted that in no other branch of the public service has more valuable, varied and remunerative work been accomplished, or more satisfactorily.

In this connection it will be interesting to note that since the enactment of the general incorporation law of 1871, there have been issued, through this office, charters for various purposes, with an aggregate capital of authorized stock of \$1,043,057.224, of which \$361,173.424 is of corporations formed between January 1, 1899, and September 1, 1902. Of these corporations, those that were alive on September 1, 1902, and

paying the franchise tax, had an authorized capital stock of \$425,018,430. The amount of authorized capital stock in corporations formed between January 1, 1899, and September 1, 1902, in good standing on the records and paying the franchise tax on the latter date, was \$325,617,183. From this it may fairly be inferred that quite a number of companies chartered between the dates named, and having an aggregate of capital stock amounting to \$35,556,241, were organized without intent to do a legitimate business and merely for speculative and fraudulent purposes. In the foregoing corporations railways are not included; although fifty-eight of such companies, with an authorized aggregate capital stock of \$41,634,000, were chartered during the last mentioned period.

The number of foreign corporations admitted to business in this State since January 1, 1899, in good standing and paying the franchise tax on September 1, 1902, was 261, with an aggregate of stock amounting to \$409,552,000. This does not include insurance or fidelity and guarantee companies, which hold permits from the Commissioner of Insurance. The information given is necessary to a correct understanding of the business enterprises, that are being conducted in the State under the form of incorporated capital.

Experience in recent years, particularly within the last few months, has demonstrated the necessity of more stringent regulations with reference to the organization of corporations under the laws of the State, and granting permits authorizing foreign corporations to transact business. The records of the State Department show that of the very many charters that have been granted within the last few years to oil corporations, 164, of which 155 were authorized in 1901, have a capital stock of \$181,164,000, and pay an annual franchise tax of \$8,035, while the records of the Comptroller's office also show that \$50,154 is due the State upon an ad valorem assessment of the properties belonging to these corporations of but \$5,251,259, making a sum total only of \$58,159 taxes and fees paid and to be paid, as against the enormous amount of stock which they were authorized to issue and sell. In other words, \$5,251,259 of property, as disclosed by the tax rolls, is the basis upon which \$181,164,000 of stock depends for its value. One of two conclusions is certainly true: either the State has been grossly defrauded of its just revenue, or many to whom this stock was sold were scandalously victimized. It should be also

noted that the authorized capital stock of these oil companies is larger, by \$49,642,430, than the outstanding stock on 10,559 miles of railway in the State. For this reprehensible condition, from which so many have suffered, the legislation of former years is directly responsible. The requirement that the stockholders in a proposed corporation shall furnish satisfactory evidence to the Secretary of State that at least fifty per cent. of the authorized capital stock has been subscribed and ten per cent. paid in before the charter shall be granted, is an entirely insufficient safeguard against what is commonly known as "wild-cat" corporations. To the business world the methods adopted in order to evade this requirement, are well known and need not be stated. It is believed to be sufficient to call the attention of the Legislature to this manifest defect in the law, and, without recommending any specific remedy, to urge a consideration of the subject and the provision of such other safeguards in the formation of corporations as will prevent their use as a means for imposing upon the public.

One species of corporation has been especially represented as being used for the purposes of defrauding the citizens of the State to a very large extent—the mutual insurance companies. There should be no hesitancy in the repeal of subdivision 50, Article 624 of the Revised Statutes, under which they have been incorporated. Since the organization of these mutual concerns has been authorized, many of them have been chartered. It is not to be understood from what is said that all mutual, either life or fire, insurance companies have been undertaken with fraudulent intent, but it is safe to say that a large proportion of them have voluntarily ceased business, or have had their charters forfeited by the Attorney General's department, and when so done, all who held policies in such companies have suffered a total loss. The injury to the public from these associations has greatly outweighed any possible benefit that might have accrued from those organized for proper purposes and honestly managed. Some may contend that those who deal with corporations do so with their eyes open, and that it is not the business of the State to make contracts for its citizens. This may be true in ordinary business transactions, but many people have the idea that when the State grants a charter to a corporation that the act is at least *prima facie* evidence of the reliability of the concern, and that the fact that the charter has been granted is used as a means of imposing upon the

people whom it would otherwise have been impossible to deceive. It should be borne in mind that there is a great difference between mutual benefit associations, which have no charter, and those which are incorporated. It is only to the latter kind that reference is made. It may be added that there are many corporations doing business in the State that pay no tax of any kind whatever; and, also, that there is no good reason why a corporation should be notified as to the date when its franchise tax is due. The individual tax payer is required to have knowledge of the law. The officials and directors of every corporation should be made, under sufficient penalty, to promptly inform the State department of its abandonment of business, or its dissolution, and inasmuch as they have entire control of its assets, to be responsible for the payment of this tax.

The law in regard to interurban rail-ways being defective, legislation upon the subject is recommended.

#### THE STATE HEALTH OFFICE.

In this department there has been a marked improvement in economy, efficiency and smoothness under the present incumbent over his immediate predecessor. Prior to September, 1900, there existed a custom, which was known to the Legislature, of using the fees collected at Galveston and other ports, in addition to the regular appropriations, to defray the expenses of the service. During the month named, and since then, all such fees have been paid into the treasury, so that the present health officer has been compelled to rely solely upon appropriations, which were smaller than usual; but nevertheless he was able, during the fiscal year ending August 31, 1902, to conduct his department with entire efficiency and to leave an unexpended balance of \$11,305.30, besides paying into the treasury fees amounting to \$15,084.65. Previous to that date, not only were the appropriations used, but the fees, also, with deficiencies often occurring.

It is a matter of regret that during the term of the immediate predecessor of the present incumbent that the only defalcations, under this administration, occurred in this department—one by Dr. A. L. Tackaberry at Sabine Pass, the other by Dr. I. J. Jones at Austin, and in the office of the then State Health Officer. The amount stolen by Tackaberry was small and was returned by him; that stolen by Jones was \$8,693.65, none of which has been recovered. The offices of the Executive and Adjutant General show that every possible effort was made to have these men arrested

immediately upon the discovery of their crimes. Both have been indicted and are now believed to be in Honduras, with which country the United States have no extradition treaty. The assistance of our own government and that of Mexico was sought and granted to secure their apprehension and return to the State, but without success.

Early in December, 1900, a very reprehensible practice was accidentally discovered in the service at Galveston, which had existed for many years. By an order from the Executive it was abandoned. The correspondence upon the subject is to be found in the report of the State Health Officer.

Under instructions he has lately visited New Orleans, Washington and San Francisco upon business pertaining to his department; from which it is anticipated that better protection will result to the State against the introduction of diseases of an infectious and contagious character.

#### THE OFFICE OF THE COMMISSIONER OF AGRICULTURE, INSURANCE, STATISTICS AND HISTORY.

The report of the Commissioner is more complete, interesting and valuable than for any year previous, and is worthy careful examination. He invites attention to serious defects in the law respecting insurance companies—especially as to fraternal societies and life and mutual insurance associations.

The purposes for which these organizations are conducted are such as appeal to wise legislative action.

The enormous sums, annually paid them by citizens of every avocation in order to protect themselves against anticipated misfortune, and the confidence necessarily imposed in the integrity and wisdom of their management, unquestionably demand that they should not only be subjected to frequent and rigid inspection by a government official with power of suspension, should conditions justify; but they should also be required, under penalty for misappropriation, to maintain sufficiently large reserve funds—not less than sixty per cent. of the gross receipts and on a basis of three and one-half per cent. interest instead of four and one-half, as now—out of which the expense of adjudicating losses should not be paid. The suggestion of the Commissioner as to the allowance of stock in mutual life insurance companies is pertinent and merits favorable consideration.

The net receipts to this office for 1901 were \$155,447, as against \$105,557 in 1898.

THE STATE PURCHASING AGENT.

The law creating this office did not become effective until July 19, 1899—the first contracts let thereunder beginning the December following. It has, therefore, been in operation for three years. Being a radical departure from the existing manner of purchasing supplies for the eleemosynary institutions, it has required experience in order to secure harmonious working. The results accomplished are gratifying. A careful examination of the reports of the State Purchasing Agent will convince, beyond doubt, every disinterested and intelligent person that it is a decided improvement over former methods. Its value is fairly illustrated in the table taken from the report of the Superintendent of the Deaf and Dumb Asylum and to be found in that of the Purchasing Agent. In it the different expenditures, at this asylum, have been carefully segregated into a form that may be justly regarded as a model of its kind and should be adopted by all the eleemosynary institutions. In this table it will be seen that at the institution named, during the year ending November 1, 1897—when the actual expense of living to the average citizen of the United States was much less than at any other period in the country's history—the cost of daily maintenance per capita was 26 cents; during the year ending August 31, 1902, it was 21 cents—a decrease of 5 cents in favor of the latter, notwithstanding the fact that the price of the supplies furnished during the last named was greater by 32½ per cent. than during the former period. In other words, there was a saving during 1902 over 1897 of \$6,917.36 in the matter of maintenance, although the cost of living had been so largely increased.

In special reports from the insane asylums, it is stated that the daily maintenance per capita at the State, for 1897, was 31 cents, and, for 1902, 29 cents; at the North Texas, for 1897, 32 cents, and for 1902, 33 cents; at the Southwest Texas for 1897, 32 cents, and for 1902, 28 cents.

The statement as to the prices in living is based upon Dun's Index Number, which is accepted as authority by the entire commercial world, and is to be found in the report of the purchasing agent. It may be answered, however, that the supplies furnished the eleemosynary institutions have been, during the operation of this law, inferior in quality to those purchased under previous systems. This is not true in fact; during the past three years, they, as a whole, have not been of lower grades, but on the contrary, in a very large number of instances, they have

been of better character than ever before. The purpose has not been to determine how cheaply these institutions may be maintained, but how well; and whenever goods have been delivered in a condition and of a quality not authorized by contract, they should have been promptly and uniformly rejected. Not to have done so, was a palpable and inexcusable neglect of duty. The law plainly and specifically requires that the storekeeper shall determine whether or not the delivery is in compliance with the contract, and, if not, to so report to the superintendent, who shall reject it. No account can be paid unless it be supported by the affidavit of the seller and approved by the storekeeper and the purchasing agent; so that the one who buys the supplies and the one who receives them for consumption, acting independently of each other, must concur before payment can be made. It will be well to note here that the purchasing agent and the storekeepers derive their offices from different sources—the former being appointed by the Governor and confirmed by the Senate, and the latter by the superintendents of the institutions with the sanction of the boards of managers.

The advantages of the present over any former system may be briefly stated to be: (1) The purchase of supplies at wholesale prices and in larger quantities, thereby insuring lower prices; (2) the reduction of purchases in the open market and in private manner, thus preventing favoritism, and, in many instances, direct fraud; (3) the purchases being made by the agent, whose office is at the capitol, wide publicity and easy access is given to all transactions; (4) the smallest institutions pay no more for similar articles than do the largest—all being on an exact equality as to cost; (5) cash payment upon delivery lessens the cost; (6) the bidders are not confined to the localities at which the institutions are established; (7) the entire time of the agent being devoted to the business, he can better acquaint himself with the range of prices and the best sources from which to draw supplies; (8) the superintendent, with the storekeeper representing the institution, and the Purchasing Agent, are a check, each upon the other—the contractor being responsible to both; (9) the method is justified by the practice and experience of all the railway systems and other great public utilities in the country, and by every department of the Federal government.

The text-book act, which is now regarded with universal approval, except, perhaps, by the publishing companies

that failed to secure contracts with the State, rests upon the same principle that underlies the one under consideration. There are eight institutions—established at four different localities and having a total population of 4446, exclusive of the officials and employes—to which another will soon be added, that come within the terms of the law. This character of population will continue to grow. It is, therefore, of great moment that the institutions should be conducted upon strict business principles; otherwise, undue expenditures will follow, with extravagance, favoritism and corruption. To secure the best results possible, the Purchasing Agent must be zealous, honest, firm and especially adapted to the work, and further, he must have the sincere and intelligent cooperation of the superintendents and storekeepers of the institutions. The duties that devolve on these latter officials are no less important and necessary than those imposed upon the Purchasing Agent. In this, the present administration has been indeed fortunate; to all the officials named is due the credit for the proper and effective execution of the law.

#### THE STATE REVENUE AGENT.

Through the energetic efforts of this official, the collection of occupation taxes has greatly improved, though much remains to be done in order to insure a full compliance by those upon whom such tax is imposed, with the requirements of the law. In view of the large amount of revenue to the treasury through the tax on occupations, it is of importance that the State Revenue Agent should be kept continually in the field, otherwise many occupations will escape payment.

The incumbent of this office has been faithful and vigilant in the discharge of his duties, and has spared no effort to ascertain the violation of law, and to force delinquents to pay their dues to the government.

#### THE LIVE STOCK COMMISSION.

The operations of the Commission are fully detailed in its report. With the means allowed, it has given all the attention practicable to the live stock interests of the State. To do better work, however, larger appropriations than heretofore must be made. Its relations to the Agricultural Department and the States receiving Texas cattle, have been satisfactory.

The veterinarian in its employ has been kept busily engaged and has rendered effective service.

As the State grows in population, and

the lands become more closely settled the tendency to disease among stock will increase, followed by the necessary enlargement of the powers and duties of the Commission.

#### FISH AND OYSTER INDUSTRY.

The value and importance of this interest is not fully recognized and appreciated. With an area in grounds and beds of 2608 square miles, well adapted to the propagation of these articles of food, this industry should be an object with the Legislature of especial care and attention. In other States it is most highly prized and with them the fixed policy has been to promote its full development. Here, however, it has been different. If properly fostered, the oyster and fish products will become not only staple articles of food with our people, but, also, of exportation worthy of mention in the world's market reports. The Commissioner's suggestions and recommendations should have consideration, and such action had as will insure the best possible results.

#### PUBLIC BUILDINGS AND GROUNDS.

By the several acts of the last two Legislatures, the responsibility was put upon the Executive, not only as to the propriety of the erection of buildings, but, also, as to the manner of their construction when undertaken. Every precaution has been taken so that no question might arise in respect to their durability, as is shown by the records of the office in the appointment of architects. All improvements of the kind are believed to be as good as could have been made with the money appropriated.

The Superintendent of Public Buildings and Grounds deserves and will doubtless receive strong commendation from every one acquainted with the energetic and intelligent manner in which he has discharged his duties. The Capitol grounds have never been so beautiful as now, and for their condition he is justly entitled to great credit.

#### THE UNIVERSITY.

The student-body at this institution in 1898-1899 numbered 800, and in 1901-1902, 1378—a gain of 578. This large and continuing growth, year by year, raises a very serious question. Under present conditions, it is with exceeding difficulty that such an attendance can be accommodated with the instruction that should be given.

Additional grounds, buildings and equipment are necessary in order to relieve the embarrassment, which cannot

be prolonged without detriment to the institution. Though none will record themselves as favoring a policy of inactivity or retrogression—either of which would be fatal—yet, unfortunately, there are those who hesitate to adopt the only feasible plan, in the circumstances of the present, by which the situation can be relieved and the University continued on its course of progress and development. No practical method can be devised to raise the necessary funds, if the Legislature shall not appropriate annually more than heretofore for maintenance. I, therefore, recommend a sufficient appropriation for that purpose, during each of the next two fiscal years, to enable the Board of Regents to inaugurate and maintain, through the revenue arising from the permanent fund, a gradual and uninterrupted enlargement in improvements and property, responsive to the needs of the University; and that authority, if necessary, be granted to the Board to use, within its discretion, the revenue accruing from the permanent fund. If this be done, its future progress will undoubtedly be greater than in the past, with corresponding benefit to the people. It has shown itself worthy the most favorable consideration by the State; its record gives certain promise of a usefulness unsurpassed in the history of kindred institutions, elsewhere. By the Act of March 28, 1901, the University was authorized to make a mineral survey of the public lands, and under it much valuable work was done, though the appropriation of \$10,000 per annum was altogether too small for the purpose. In view of the fact that this policy has been attended with good results, it is believed that the survey should be extended to all the lands without exception, and that in consequence a larger appropriation should be made—especially as the United States Geological Survey will co-operate, expending a like amount of money. There should also be further legislation as to the classification and sale of the mineral lands. The importance of this movement cannot be overestimated, and it is recommended that the matter be most carefully considered, so that their survey, classification and sale may be under the sanction of law and by the most advisable method.

In this connection, I have to inform the Legislature that the Director of the United States Geological Survey advises that its employes have been frequently embarrassed in the prosecution of their field surveys by individuals refusing to permit them entering upon their property. With the view of obviating this difficulty and to secure a complete and

accurate survey as early as may be practicable, he asks for legislation making it lawful for the persons so employed to enter upon the lands within the State—such legislation, however, not to be construed as authorizing any unnecessary interference with private rights. The recommendation of the Director is approved, it being quite important to the State that the survey shall be completed without unnecessary delay.

Authority should be given the Board of Regents to invest the money credits to the permanent fund of the University in the treasury, so that the same may be interest bearing. Such power is conferred upon the State Board of Education over the permanent free school fund, and no sound reason can be urged why it should be withheld from the Board of Regents. It is of much importance to the educational system of the State that the relations between the different institutions, including the graded and common free schools, should be clearly and carefully defined, and that the sphere of each should be so accurately determined by law as to prevent the duplication of the authorized work of any institution or class of schools. In this way only can a harmonious system, without unnecessary expense, be established and maintained.

#### THE AGRICULTURAL AND MECHANICAL COLLEGE.

The number of cadets enrolled at the college for the session of 1898-1899 was 332; for the one of 1902-1903 the enrollment was 356—a gain of only 24. Without explanation, this apparent stagnation, numerically considered, may appear strange. The attendance has been somewhat affected by the increase, since 1898-1899, of the minimum age of entrance from 15 to 16 years, and, also, by the requirement of an additional year for admission to the engineering course. This does not, however, fully account for the standstill in the cadet body. The true cause is to be found in the report of the Board of Directors, in which it appears that there are at present accommodations only for 350 cadets under favorable circumstances; that the dormitories are heated by ordinary stoves, with wood as fuel; that they are without bathing facilities and modern sanitary arrangements; that members of the faculty are compelled to occupy as quarters the rooms intended and needed for other purposes; and that the barns, out-houses, roads, sidewalks and drains are in a dilapidated condition. So long as these disadvantages shall continue, a substantial advance in numbers cannot be

reasonably expected. If the college is to keep pace with the growth in population of the State and to be worthy the great interests—agricultural and industrial—that it was intended to promote, immediate and adequate provision should be made for putting all improvements and property into the best possible condition, and, also, for the erection of additional dormitories, upon the most approved plans, and of the necessary residences for the faculty, so that not less than 1200 cadets may be comfortably quartered and properly instructed. And further, there should be no delay in equipping the college with every facility for theoretical and practical instruction in civil, sanitary, railway and electrical engineering and the textile industries. Nor should the interests of agriculture be neglected. The college should be fully prepared to instruct, by practice and theory, as to farming in all its varied and incidental branches.

The State is undergoing unusual development in every phase of agricultural and industrial life, and great opportunities are now being offered the young men of Texas to engage in the various pursuits of this character; all of which demand a special training that the college should be able to give. Failing in this, its abandonment ought to speedily follow as a needless expense and a travesty upon agricultural and mechanical education.

I do not believe that a wiser step, or one that will insure better and more substantial results, can be taken as to the University and the Agricultural and Mechanical College by the Legislature and the people than to make permanent provision, through a self-executing constitutional amendment levying a small annual tax, for their maintenance and development. The effect will be to eliminate these institutions from the biennial appropriation bills, and to insure them certain and increasing incomes. Until this shall be done, they will go limping along at half-starved speed. From what has been said, it must not be understood that work of good character has not been done at the college. On the contrary, those responsible for its administration have, with the funds at their command, accomplished much that has been valuable. It can hardly be a question that the college can more fully, accurately and satisfactorily secure data respecting agricultural conditions and interests than can the Department of Agriculture, Insurance, Statistics and History, to which this duty is now committed by law; but which has, in consequence of the want of proper organization and sufficient means, been unable to

do anything in this direction. Therefore, in view of the character of the institution, and of the great importance of agriculture, I have to recommend immediate legislation eliminating agriculture from the department named and transferring it to the Agricultural and Mechanical College, with such jurisdiction, powers and duties as would be conferred upon a department of government, if organized for that purpose and with an appropriation sufficient to enable the College to fully and satisfactorily accomplish what might be fairly expected under the law.

The experimental station, for which \$10,000 was appropriated by the Act of October 2, 1901, has been located in Smith county, and completed.

#### THE PRAIRIE VIEW NORMAL AND INDUSTRIAL COLLEGE.

The report from this institution shows an improvement over previous years. The number of students enrolled for the present session is 280. The principal recommends appropriations for certain purposes, which, if allowed, will be a substantial benefit to the College and enable it to do better and more comprehensive work than heretofore. They should be given. There can be no question as to the usefulness of the institution, if provided with proper facilities. Those in charge appear to be well qualified for their respective duties and are making an earnest effort to upbuild the College. They should be encouraged, and whatever may be needed for its betterment should be freely given by the Legislature—it being the only one of the kind under the support and control of the State.

#### INDUSTRIAL INSTITUTE AND COLLEGE FOR WHITE GIRLS.

Under the Act of April 23, 1901, a commission was organized to select the location for this college, and after visiting fourteen different places, the city of Denton was selected; and thereupon a board of regents was appointed, by whom, after due advertisement, plans and specifications were adopted and contract let for the construction of a central building. A tract of land, situated within the city limits and consisting of about seventy acres, and \$16,050 were donated by the citizens, with an agreement to bore an artesian well upon the grounds under a guarantee of an abundant flow of water. The building is now in the course of construction, and will be ready for occupancy during the coming spring. Twenty-three thousand dollars is asked

by the board with which to properly equip the building, and an additional sum of \$20,000 per annum for the maintenance of the institution during the two years beginning September 1, next. These appropriations are earnestly recommended. The institution should not only be liberally maintained by the Legislature, but it should have its sincere and earnest regard. The purpose for which it has been authorized is one that should commend itself to all.

#### THE STATE NORMALS.

Upon the character and success of these institutions depends, in a large measure, the efficiency of the public free school system, and it is indeed gratifying to know that they are fully meeting this responsibility. The superintendents and instructors are showing themselves appreciative of their important duties, and altogether competent for their work.

The Sam Houston Normal is now in its twenty-fourth year. It has long since firmly established itself in the confidence of the people, and among similar institutions of the country, it deservedly holds a most honorable place. The service that it has rendered, has been indeed valuable. Its enrollment for the present session numbers 455 students.

The North Texas Normal was established under the Act of March 31, 1899. Its first annual session began on September 18, 1901, with an enrollment of 300 students, which was increased to 511 before its close. This was followed by a session extending through the months of June and July with an enrollment of 270, of whom 49 had previously attended. Its second annual session began on September 17, 1902, with an enrollment of 400 students, which has since been increased to 508. This speaks well for the character and popularity of so young an institution, and is strongly prophetic of its future usefulness. Appropriations are needed for its enlargement so that it can accommodate the young men and women, who desire to qualify themselves for the profession of teaching. This is a most laudable ambition, and directly in the interest of the people. Such appropriations, as may be required for the betterment of the college, are recommended.

The Southwest Texas Normal is not yet ready for occupancy. Though authorized by the Act of March 28, 1901, the appropriation then made was not sufficient for the erection of a suitable building. Delay, therefore, became necessary until an additional appropriation could be secured, so that the building was not completed until January 1,

1903. An additional appropriation in the amount of \$36,000 is needed for its proper equipment, which is recommended. No better location could have been selected, and if properly conducted the school cannot fail to become popular and useful.

#### THE PUBLIC FREE SCHOOLS.

Notwithstanding the fact, universally admitted, that institutions affording the most varied learning and the highest culture are essential to social, professional and industrial life, yet, as the public free schools are the only means through which the vast majority of the people can secure education for their children, and as they are the stepping stones to more comprehensive scholarship, it is of vital importance that they should possess all the efficiency possible. In no other country is the attachment to them so strong and abiding as in the United States. Here, in a far greater measure than elsewhere, does the necessity exist for their maintenance at a high standard; for the permanence and excellence of our civil and political institutions depend upon the intelligence and virtue of the people. Not only this, but experience has demonstrated that material prosperity and development will not long abide in those commonwealths, in which educational interest and enterprise lag behind.

So our fathers believed, and in the very infancy of our political life they began the work of popular education, bequeathing to posterity a heritage for the support of public free schools such as the people of no other country have ever enjoyed.

Owing to the inexcusable delay by the proper authority in several of the counties, towns, and independent school districts in making the returns within the time required by law, the Department of Education has as yet been unable to compile and publish the usual statistical tables for the year ending August 31, 1902.

From the statistics for 1901, however, reliable data may be obtained which will furnish full information as regards the administration of the public free schools.

The scholastic population for that year, as shown by the census rolls, was 729,217, with an enrollment of 571,786, and an average daily attendance of 383,900 pupils between eight and seventeen years of age.

The sum total of revenue for the support of the schools for the year under consideration—State apportionment and proceeds of county permanent funds and of local taxes—was \$4,901,019—an increase over the previous year of \$593,584. It should also be noted that during the

year \$51,125.28 was paid into the schools as fees for pupils in independent districts not entitled to free tuition, against \$38,608.36 during the year ending August 31, 1900; also, that during the two years preceding August 31, 1901, buildings were erected in independent school districts at the cost of \$825,939, raised through local taxation, and not embraced in the foregoing amounts. It is believed that there will be greater activity in this direction than heretofore because of the authority given the State Board of Education, by the Act of April 25, 1901, to purchase for the permanent fund the bonds of independent school districts. The increase in scholastic population and in the available fund, as apportioned annually by the State Board of Education, may be shown by a comparison between the years 1898-1899 and 1902-1903. In the former period the scholastic population was 708,125 and the amount distributed by the State Board of Education was \$3,186,562, on a basis of \$4.50 per capita; in the latter period there is a population of 759,338 and an apportionment of \$3,796,755, or a per capita of \$5.00, which is larger than for any previous year except for 1892-1893, which resulted in a deficiency of \$117,564.95.

Deficiencies, in greater or less amounts, thereafter annually occurred until 1896-1897, since which there have been none—the amounts apportioned by the State Board of Education always being less than the revenues anticipated. For each of the years 1900-1901 and 1901-1902, the per capita apportionment was \$4.75, which was also greater than for any year previous except for the year 1892-1893. The average annual increase in the scholastic population since September 1, 1900, has been 10,985 as against a like increase in the revenue derived from and through the State of \$264,645.

It must be evident from the data given that if the public free schools are to be improved to great efficiency and so maintained, the way must be found to largely increase the present amount of annual revenue. The growth in taxable values, as shown by the rolls under the present method of assessment and collection, will not be sufficient to meet the demand of a constantly and largely increasing population. No reasonable person will for a moment contend that an average annual salary of \$260.32 is enough compensation for, or that it will secure the continued service of, such men and women as should teach the children of Texas; nor will it be insisted that the school houses, with all necessary appliances, should not be in every respect suitable for the purpose intended. What

is needed most as to the public free schools is able and well trained men and women to conduct not only the city and town schools but those in the country also, who will devote their lives to teaching for the love of their profession. The permanent services of such men and women can only be secured by salaries commensurate to the importance of their work and adequate to their proper support. No profession or avocation is more honorable in itself or more useful to society than that of the teacher, and unless he be of the highest professional and personal character the system will undoubtedly prove a failure. But how should the additional revenue be raised?

It is believed that only two methods are practicable under present constitutional limitations—the one, to increase the ad valorem rate by two cents on the one hundred dollars, and, also, to draw upon funds arising from sources permissible by the Constitution; the other, to supplement the present revenue by local taxation.

Both methods, however, can be utilized if the Legislature be inclined to a more liberal policy as to the schools. It is perhaps, however, not going too far to say that the necessary requirement of the free school system for such additional revenue as will enable it to successfully meet the heavy and steadily increasing demands upon it, will probably exceed the constitutional limits.

In the interesting and able report of the Superintendent of Public Instruction it is stated that “the method of local support is the practical method throughout the country; and in the United States at large only four per cent. of money expended on the public common schools is derived from permanent funds, and only sixteen per cent. from State taxation, leaving eighty per cent. supplied locally.”

Of the entire revenue for public free school purposes, during the years 1899-1900, in Texas, 25.1 per cent, was derived from permanent funds, 49.9 per cent. from State taxes, 22.0 per cent. from local taxes, and 3.0 per cent. from other sources.

Attention is invited to the very striking difference between the scholastic population as reported by the census takers and the enrollment for the year 1900-01. This discrepancy, though so very large, was not unprecedented. The reports for every prior year disclose, almost without exception, a much greater variance in favor of the census. But taking the year named for example, it appears that during that period there were 157,431 children within the scholastic age, for whose tuition \$747,797 was allowed by

the State Board of Education, but who did not attend the public free schools for a single day. Two years ago, the attention of the Legislature was especially called to this unseemly and glaring misappropriation of the money intended for educational purposes, but no action was had to prevent its recurrence. The State Board of Education, by whom the available school fund is distributed, has at no time been at all at fault; because it is required by law to apportion according to the census returns, and not upon the enrollment. If the annual reports of the Superintendents of Public Instruction may be relied upon, it cannot be questioned that many millions of the public money have been wasted, either upon fictitious children, or upon children who were not present at any time during the year in a public free school room.

But this is not the only evil. The average daily attendance of pupils within the scholastic age during the years 1900-01 was 383,900, making a difference of 187,886 between the enrollment and the attendance. In this respect, also, the year named was not an exceptional one.

I again most earnestly recommend that such action be taken as will insure the correction of these abuses of the generous liberality of the tax payers in providing for the education of all children between the ages of eight and seventeen years. True it is, that the Constitution requires that the available fund shall be distributed to the several counties according to their scholastic population, but it is also as true that it is within the discretion of the Legislature to determine the mode by which such population may be ascertained, and, also, the manner in which the fund shall be expended by the counties. Legislation should also be had that will prevent the improper issuance of teachers' certificates.

In some counties they can only be secured upon the applicants proving themselves entirely worthy, as well professionally as personally. In other places, however, the boards of examiners have too often shown themselves either ignorant of their duties, or purposely careless of the character of the schools.

A great necessity exists for the immediate revision of the various laws affecting the system. They are incongruous, complicated and conflicting; many of them incapable of correct construction without the aid of judicial interpretation.

The Superintendent asks for the allowance of an inspector: certainly should he be provided with a competent and reliable person whom he can send into the field when occasion requires, and

I therefore recommend such an increase to his present force.

One of the most notable and substantial reforms accomplished under the administration of my immediate predecessor was that which followed as a direct consequence of the enforcement of the Act of June 10, 1897. As a measure intended to insure better text-books than those then being generally used and at a much less cost, it has been successfully and satisfactorily enforced. The contracts, made under the law, will expire September 1, 1903. Cities of ten thousand inhabitants or over, are not included within its provisions, unless their councils or school boards shall consent. No controlling reason, it is believed, can be assigned why such cities should be exempted.

#### THE CONFEDERATE HOME.

The number of inmates of the Home on December 1, 1898, was 242; on December 1, 1902, there were 310—an increase of 68. The estimates for additional improvements, furniture and repairs for the next two fiscal years aggregate \$34,700 in addition to that required for maintenance, all of which are recommended. Nothing that may be necessary to the comfort and well being of these old soldiers should be refused. Their age and infirmities render them more helpless and dependent with advancing years. They deserve well of the State and should receive the best treatment possible when unable to care for themselves.

#### THE ELEEMOSYNARY INSTITUTIONS.

No class of people is entitled to higher consideration than the orphan, the insane, the blind and the deaf and dumb, and of the many functions of government none is more important than to adequately provide for their every proper want. Nor does its duty end here; the institutions, to which the afflicted and unfortunate are committed, should be maintained at the highest standard that humanity can suggest or science devise.

For the purpose every needful appropriation ought to be made and every requirement, however strict, imposed upon those charged with their administration.

These institutions, it may be safely stated, are now in better condition than ever before in their history, and yet all of them might be much improved. It is pleasant to record, with emphasis, that their present officials, teachers and employes have proven themselves faithful and equal to their trust.

Under the Act of April 17, 1899, fire

escapes of the most approved invention have been provided. Heretofore, the annual appropriations for repairs have been altogether too small. It is not economy to allow such large and expensive improvements to fall into decay for the want of sufficient means to keep them in good condition.

During the past four years several of the superintendents have, at their own expense, visited similar institutions in the United States with much advantage to the service. An appropriation of \$3,000 for this purpose, to be under the control of the Governor, would unquestionably be of great practical value; accordingly, it is recommended.

The expectation may now be reasonably entertained that henceforth the management of these institutions will not be subjected to change with every administration, and that removals will not be made or re-appointments refused, except only for the improvement of the institutions themselves. Such policy, however, should be accompanied by the requirement that their officials and employes, in whatever capacity, shall abstain, under penalty of dismissal, from participation in the contests that occur for official and political preferment. Unless this rule be adopted and its observance inflexibly enforced, the administration of these great charities can never reach the high degree of excellence that is so greatly to be desired. It may be well to add that the tenure of the membership of the boards, not only for these, but for the educational institutions, also, should be lengthened to six years, and so arranged that one-third of it may expire biennially. The benefit, that would certainly follow from such a change, is so obvious as not to require explanation.

*The Lunatic Asylums.*—The growth of population in these institutions during the past four years has been large—from 1955 on December 1, 1898, to 3145 on December 1, 1902—an increase of 1190. Today, there is not, within the knowledge of the gentlemen having these asylums in charge, an insane person in jail, or on any poor farm, or in private custody. No effort has been spared to have all persons, entitled to admission, transferred as rapidly as practicable to the asylums where they may receive as humane and skillful care and treatment as can be given elsewhere. These institutions have made marked and rapid progress in every direction and are now justly considered as among the first and best in the country. They are an honor to the State, and richly merit the high regard which they enjoy among all acquainted with their management. Additional appropriations for betterments,

however, are necessary to their greater efficiency. The Southwestern is the smallest of them. It should be enlarged and equipped to the capacity of 1200 inmates, exclusive of officials and employes. The reports of the superintendents, with the recommendations made, are worthy the most favorable consideration of the Legislature.

*The Deaf and Dumb Asylum.*—On December 1, 1898, as appears from the records, there were in attendance 264 pupils at this institution; on December 1, 1902, the number present was 450—a gain of 186. So excellent in every respect has been its management that it is attracting general attention and is now ranked among the foremost of such schools in the country. Its industrial features have greatly improved; but there is need for an additional building, with the proper equipment, so that the institution may be able to give this character of instruction to all of its rapidly increasing population. The principal and teachers are unquestionably well qualified for their duties, as is shown in their work. Where so many children are assembled and maintained through a period of not less than nine months in every year, it is of prime importance that there should be a hospital to which the sick may be removed and especially if with a contagious or infectious disease. The present title of the institution is a misnomer, and should be changed to Texas School for the Deaf and Dumb, so as to accord with its true character. The report of the superintendent speaks for itself, and discloses a condition which must be indeed gratifying to every citizen.

*The Blind Asylum.*—It is with exceptional interest that the attention of the Legislature is invited to this institution. Of the unfortunate, none appeal so earnestly for kindly and substantial consideration as do the blind; and no means should be withheld in assisting them toward a larger sphere of usefulness and a better enjoyment of life. The administration of this asylum is worthy the highest commendation; there has been no lack of care, industry or ability in those charged with this responsibility. The usefulness for which the institution should be capable, however, is much impaired through want of sufficient ground and suitable buildings, properly equipped. The older improvements are of inferior material and workmanship and not at all adapted to the purpose intended. They should be torn down, or thoroughly repaired, with such changes in construction as may be advisable. To one at all familiar with present conditions, it must certainly be apparent that

an urgent necessity exists for relieving the institution of this embarrassment, and it is without hesitation that an appropriation of \$75,000, to be expended by the board under the direction of the Governor, is recommended. If such appropriation be made and judiciously used, the population of the institution will rapidly and largely increase. Its name should be changed to one more appropriate—Texas School for the Blind. The number of pupils in actual attendance on December 1, 1898, was 164; on December 1, 1902, 168.

*The Orphans' Home.*—This institution is now doing as well as its means will permit. The present management of the Home is altogether satisfactory, and those now in charge are giving to their duties every attention possible. Its Board of Trustees asks for certain appropriations, all of which appear to be necessary. The Home is greatly lacking in industrial facilities. No question can arise as to the wisdom of promptly and fully supplying it with whatever may be required to give the children not only such education as can be obtained in the best graded schools, but also the industrial training that will enable them, when leaving the Home, to be self-sustaining and useful citizens. And the duty of the State extends further; the children, while there, should be so comfortably situated and kindly treated that in after years they will recur to their life at the Home with the fondest recollections.

Having assumed the responsibility and duty incident to intelligent and faithful guardianship, the State cannot afford to be at all neglectful in anything that concerns their true welfare. Nor can it escape reproach if, because of an omission of duty, they should in after years become idle, or lawless, or abandoned characters. The Home stands in an attitude altogether different from that of the other eleemosynary institutions; and it should be maintained upon the theory that the children are there, not because of mental disease, or physical affliction, but only because they are orphans, poor and friendless; endowed, however, with the capacity for honorable and useful life—to say nothing of the possibilities that await lofty ambition and earnest endeavor.

The number of children in the Home on December 1, 1902, was 308; the report of the Board of Trustees for 1898 shows that on January 1, 1899, there were 402 children present. This was found, after careful investigation, to be erroneous, there being in fact, on that date, but 299.

*The Deaf, Dumb and Blind Asylum for*

*Colored Youths.*—There were in attendance during the year ending August 31, 1902, at this asylum 94 pupils; but owing to the failure of the Legislature to make any appropriation whatever, for the present session, for the salaries of the superintendent, teachers and employes, and for the clothing and transportation of indigent pupils, which has heretofore always been done, the number now present is not so large as during the previous year. It is hoped that the Legislature will promptly repair this injustice. There has been no just cause for complaint as to the management of the institution during the past four years. The superintendent and teachers have been faithful to their duties, and deserve honorable mention for the very creditable manner in which they have conducted themselves. The name of the institution should be changed to School for the Deaf, Dumb and Blind Colored Youths.

#### THE EPILEPTIC COLONY.

This institution, authorized by the Act of February 9, 1899, and upon the favorable report of a commission, located at Abilene, will be ready for occupancy within the next six months. The plans and specifications were prepared by the late J. L. O'Connor, with the assistance and under the supervision of Dr. B. M. Worsham, Superintendent of the State Lunatic Asylum. The last named gentleman was selected to visit the best institutions of the kind in the Eastern States, and upon his report it was concluded to follow the plans of the one at Sonyea, New York, such changes to be made in the buildings as would adapt them to the climate where located. A survey of the land donated by the citizens of Abilene, and the plans and specifications, not only for the buildings now under construction, but for such as may be hereafter added, are on file in the State Department. A contract has been made with the city of Abilene, at the rate of three cents per thousand gallons, for all the water that may be needed for any purpose whatever for seventeen years, after the expiration of which time it is to be supplied the institution without charge. The Board, consisting of the Governor, Comptroller and Treasurer, has used every effort to secure the best buildings and improvements possible and is much indebted to Dr. Worsham for valuable assistance. Owing to the death of Mr. O'Connor, Mr. M. R. Sanguinet, of Fort Worth, has been appointed to succeed him as architect.

#### THE PENITENTIARY SYSTEM.

In consequence of the fire in the

Huntsville penitentiary on February 13, 1899, the great overflow of the Brazos river in the same year, the ravages of the boll weevil and the devastating storm of 1900, the loss occasioned by the boll weevil, the drouth, and unprecedentedly early freeze in 1901, and the largely increased cost of the necessary supplies over previous years, the penitentiary system has been subjected to a strain far severer than during any like period since the abandonment of the lease policy in 1883; and had it not been for the very intelligent and energetic efforts of its management, the State would have unquestionably been called upon to make good a large deficit. On the contrary, of the \$160,000 appropriated during the years named, as under previous administrations, to cover deficiencies and to purchase lands and material for prison industries, only \$80,000 has been withdrawn from the treasury, of which \$77,261 was used in the purchase of 8212 acres of land in Brazoria county, now known as the William Clemens farm. It is true that the present Financial Agent received from his immediate predecessor \$292,955 in cash, iron pipe and sugar; yet, despite the losses through the casualties mentioned, and which were conservatively estimated at \$288,235, and the largely increased cost over former years of all necessary purchases, he expended to September 1, 1902, the sum of \$291,277 from the resources of the system in permanent improvements and property, all of which have greatly enhanced the value of its assets. The entire property of the system was, on October 31, 1898, appraised at \$2,665,148, from which should be deducted \$32,320, consisting of uncollectable bills, receivable and open accounts, long past due, which, by order of the Commissioner, was subsequently charged off the books as being entirely worthless. The actual value of all properties on that date was, therefore, \$2,632,828. The valuation of the properties owned by the penitentiary system on September 1, 1902, was then conservatively determined to be \$3,181,410, of which \$80,000 accrued through the treasury—an increase of \$548,582 since October 31, 1898, for which, less \$80,000 withdrawn from the treasury, the present management should be credited.

It will be observed that no account is made of the very considerable loss, also, sustained in 1902 through the drouth and the boll weevil.

The Financial Agent reports a cash balance of \$10,034 on September 1, 1902, and as due for labor earned during the previous month \$32,468; and the further sum of \$502,170 in notes, accounts and

stock on hand, consisting of manufactures, complete and incomplete, raw material, clothing and provisions—all uncollectable notes and accounts, fixed machinery and live stock, which have heretofore entered into such exhibits, being eliminated.

In addition, of the crops grown on the State and share farms during the past year, \$137,307 in value has been realized, and it is now estimated that \$58,500 will also accrue from the crops yet ungathered and unsold.

The sources, from which the revenue is obtained to sustain the system, are the share and State farms, the hire of the convicts, and the penitentiaries; and inasmuch as a substantial departure in the disposition of the short term convicts will probably be under consideration, it is important that accurate information should be had respecting the income of the system as now constituted. Upon the authority of the Financial Agent, the statement is made that from all the share farms, operated by the State during the thirteen years prior to December 13, 1902, without taking into account the value of the convict labor employed, the aggregate net revenue to the system was only \$104,017—the annual average number of the convicts at these farms being 491; that the net revenue to the system from the Harlem State farm—the value of the convict labor not being included—during sixteen years was \$117,619, with an average convict force of 168; and that the net receipts during the preceding thirteen years from the hired convicts amounted to \$1,762,440—the average annual number being 2546. The Johnson share farm is not considered, for the reason that female convicts only are there employed.

The entire product of the Huntsville penitentiary in manufactures, from November 1, 1888, to September 1, 1902, amounted to \$3,204,453, of which \$760,134 was consumed by the system; the balance—\$2,444,219—was sold in the open market at a profit of \$213,949.

The total net deficit at the Rusk penitentiary from 1887 to 1902, inclusive, was \$1,363,433, distributed as follows: 1887-1891, \$386,730; 1891-1895, \$518,664; 1895-1899, \$347,861; and \$110,178 from February 1, 1899, to December 31, 1902. These large deficiencies are unquestionably due to the continued effort that has been made to manufacture iron. The present assistant superintendent of this penitentiary, on December 20, 1899, urgently recommended the discontinuance of the iron industry, giving as a reason that the cost for the entire production of iron under existing circumstances would be disastrous to the

system, and that in time the supply of both wood and ore would be exhausted. He also stated that the system then owned but fifty acres of ore land that was accessible, and that a portion of this supply was inferior. An effort was made by him to purchase timber along the route of the State railroad from its terminus to the Nueces river. He advertised for proposals in the Rusk papers, but no offer was made, as all the land, about 20,000 acres, had been acquired by a gentleman living in Michigan. To continue the attempt to manufacture iron with charcoal and such character of ore, under these most serious disadvantages, would, in my judgment, certainly result in a greater loss than heretofore.

The objections to the employment of the convicts on the share farms and to their hire are many and well grounded, and the policy can only be tolerated because of the inability of the penitentiaries to afford room and employment to the entire convict population. It may be said with entire truth that their condition during the present administration has been much improved. They have been supplied with sufficient and suitable food and clothing; every precaution has been taken to prevent mistreatment and overwork; and the sick have been cared for. The deaths, through killing by guards, have been less by fifty per cent. than under any previous administration, and have only thus occurred when absolutely necessary to repress a mutiny or to prevent escape. In every instance the attention of the proper civil authorities has been immediately called to the killing, and investigation had as required by law. The regulations promulgated by the Commissioners in regard to the convicts are very stringent, and whenever a violation has been ascertained, the offender has been dismissed. But despite all these precautions, it cannot be denied that there have been cases of bad usage which have never come to the knowledge of the penitentiary authorities, and so long as the system of maintaining convicts in temporary quarters and separate bodies shall continue, it will be impossible to insure their proper treatment at all times.

My predecessors were earnestly opposed to the policy, and their views, so strongly and frequently expressed, have received the favorable consideration of the several Legislatures during the past twenty years. My opinion has been, and now is, that the share farm and hire policy should be abandoned at the earliest moment practicable, and that the convicts, except such as can be held and employed in the penitentiaries, should be concentrated in large numbers on

farms owned and operated by the State.

Among the advantages that will follow when this shall have been done, will be the maintenance of the convicts at less expense to the State, and in a character of employment that will bring them into the least competition with free labor. Under the direct and personal control of an official, who should be appointed by the Governor, with a rank and salary enough to secure an honorable and competent person, they would be far less liable to abuse than now; their quarters would be made entirely comfortable and in accordance with modern sanitary regulations, and their living greatly improved through orchard, garden and dairy products; hospitals could be established, also chapels and school rooms.

So believing, I approved the purchase, during the years 1899-1900, of 8212 acres of land in Brazoria county, well located upon the Brazos river, and of great fertility, notwithstanding the penitentiary system was then and is now laboring under the misfortunes already mentioned.

To September 1, 1902, there had been expended on this property, in the way of improvement, \$126,428. In pursuance of the act of October 2, 1901, a contract was made for the erection of a sugar mill at a cost of \$268,500, without interest. The contractor has received \$40,000, and will be paid, during the present month, \$35,000 more, and it is estimated that the crop of 1902 will yield at least \$40,000 additional—the remainder to be paid, year by year, from the proceeds of the cane growing upon the farm.

The mill is first class in every respect, each and every part being entirely new and of the most approved type, and possessing a capacity for grinding not less than 1,000 tons of cane every twenty-four hours. The penitentiary management is greatly indebted to Mr. T. W. House, of Houston, for his kindly offices—he being an experienced and successful sugar grower and manufacturer. Under his personal superintendence the plans and specifications were prepared, which, together with the contract, are on file in the State Department.

If properly managed this property is destined to become a model convict farm, the operation of which will be conducted without expense to the treasury, and where the convict can receive all the consideration that humanity can dictate.

Inasmuch as a large number will be maintained at this place, it is recommended that an additional superintendent of the penitentiaries be created, who shall be appointed by the Governor, and shall have it in charge.

The number of pardons granted during the present administration has been 785, of which 122 were on the recommendation of the penitentiary physicians because of diseases believed to be fatal, and which incapacitated the convicts so pardoned for labor; and 23 whose testimony was needed by the State in important criminal prosecutions.

#### THE HOUSE OF CORRECTION AND REFORMATORY.

Since this institution, under the act of May 12, 1899, passed under the control of the Penitentiary Commissioners and of the present assistant superintendent, it has undergone marked improvement. Though suffering from two successive annual drouths, it has paid into the treasury, during the past four years, \$32,399, as against \$19,324 during the nine years prior to January 1, 1899. It labors, however, under a great lack of facilities for moral, educational and industrial instruction, and these should be liberally supplied without hesitation by the Legislature.

Its inmates, when sent there, are under the age of seventeen years, and their employment should not be exclusively confined to farming. They should be given the opportunity, not only to acquire a fair education through the school room, but also a training in such industries as will enable them, when discharged, to return to society in a condition to earn an honorable living and to become good citizens. They are not there merely to undergo punishment for wrong doing: their confinement is for a better purpose; it is for the improvement of their moral and intellectual natures as well, and the State can not afford to release them without having at least made an honest and practical effort toward their thorough reformation, to accomplish which the chapel, the school room, and the work shop are essentially necessary. To this end, I have to recommend larger annual appropriations than heretofore, or if only the usual amounts be given that all revenue arising from the institution may be used by the commissioners for its betterment upon the lines indicated.

The assistant superintendent reports but two successful escapes in the same number of years, and during that time but one death, out of a population ranging from 142 to 200. The facts given speak well for its management and should encourage the Legislature to deal more liberally with the institution than heretofore.

#### THE AMENDMENT TO ARTICLE 6, SECTION 2, OF THE CONSTITUTION.

It is believed that in order to render this amendment more effective official receipts for poll taxes should be given separately from those for other taxes; that election officers should be required to stamp, or write in ink across the face of every poll tax receipt, when presented to them by a voter, the word "voted," with the date of the election; and that the amendment and law should be made to apply as well to primary as to general and special elections.

#### THE PRACTICE OF MEDICINE.

As required by the Act of February 22, 1901, three boards of medical examiners for the State were organized, and their reports are submitted to the Legislature. A careful examination of them will furnish the information necessary in order to make the law more effective. The people have suffered greatly in consequence of men, without qualification, undertaking to follow this profession; and it is a well known fact that fraudulent diplomas have been issued in large numbers to all who would pay for them, without the slightest regard to personal character or professional fitness. It is clearly the duty of the government to prevent such practices, however extreme the measures that might become necessary.

#### THE TRUSTS.

The evil that is resulting to the country from the formation and operation of trusts, is now so generally recognized that it is hardly necessary to invite attention to the subject. The question is so complicated, and the interests involved are so large and varied, that any legislation looking to its full and final adjustment will be required to undergo the ordeal of judicial interpretation. Owing to our dual form of government, Federal and State action must be had before complete relief can be given. This condition adds to the difficulty of the situation, and makes those interested in such combinations hopeful that nothing effective will be done.

The Legislature in 1889 enacted what is commonly known as the anti-trust statute, and owing to a defect indicated in a decision of the Supreme Court of the State, the law was amended in 1895. The Act of 1889, as amended by the Act of 1895, exempted from its provisions live stock and agricultural products in the hands of the producer. Following a decision of the United States Supreme Court construing a similar statute of

Illinois, the courts of this State have held the law of 1895 to be unconstitutional and void. In 1899 there was further legislation upon the subject, in which it was declared to be cumulative of all kindred laws previously enacted, and at least one district judge of the State has held such legislation to be void because of the exemption referred to. The case, in which this decision was made, is now pending before the Supreme Court. Whatever may be the determination of the court in the premises, it is thought that additional legislation on the subject should be had at as early a date as practicable.

The trust, which consisted of a combination or agreement between two or more persons, firms or corporations, by which the price of articles was fixed, or the output limited, either by direct agreement or by placing the controlling interests of the different persons, firms and corporations under the management of one or more persons, having been declared by the courts to be illegal, the method is now adopted to form a corporation for buying the physical properties of competing plants, thus concentrating them all under one management, and, in effect, making a complete consolidation. It is evident that in so far as suppressing competition may be the object, this method of combination is much more effective than any plan previously devised. Stringent legislation is, therefore, recommended prohibiting the combination or consolidation of existing corporations; and the law authorizing their formation should be so amended as to exclude a charter for the purpose of establishing or maintaining more than one plant or business, and also to require the place of its business to be stated in the charter, with a restriction as to its operations elsewhere. No injury can follow from the suggested changes; nor can a good reason be urged why a corporation should be authorized to engage in business at more than one place. This prohibition is to be found in the laws permitting the formation of national banks. The prosperity of these associations clearly indicates that the limitation is not harmful, either as regards the condition of the banks or the rendition of proper service to the public.

#### IRRIGATION.

In an able and exhaustive address by Hon. Yancey Lewis, of the State University, before the Texas Bar Association, in which the law upon this subject as interpreted by the Supreme Court of the State was carefully and fully reviewed, he announced as a result of his investi-

gation: "That there is a non-arid area in the State which the riparian owner cannot irrigate, though it be done with reasonable regard for the rights of others; that there is an arid section in which, with reference to streams and waters upon the public lands, the right to use the water for irrigation and other specified purposes depends entirely upon the priority of appropriation, under conditions prescribed by the statutes, subject to the riparian rights of the grantees of land adjacent to the streams; that in the arid section individuals and companies may secure the right, against riparian owners, to divert water from the streams for purposes of irrigation and for other purposes specified in the statutes by condemning the rights in the water of the stream of the riparian properties, and making compensation therefor, but not otherwise; that within the arid section riparian owners, as between themselves, and for irrigation purposes, may divert the waters of the stream to the extent of exhausting the supply for this purpose without regard to the right of other proprietors, whether they may exhaust it as against the natural wants of the lower proprietors is not decided, and that there is a priority of right, determined not by priority of appropriation, but by superiority of location with reference to the head of the stream; and that what is the arid and what is the non-arid region is a question of fact, to be determined upon appropriate pleading and proof in the particular case."

Because of the large and valuable interests involved, and of the general movement in some sections for securing water for agricultural purposes by means of irrigation, it is believed that the Legislature should give this subject its most thoughtful consideration. It would seem, from the address of Judge Lewis, that the law is so unsettled as not only to jeopardize investments already made, but also to delay any extended effort that might be contemplated to apply the streams of the State to such uses.

#### THE BOLL WEEVIL.

The outlook for agricultural progress and prosperity would be most promising, notwithstanding the drouths of the past two years, were it not for the presence of the boll weevil in a considerable portion of the State, and of its certain course throughout the entire cotton producing region unless immediately checked and destroyed.

Efforts have been made by both Federal and State authority to devise means by which this might be accomplished, but without success. Past failures, how-

ever, should not occasion discouragement or cause the abandonment of all attempts to overcome the difficulty.

After much reflection I have been led to believe that the wisest policy in the circumstances of the present, would be to make an appropriation of not less than \$25,000 for the purpose, the expenditure to be entirely within the discretion of the Governor. If this be done, he would undoubtedly seek and obtain the co-operation of the Secretary of Agriculture, and would also call to his assistance the ablest and most experienced entomologists in the country. To limit the expenditure to a certain line of work or to a predetermined theory, in view of the present ignorance on the subject, would be injudicious in the extreme.

#### THE CITY OF GALVESTON.

On account of its great importance not only to the State, but also to the western and southwestern States and Territories, and of its large and growing commerce, it became necessary early in 1899 to inquire into the system of pilotage that was being maintained at the port of Galveston. Upon investigation it was found that the sessions of the Board of Pilot Commissioners had been very seldom held for a series of years, that the service was not so good as it should be, and that the charges for pilotage were excessive.

After an unsuccessful effort to secure a change for the better in these particulars, a new board was appointed with excellent results. The number of pilots and deputy pilots was increased, the charges for pilotage materially lowered, and a new vessel purchased; so that it may be said the pilot service at Galveston is now equal to that of any port in the United States and that the charges are lower.

The Commissioners hold their sessions at stated intervals, and have exerted themselves to secure all needful facilities for navigation.

Monthly reports are uniformly made by them to the Executive, in which the name, tonnage and date of every vessel entering and leaving the port are given; also, the name of the pilot in charge and the amount received for each particular service.

It appears from the report of the Commissioners that 990 vessels, foreign and domestic, with a total capacity of 2,375,898 tons, entered the port during the year ending December 31, 1902, and that the entire amount of pilot charges was \$63,894.

Because of the exceedingly great loss sustained from the storm of 1900, the

Twenty-seventh Legislature, by the Act of April 19, 1901, granted to the city the net proceeds of all State taxes, of whatever kind, within the city limits, and that go to the general revenue for the two years beginning September 1, 1901. A further grant of such taxes will be asked and I have to earnestly recommend that it be made for the full time permissible under the Constitution.

Seldom has a community suffered such a calamity as befell the city in September, 1900, and much more seldom have any people exhibited, under such distressing circumstances, so much courage, self-reliance, and civic pride.

For this, if for no other reason, the relief that will be sought should be unhesitatingly given.

But it should be remembered that the safety and prosperity of this port is of incalculable value to the entire west and southwest, and, also, that ever since the county of Galveston was organized in 1839, its citizens have, as a body politic and in their individual capacities, freely contributed of their substance to the general welfare and to relieve local and special wants as well.

The city has now undertaken to build a sea wall for its better protection, and at a great cost. The bonds issued for the purpose have been taken, almost altogether, by its own people, and the State can well afford, out of its abundance, to allow the funds that will be asked. The grant for the two years by the Twenty-seventh Legislature has not occasioned the slightest inconvenience. The general revenue, without additional taxation, is certain to increase each year.

#### THE LOUISIANA PURCHASE EXPOSITION.

On January 14, 1901, quite a number of public spirited and enterprising citizens of the State met at Dallas, under an invitation extended by the Executive, and organized for the purpose of making an exhibit of the resources of Texas at the Louisiana Purchase Exposition, to be held at St. Louis in 1904. An earnest effort is now being made to raise the necessary funds through private subscription. So far, the success has been as great as could be reasonably expected, but it is believed by many that the funds that will be required, should not come entirely from individual contributions. The question of an appropriation by the State is, therefore, submitted to the Legislature, in the hope that it will be given the attention its importance demands, and that such action be taken as in its judgment may be warranted by the Constitution. It is not to be doubted that

the exposition—should an exhibit in keeping with the dignity and wealth of the State be made—will be of greater benefit to Texas than perhaps to any other commonwealth in the Union.

On account of the accessibility of the exposition and the prominence given in the matter of a site for its building, the occasion will enable the State to bring to the notice of the world its great and attractive resources and its unparalleled opportunities for commercial and industrial enterprise.

#### WORKS OF ART.

In the appropriation Acts of May 29, 1899, and October 2, 1901, provision was made for the erection of the statues of Gen. Sam Houston and Stephen F. Austin in the Capitol of the State, and of the statue of Gen. Houston in the Statuary Hall of the National Capitol from the models previously presented the State by the celebrated sculptress, Miss Elisabet Ney—and, also, for a monument to Gen. Albert Sydney Johnston in the State cemetery; the construction of the statues to be under the direction of the Governor, and of the monument under the supervision of the Governor, Comptroller, Superintendent of Public Buildings and Grounds and the President of the Daughters of the Confederacy. Contracts for their execution in the finest Italian marble have been made with Miss Ney and are on file in the State Department. The statues intended for the State Capitol have been completed and placed in the rotunda, and await the pleasure of the Legislature as to their unveiling. That of Gen. Houston for the National Capitol will be completed and delivered on or before December 1, next. The monument to Gen. Johnston will be erected on or before July 1, 1904.

The Twenty-fifth Legislature, by the concurrent resolution of April 3, 1897, authorized the association known as "The Daughters of the Republic of Texas," to erect and place in one of the allotted spaces assigned to the State of Texas in the Hall of Statuary in the National Capitol at Washington a statue representing and in memory of one of the fathers of Texas—such statue to be approved by a State commission consisting of the Governor, Comptroller and Attorney General. The association selected Stephen F. Austin as the one for whom the statue should be executed, and has contracted for it in the sum of \$4,500. Of this amount, after earnest and continued exertions, it has been able

to raise only \$1,561. No one will question that the statues of Gen. Houston and Stephen F. Austin should be placed in the Capitol at Washington at the same time. An additional sum of \$3,000 is necessary in order to meet the balance due on the Austin statue, and I recommend an immediate appropriation in that amount, to be in the hands of the Governor and paid out by him, upon vouchers approved by the president of the association, in accordance with the terms of the contract.

#### THE SAN JACINTO BATTLE FIELD.

Under the Act of May 6, 1897, as amended by that of February 13, 1899, the purchase of the ground upon which the battle of San Jacinto was fought, has been completed. The appropriation of \$1,000, made by the Twenty-seventh Legislature to inclose and beautify it, was found to be altogether inadequate, and was, therefore, not expended. Means sufficient should be allowed for the proper protection and improvement of the field as a public park.

#### CONCLUSION.

As the platform declarations will have the attention of my successor, it only remains to be said that whatever of merit the administration of the public affairs during the past four years may possess, the largest measure of commendation is due my associates in the several departments and branches of the service, with whom are to be included the presidents, superintendents, professors and teachers in the educational institutions and the public free schools, those connected with the eleemosynary and penal establishments, all boards for whatever purpose formed, and the subordinates of every grade in the employ of the government. With but rare exception, they have been faithful to every duty, and have promptly and efficiently responded to every call. To them my most grateful acknowledgments are sincerely tendered for their uniform, cordial and effective co-operation in the endeavor to give to the State the best service possible. The Twenty-sixth and Twenty-seventh Legislatures also justly deserve to be kindly remembered for the good and wholesome legislation enacted by them.

For myself it is only claimed that in whatever I have done, the motive has been to serve the people faithfully, honestly and well.

JOSEPH D. SAYERS.