

In conclusion, I wish to bear witness to the readiness (with few exceptions) with which officers, ex-officers, and others with whom I have had occasion to communicate upon the subject of these claims, have responded with the sought-for information, or certificates, &c. To them, as well as to ex-Governors Kirkwood and Grimes, Representatives Price and Dodge, I am under *especial* obligations for their cordial assistance at all times, in furthering my endeavors to effect an adjustment of the State claims.

I have the honor to remain your Excellency's obedient servant,

J. N. DEWEY,
Commissioner.

To His Excellency, WM. M. STONE,
Governor of Iowa.

SPECIAL MESSAGE.

EXECUTIVE OFFICE, January 24, 1868.

Gentlemen of the Senate and House of Representatives :

There are a few subjects of especial interest to which I desire to call your attention, and which I wish to make the basis of some recommendations for legislative action.

The successful settlement of the claims of our State against the General Government has placed our finances in a most satisfactory condition. Col. Dewey, by whose faithful services so large a sum has been placed in our treasury, ought to receive the thanks of the Assembly, and a compensation more nearly commensurate to the valuable results he has been instrumental in effecting. The good fortune which has attended his connection with this matter plainly indicates the advisability of empowering him to complete its final settlement. I would therefore recommend that he be authorized to prosecute the work to its conclusion, and moreover, that he be allowed a certain per cent upon all claims to be recovered, in addition to the compensation he now receives.

RAILROADS.

The development of our agricultural and mineral resources is largely affected by the completeness and extent of our facilities for transportation. This fact renders it imperative that the State pursue a liberal and even generous policy in dealing with this class of corporations.

The Dubuque & Sioux City Railway Company having failed to comply with the essential conditions upon which their land grant was conferred, I would unite with my predecessor in recommending its resumption by the State. When that shall have been done, let it be bestowed upon some company affording the most indubitable assurances of a rapid and energetic extension of the road. Whatever corporation shall be invested with this valuable grant, let the condition of *time* be made especially prominent, so that the fertile region which has so long awaited the completion of this line, may be placed in early communication with the great markets of the interior and the East.

The Act of Congress approved May 12, 1864, conferred upon the State a grant of land "to aid in the construction of a railway from a point at or near the foot of Main Street, South McGregor, in a westerly direction, by the most practicable route on or near the 43d parallel of north latitude." This grant of land was conferred upon a corporation known as the McGregor Western Railway Co., but no patents have yet been issued to them by the Secretary of the Interior, on the ground that the conditions of the grant have not been complied with by the company. This action was taken only after a careful examination of the subject by a competent officer of the Department. Disclaiming any other feeling than an earnest desire for the promotion of the interests of that section affected by the non-fulfillment of those terms, and, consequently, of the State, I can not perceive how the action of the Secretary could have been otherwise in the premises. The line of road now constructed does not start from the designated point, and does not run in the direction proposed by the law of Congress. While a road from McGregor to St. Paul is a most commendable enterprise, and merits, as it receives, the gratitude of Northern Iowa, a sense of geographical propriety forbids us to harbor the idea that such a road coincides with the 43d parallel or secures the object intended in the land grant.

The company, then, which was the beneficiary of the grant, having failed to execute in good faith the trust reposed in them, I deem it the early duty of the State to resume it and hold it for the benefit of some corporation which will undertake and prosecute the work, in

accordance with the letter of the law, to its early and final completion.

Whatever may be the authority of the State over railroad corporations already formed and grants already ceded, it is plain that in the disposition of those which may hereafter revert to the State regulations may be imposed for the protection of the interests of the people against the impositions of monopoly. Fully conscious of the danger of establishing any restrictions tending to discourage these valuable enterprises, I am nevertheless persuaded to recommend the insertion of a clause in every future grant prohibiting discriminations in the arrangement of freight tariffs and fares in this State. While the people demand railroads they also demand just and equitable rates of transportation. Reason would seem to indicate that the expense of transportation should be *pro rata*. With some modifications of this rule in the case of short transfers, it could work no injustice, for it would simply subject railway companies to the same law of compensation which prevails in all other avenues of labor.

SCHOOL FUND.

The guardianship of this important interest has become a matter of the gravest concern. The necessity for legislative action upon the subject is amply demonstrated by the facts presented in the last report of the Auditor of State, a necessity to which my predecessor has already called your attention. It is with the deepest regret that I have seen the income of this invaluable fund wasted away under the injudicious management or criminal neglect of the authorities having it in charge.

The State is the national guardian of this fund. In the highest sense it is responsible for its preservation, and under the immediate control of the State it should be placed.

To this end I would recommend the passage of an act to secure its return to the State Treasury, and its subsequent investment in registered bonds of the State bearing 10 per cent interest, thus establishing its safety upon a basis as certain as the credit of Iowa.

INSURANCE.

The inadequacy of our present insurance law to secure the essential

condition of safety and protection to the insured has become a subject of merited discussion. The State is bound to frame its legislation for the control of these corporations in such a way as to exclude from our midst, as far as possible, every company which has not the capital and honest efficient management entitling them to the confidence and patronage of the public. The apprehension that such companies do exist, form sufficient grounds for legislation upon the question.

While our law demands satisfactory guarantees from foreign corporations, doing business in the State, it contains very inadequate provisions for securing the solvency and reliability of domestic companies. The inevitable consequence of this is a distrust of such companies, and a diversion of capital from our State, as estimated by the Auditor, to the annual amount of half a million of dollars, which might and ought to be retained at home and made to contribute to the upbuilding of our commonwealth.

That we have reliable companies whose insurance affords security to the property of the people, is the result of individual honesty rather than the wisdom of the law. But even these fail to receive the patronage proportionate to their merits, because the public has no means of assuring itself of their reliability. Subjected to suspicion by the known incompetency of other companies doing business by their side, which are clothed with equal authority from the State, they are totally unable to compete with the corporations of other States, which are allowed to do business within our limits, only upon compliance with stringent conditions.

I would therefore recommend the enactment of a law requiring that every insurance company organized in the State shall possess a *bona fide* capital, at least one-fourth of which shall be invested in State or Government bonds, and deposited with the State Treasurer. As a still further guarantee of their reliability, I would recommend that it be provided that insurance commissioners be appointed or elected at each session of the Assembly, who shall be required to make an annual examination of the financial condition of every company in the State, and report the result of their examination. In like manner named as banks under our general law, and insurance

companies in many other States, they should be required to publish a periodical exhibit of their transactions. Provisions should also be made for the abatement by summary process, of every company failing to comply with requirements of the law.

In my opinion a statute embodying substantially these features would not only tend to retain within the State large sums which go to swell the accumulations of foreign corporations, but would create home institutions worthy of confidence, and promote the interests both of insurer and insured.

CLAIMS OF IOWA SOLDIERS.

It is well known that there is much complaint of the delays in the departments at Washington in the settlement of claims for amounts due our soldiers. Our people should remember, however, that delays are inevitable, when we consider not only the vast amount of claims, but also the necessity for examining a large mass of papers which had accumulated during the war. If, in your opinion, after a consideration of the subject, there should be any necessity for the appointment of an agent resident at Washington, I shall be happy to approve your action.

RIGHTS OF FOREIGN BORN AMERICAN CITIZENS.

The rights of American citizens of foreign birth, are awakening a deep interest in Congress and the country. It is unfortunate that international law has never conclusively settled the question of expatriation and placed it within the jurisdiction of established rules. The policy of our government, however, has been uniform in recognizing the right of the citizen to transfer his allegiance. The logical consequence of this theory is the protection of every man who has sought a home among us, and been invested with the prerogatives of American citizenship.

Our population has a large element of foreign nativity. Among our best and worthiest citizens are to be classed those whose presence has been secured to us by the oppression of the Old World. Becoming domesticated among us, after a brief period of probation, sharing in all our political rights and privileges, we know no distinction arising from the accident of birth in another land. Nor do they

share in our privileges alone, for the responsibilities which the Republic imposes upon her sons, rest with equal weight upon all citizens, and these responsibilities, in the darkest hours of the Republic have been sustained by none more gallantly and devotedly than by our adopted fellow citizens.

Common justice would seem to insist that the protection of the government should be equal over all its people. And while the strong arm of the nation would be raised to resent with armed force, if need be, any restraint of liberty suffered by an American born, it is a shameful inconsistency which allows indignities and dishonor to be imposed with impunity upon citizens of foreign birth.

I desire, therefore, to call attention to the laxity with which the general government has hitherto regarded infractions upon the rights of this class of our people. Accordingly I would suggest the propriety of memorializing Congress to take speedy and definite action for their protection.

The very able and exhaustive message of my predecessor has left little necessity for a further consideration of the work before you. I can not forbear, however, to urge the importance of legislative action upon the subject of Reform Schools and the erection of a new State House. And whatever provisions may be made in the latter case, let the work be guarded so thoroughly against the danger of fraud and misapplication of the public funds, as not only to protect the State, but also the individuals who may have the work in hand from groundless suspicions.

I have the honor to submit herewith an appendix to the Report of the Register of the Land Office.

S. MERRILL.