

THE PEOPLES JOURNAL.

DEVOTED TO THE PRINCIPLES OF DEMOCRACY, AND THE DISSEMINATION OF MORALITY, LITERATURE, AND NEWS.

VOL. VII.

COUDERSPORT, POTTER COUNTY, PA., JANUARY 18, 1855.

NO. 35.

GOVERNOR'S MESSAGE.

To the Honorable the Senators and the Members of the House of Representatives of the General Assembly:

GENTLEMEN:—Whilst the events of the year just closed present many causes of joy and congratulation, and afford abundant reason for thankfulness to a beneficent Providence for his goodness and mercy—our prosperity and happiness, as a people, I regret to say, has not been unalloyed. The general growth of the country, the progress of the arts and sciences, and other causes of moral and social comfort, have not, it is true, been interrupted; but the loss of valuable lives and property, by the casualties of elements, has been unusual, both in number and extent; and in certain sections of our Commonwealth the afflictions of pestilence and disease, have also been sorely felt. Nor should we estimate lightly the suffering that manifestly exists among the poor in our cities and towns. The drought of the season deprived the husbandman, to some extent, of the anticipated rewards of his labor, and lessened the means of human subsistence; whilst the depression in the monetary and business affairs has deprived many laborers and mechanics of their usual earnings. The means of subsistence are thus greatly enhanced in value, at the same time that the opportunities of earning them are greatly diminished. The field for charity is consequently wider than usual; and to meet its reasonable demands on the part of those blessed with an abundance, will be to sustain the Christian character, and measurably to merit the continued bounty of Heaven.

The operations of the Treasury for the last year, will be presented to you in detail by the head of that department. The results are highly satisfactory, showing a steadily increasing revenue from nearly all the ordinary sources.

The aggregate receipts for the fiscal year of 1854, including loans and the balance in the Treasury, on the 30th of November, 1854, amounted to the sum of \$6,665,912 01. The gross payments for the same period, to the sum of \$5,142,383 29; leaving a balance on the 30th of November, of \$1,523,528 72.

The extraordinary payments consisted of the following items, to wit: loans to public works, \$2,065,552 70; to the construction of the new railroad over the Allegheny mountains, \$1,615,211 63; to the payment of debts on the public works, \$789,915 38. Of the balance remaining in the Treasury, a portion is applicable to the payment of the State debt, and the remainder to current demands.

The simple or ordinary operations of the Treasury for the same period, were as follows, to wit: the receipts, exclusive of loans and the balance in the Treasury, on the 30th of November, 1854, from permanent sources, amounted to the sum of \$5,218,009 00. The ordinary expenditures, including the interest on the State debt, and all the payments on the finished lines of the public works, excluding the payments on new works and loans, amounted to \$4,116,714 84; being \$1,101,294 15 less than the receipts.

This statement may be regarded as the working of the Treasury simplified; and as establishing the gratifying fact that the present reliable revenues of the State, exceed the ordinary or unavoidable expenditures, over a million of dollars; and that, relieved from the demands for the construction of new improvements, the Treasury could pay a million or more of the public debt annually. It will also be perceived that the income from these sources is steadily increasing. For instance, in 1846, with the State tax at present rates, and the same extent of improvements in use, with nearly all the present sources of revenue in operation, the gross receipts amounted but little over three and a half millions.

No more reliable estimate of the operations of the Treasury for 1855, can be made, than is furnished in the results for 1854. The ordinary receipts may safely be estimated at a million of dollars above the unavoidable expenditures. A portion of this excess will be required to complete the new Portage railroad, and the North Branch canal; and the remainder should be faithfully applied toward the payment of the State debt.

The aggregate receipts on the public works for the past year, as reported by the Canal Commissioners, amount to the sum of \$1,876,078 88; and the expenditures to the sum of \$1,101,294 15; leaving a balance of \$774,784 73, from which, however, should be deducted the sum of \$37,900, properly chargeable to the year, for new locomotives and other unavoidable expenditures—thus reducing the net

profits to \$736,608 34. If we add to this \$131,000 received from the Pennsylvania railroad company for the three mill tax, which is claimed by some as a part of the income from the public works, we find a net revenue of \$867,608 34, a sum equal to the interest on seventeen millions of the five per cent. debt of the State. The aggregate receipts were \$57,121 less than for the year 1853, and the reduction in expenditures amounted to over \$159,287,000. The withdrawal of the business of the Pennsylvania railroad from the Portage road, readily accounts for this difference.

Viewed in every aspect, this exhibit is gratifying. Few similar systems of improvement in the country, can present a more favorable picture. Some of them, in other States, have recently been reduced to a condition of virtual insolvency. The increase of business on the State works for the last two years, has exceeded our anticipations; and but for the necessity which seemed to exist for a reduction in tolls to meet surrounding competition, the revenue would have been largely increased. The general movement now on foot amongst railroad companies, to advance these rates, may perhaps relieve the State to some extent in this respect.

The Delaware division makes a most gratifying exhibit. The gross receipts counted \$365,327 07, and the expenditures \$59,728 67, showing a net profit of \$305,598 40; a sum equal to the interest on six millions of the public debt, and to 20 per cent. on the original cost of the work, including the expenditures for new locks.

The North Branch canal and the Columbia railroad also present favorable results. The business and tolls on the former have increased with marked rapidity, and the management on both these branches, bears the marks of skill and economy. The expenses on the Allegheny Portage road have been largely reduced, and the business better regulated than at any former period. As a whole, I feel constrained to say that the condition of the public works has been improved during the last year, in no other particular to so valuable an extent, as in the matter of contracting debts, which it seems to have almost entirely avoided. The officers on the respective lines, report that they have paid all expenses; and some of them go so far as to say to the Canal Board that they will be personally responsible for any debts that may hereafter be discovered. This is truly a great reform—for nothing has cost the State so much as the pernicious practice of making debts on the public works; I still think it should be interdicted by positive law.

In my last message I gave my views at length as to the principles and rules that should control in the management of the State improvements, and I need not repeat them in this. I would respectfully suggest, however, that so much of the law as binds the Canal Commissioners to a fixed rate of tolls for the whole season, should be repealed. The officers directing the operations of the public works, it seems to me, should be left free to meet the exigencies in trade and commerce, as they may arise.

The work on the Mountain railroad has progressed slowly, and it is obvious that it will not be fully completed before the summer of 1855. I must confess myself sadly disappointed as to the time and money consumed in the construction of this work. The expenditures, since I came into office, have greatly exceeded the whole amount estimated as necessary to complete the line; and yet it is but justice to say, that the Pennsylvania railroad lying parallel with it, has cost a still larger sum per mile.

I have endeavored, during my service, to guard against the commencement of schemes of this or any other character, to entail future liabilities on the Treasury. This ought to be the settled policy of the State. No new improvements should be undertaken, upon any pretext whatever. The payment of the debt, and that only, should absorb the surplus revenues of the Treasury. If this policy be pursued, no other financial scheme, to pay the debt, will be necessary. The large annual surplus will reduce the State's indebtedness with sufficient rapidity.

I regret exceedingly the necessity of announcing to you that the North Branch canal is not yet in full operation. It is now more than a year since the Canal Commissioners directed the water to be let into the main trunk of that improvement, and declared their confident belief that it would be in successful operation by the middle of last summer; but their sanguine expectations, as well as those of the people, have, in this respect, been sadly disappointed. A variety of unforeseen difficulties presented

themselves in the way of the attainment of this end. The old work constructed some twelve or fifteen years since, as well as some sections of the new located on the hill side near the margin of the river, when tested by the admission of water, turned out to be porous, and totally insufficient in its material and formation. In some instances rocks, roots, trees, and stumps have been concealed under the bottom of the canal channel, covered only by a few inches of earth; thus presenting but a slight obstruction to the passage of the water out into the bed of the river. This is especially the case in much of the old work. In all such sections or places, no remedy short of a reconstruction of the bottom of the canal, could prove sufficient; and this was necessarily a tedious and expensive process. There is still a considerable portion of the work to remodel in this way; but it is confidently believed that it will be ready for use in the early part of the coming season. That the utmost skill and vigilance has been exhibited by the agents of the State on this line, I do not believe; but the deficiency in this particular, on the new work, has not been so palpable as alleged by some. Indeed, since May last, great energy has characterized the management on this line; the President of the Canal Board having devoted much of his time to a personal supervision of the work. But it is obvious no degree of capacity in the State's agents for the last year, could have overcome all the difficulties that were encountered with sufficient celerity to have entirely satisfied public expectation.

At the time I came into office, the sum necessary to complete this work, was estimated at \$772,000. Since that time the sum of \$1,206,552 72 has been expended, and it will still require, as estimated by the Canal Board, \$60,000 to put it into complete operation.

Whilst I regret this unforeseen cost and delay, I cannot refrain from repeating my unflinching confidence in the wisdom of the policy that dictated the completion of this work. The large increase of business and tolls for the year just closed, on the older portion of the line, indicates what we may safely anticipate from the new; and I cannot doubt that the gross amount of business it will command, and the revenue it will yield, will exceed the most sanguine expectations of its advocates. The inexhaustible mines of coal with which that section of the State abounds, the products of which are destined to pass through this avenue to a limitless market, will furnish for it a never failing supply of business and tonnage. Besides, its completion will be an act of justice to the industrious and enterprising inhabitants of that part of the Commonwealth who have heretofore willingly contributed towards the construction of the other improvements of the State, from which they could derive but little advantage. It will also add to the general prosperity of the adjacent country; to the value of property, and consequently to the revenues of the State.

At the time of my induction into office the funded debt, including accrued interest, amounted to \$40,154,457 48. Add to this the loan of April, 1852, to complete the North Branch canal, \$50,000 00. Total funded debt, \$41,004,457 48.

Deduct payments as follows: Interest on outstanding certificates, \$50,063 39. Receipts to the sinking fund up to the time, 1,057,256 15. Total, \$51,120,719 54.

Total funded debt, \$39,900,537 94. The floating debt and unpaid appropriations at the period already indicated, \$1,421,000 15. Deduct the available balance then in the Treasury, 750,000 00. Total, \$571,000 15.

The floating debt, temporary loans, unpaid appropriations, except for repairs after the 1st Dec., 1854, Bal. in the Treasury Nov. 30, 1854, after deducting the amount applicable to the old public debt and the relief issues then on hand, \$65,929 00. Balance, \$765,929 00.

During the same period the following appropriations and payments have been made toward the construction of new improvements, to wit:

For the reconstruction of the Columbia railroad, \$514,407 66. For the new railroad over the Allegheny mountains, 1,117,955 93. For the completion of the West-ern reservoir, 22,388 00. For the North Branch canal, 1,206,552 72. New locks on the Delaware div., 100,319 89. Sundry special payments, 55,933 71. Total, \$3,038,677 85.

The foregoing figures exhibit the astonishing fact that the Treasury has been annually paying over a million of dollars towards the construction of

new improvements, and at the same time accomplished a small reduction of the public debt.

As made my duty by an act of the Legislature, approved the 27th of April last, providing for the sale of the main line of the public works, sealed proposals for its purchase were invited, up to the first Monday of July last. No offers were made under this invitation; and public notice was again given, on the 14th of November last, in accordance with the 29th section of the act, for proposals, to be submitted to the General Assembly; but none have been received. This improvement is, therefore, still the property of the State, subject to such disposition as the Legislature may deem necessary.

My mind has undergone no change on the subject of selling the public works, since the period of my last message. I think the policy of the measure depends mainly upon the price that can be obtained, and the conditions on which purchasers may be willing to hold these works for the use of the public. With a full and fair consideration, and on terms amply protective of the rights and interests of the people, in the future enjoyment of these highways—a sale might not prove injurious to the public weal. But it is certainly neither wise nor politic to assume that they must be sold for whatever can be obtained; or that they should, in any event be given away. Nothing could have a more prejudicial effect upon the interests of the State as involved in these improvements, than the avowal of such a determination. Nor is it less unwise to disparage the value of the Commonwealth's property, at the very moment of putting it in market for sale. No intelligent private citizen would so act in reference to his own estate. He would hardly give notice to capitalists in advance, that he would sell his farm for a fair price; but if unwilling to pay such reasonable consideration, they could have it for half the money. Nor would such a person proclaim, that of all the farms in the country, his was the least productive.

It is certainly the wish of many good citizens of the State—perhaps of a majority—that the public works should be sold. But this desire is evidently based upon the assumption that the measure would be one of real economy—that it would lessen, without the hazard of increasing, their annual taxes. The realization of such an object, it must be perceived, then, depends entirely upon the price and terms. Those who desire a sale, certainly expect the State to be the gainer by such a measure. No other important or sufficient reason for parting with this property has been assigned.

It is usually said that the works should be sold to pay the public debt and lessen the burthens of the people; but it must be observed that a sale might be made at a price far too low to effect such purpose; and if so, to give them away would be still less likely to produce the desired result. Should the gross sum received, not be equal to that on which the net earnings would pay the interest, then the effect would be to increase, rather than diminish these annual burthens. This is not what the people desire to accomplish by a sale; nor will they be satisfied with such disposition of their property.

The real value of the public works, is a proposition full of difficulty; and I doubt not the General Assembly will approach the inquiry, duly impressed with its importance. Ten millions of dollars was fixed by the law of last session, as the price of the main line. This minimum is said by some to be too high, and the failure to sell regarded as the consequence. Others attribute the absence of bidders, to the condition of the money market—to the stringent restrictions imposed upon the law; and to the efforts that had been previously made to disparage the value of the line. But it is obvious that more than one of these causes may have operated; and a greater than all may have been, the hope of getting this property on better terms at a future time. I feel very confident that the latter consideration was not without its influence. But, be this as it may, it is certainly wiser to fail to sell from any one of these causes, than to hazard the works in the market, without any restriction or limitation as to price or conditions. A bad sale would assuredly be a greater misfortune than no sale at all. The benefits resulting to the people from these improvements, have been numerous and diversified. They have facilitated trade and commerce; stimulated productive industry in every department; and have not only enabled the farmer to reach a ready market with the fruits of his labor, but have furnished convenient outlets for the rich mineral treasures of the

State. Without them, the miner would be deprived of his occupation, the transporter left in helpless destitution, and the Commonwealth itself be permitted to retain a parsimonious possession of vast masses of natural and unproductive riches. Our predecessors were wise in opening these avenues to trade and commerce; and if we wish to be rated wisely hereafter, we shall not rashly and hastily throw away the advantage of their future use. This use, to the full extent, in the event of a sale, can only be secured by a jealous protection of the right of the people to enjoy it.

The very first conditions of such a measure should be, that the works, and every branch of them, be kept at all times in good order and in operating condition, and remain forever public highways, for the use of all persons who may wish to transport goods or merchandise over them, upon rates not greater than those charged upon other similar improvements. No corporation should get possession of these valuable avenues, on such conditions as would enable it to impose unreasonable burthens on the internal trade and tonnage of the State, or in any way to encroach upon the rights of the individual citizen. To obviate such results, the powers, privileges and restrictions of any corporation getting the works, should be minutely defined. Past experience suggests these prudential counsels; for we have often seen in this State how difficult it is to confine the operations of these artificial bodies within the limits prescribed by the law; and we should not fail to profit by the lesson.

By the 29th section of the act of the 2th of May last, providing for the ordinary expenses of government and other purposes, Nimrod Strickland, of Chester county, John N. Purviance, of Butler county, and John Strohm, of Lancaster county, were named as commissioners to settle certain claims and debts against the Commonwealth. It was also made the duty of the Governor to supply, by appointment, any vacancy in this commission which might occur. The gentlemen already named having declined to serve, accordingly appointed William W. Williamson, of Chester county, William English, of Philadelphia, and John C. Magill, of Westmoreland county, in their stead.

After a tedious and laborious investigation, these gentlemen have completed the duty assigned to them, and the result will be communicated to you, in detail, in their own report. I regret to perceive that the accounts so examined and settled, exceeded the amount of the appropriation nearly \$150,000. It is well, however, to see the end of claims of this character; and having accomplished this, it will be prudent to guard against the recurrence of a similar state of affairs. Indeed, the practice of contracting debts on the public works, should be at once and forever abandoned. It has been a fruitful source of confusion in the accounts, if not of palpable wrong upon the Treasury. The right to scatter the credit of the Commonwealth in this unguarded way, is, I venture to assert, without a parallel in the management of public affairs. Of the many defects in the system of managing the State improvements, this has been the most productive of evil. In my first, as also in my last annual message, I most earnestly urged the General Assembly to provide, by law, that no debt should be contracted by the officers on the public works; that the necessary labor and material to maintain these works should be paid for in cash; and that each officer should be compelled to settle his accounts promptly. The examinations just made, demonstrate still more clearly the necessity for such reform.

Repeated attempts have been made to repeal so much of the act incorporating the Pennsylvania railroad company, as requires it to pay into the Treasury annually, a certain per centage on the amount of tonnage which may pass over that road as an equivalent for the privileges granted by the Commonwealth; but the General Assembly have as repeatedly rejected the proposition; and I sincerely hope, that so long as the State may need the revenue from this source, all future attempts to accomplish this may meet a similar fate.

Having been connected with the legislation which brought this company into existence, and clearly cognizant of the motives and purposes which governed the Legislature in imposing this condition on the grant, I can discover no reason, in subsequent events, to justify the relinquishment of this valuable reservation; but many, on the contrary, to sustain its justice and utility. The discussions pending the incorporation of the company, will best indicate the object of this re-

striction. The construction of the railroad from Harrisburg to Pittsburg, parallel with the State works, was very properly urged as indispensably necessary to meet the wants of the traveling public, and to enable our metropolis to compete successfully with other commercial cities. The very first and most formidable difficulty which presented itself in the way of this enterprise, was the prejudicial effect such a work might have upon the business and profits of the main line of the public improvements. It was urged on the one hand, that the State works had been constructed at the expense of the people of the entire Commonwealth—that those residing in the extreme portions of the State, as well as those of the interior, had annually contributed toward the payment of the interest on the debt which had thus been contracted; and therefore the Legislature could not, consistently with the principles of justice and equity, make a grant that would depreciate the value of property which belonged to all, for the purpose of fostering the growth and prosperity of a particular portion of the State. Good faith and correct moral principle forbade such action. On the other hand, it was alleged that the increased business which such an improvement would throw upon the Columbia railroad, and the enhanced value of property adjacent to the proposed road, from which the State would derive increased revenue in the form of taxes—would constitute an ample remuneration to her coffers, and thus do full justice to the people as the owners of the works to be affected. But a majority of the Legislature concluded that some additional benefits were demanded, and hence the adoption of the provision to which I have referred.

The stock was subscribed with a full knowledge of this reservation, and the acceptance of the charter by the company, was the consummation of a solemn agreement between them and the State.

Yet, under the specious plea that it imposes a tax on trade, the Commonwealth must asked to relinquish this condition; and the case is argued as though it had been the policy of the law, that the company should impose this charge of three mills per ton upon every species of property which may pass over its road; and in this way it may readily be shown that on coal, iron, lumber, and other cheap tonnage, this charge would be too great. But the company are not obliged to assess this tax on all kinds of tonnage nor was it the intention of the act that they should do so. The design was to make an excision from the net profits of the company, for the use of the public coffers, as a compensation for a valuable grant, and thereby protect the public improvements from the competition of this new rival. The tax on tonnage, therefore, was intended to indicate only the mode of ascertaining the sum to be paid, and not the specific tonnage on which it should be charged. When the sum is in this way ascertained, it matters not to the State how the company obtains the money; whether it be by charges on freight, or on passengers—on local, or on through tonnage. Should, therefore, certain kinds of tonnage be improperly oppressed, the fault is with the company, and not in the law. And surely it will not be contended that the protection thus thrown around the works of the State is unnecessary; so far from this, the wisdom and utility of this feature of the company's charter has already been made manifest. The very exigency anticipated by the Legislature has arisen: the competition of the railroad is already seriously felt by the main line. Relieved from this restraint, but a mere portion of the carrying trade would be lost for that branch of our improvements. Nor will it be contended that the Commonwealth does not need this source of revenue.

But viewed alone, as a matter interesting to the owners and transporters of tonnage, what guarantee would they have that the rates of transportation would be reduced, were this tax taken off? None whatever. The tax could charge as heretofore, and thus realize the amount of the tax in addition to their present profits. If they should not do this, their action would differ from that of similar corporations under like circumstances. But to admit what is claimed, that a reduction in the charges of transportation to a similar extent, would take place, it must be perceived would duplicate the loss to the State; for she would not only thereby lose the amount of the three mill tax, but be deprived of a very large portion of tonnage which would be attracted to the company's road by this reduction in the rates of transportation. We are thus brought to the simple inquiry, whether the State shall retain this valuable income, to which she is so justly entitled, or whether she shall give it to the railroad company. Most certainly the latter alternative should not be adopted, so long as the question of selling the State improvements remains undecided.

As a mere revenue measure, this tax constitutes an important and increasing item in the annual receipts of the Treasury. In the year 1853, it amounted to the sum of \$71,000, and for the year 1854, to \$151,000.

That the amount will be materially increased hereafter, is self-evident. If this important item be withdrawn from the sinking fund, there will be but little left to sustain its operations.

I am aware that these views may be met with the plausible argument that trade and commerce should not be thus burthened—that the effect is prejudicial to the business of the State. This is true to a certain extent; and should have its full weight in the adjustment of a question of this character. But it will scarcely be contended that trade and commerce, should be sustained by contributions from a needy Treasury. On this principle, it could as reasonably be maintained that the State should make no charges whatever for the use of her own works.

The administration of Gov. Shunk commenced the cancellation of the relief issues; and that of my immediate predecessor arrested

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