

GOVERNOR'S MESSAGE.
To the Honorable the Senators and Members of the House of Representatives of the General Assembly:

GENTLEMEN:—A beneficent Providence has favored the people of our Commonwealth with a high degree of health and general prosperity during the year just closed, and with many other causes of pleasure and gratitude. Humbly acknowledging these blessings, let us ask His divine direction in the discharge of our official obligations.

It affords me unaffected delight to welcome the representatives of the people to the seat of government, and rely for a time, upon the aid of their combined wisdom in the administration of public affairs; as it is also a grateful task to perform the constitutional injunction that requires the executive to "communicate to the General Assembly information of the state of the Commonwealth," and make such suggestions and recommendations as the welfare of the people and the exigencies of the times may seem to demand; and to the discharge of this obligation I now proceed.

The receipts at the treasury for the year 1853, exclusive of loans, and including the actual balance in the treasury on the first day of December, 1852 (being \$671,037.72), amounted to the sum of \$5,952,474.47.

The payments for the same period, exclusive of loans and other extraordinary expenditures, make a total sum of \$4,134,048.47, being \$1,818,426.00 less than the receipts. Of this excess, \$505,057.55 was paid to the Commissioners of the Sinking Fund, and \$589,000 towards the payment of old debts and the construction of new work on the North Branch canal and Portage railroad, being part of the temporary loans authorized by the act of the nineteenth of April last; which together with the balance in the treasury applicable to the redemption of outstanding loans, reduces the actual balance on the first day of December last, to the sum of about six hundred and twenty-five thousand dollars, to be used in the payment of the February interest.

The receipts for the year 1854, including the balance in the treasury on the 1st of December, 1853, may, in my opinion, be safely estimated at \$5,540,417.34.

The expenditures for the same period, including \$250,000 for the payment of old debts on the public works, and \$300,000 for the sinking fund, should not, and if proper care be taken, will not exceed the sum of \$4,500,000, leaving a balance in the treasury on the first of December, 1854, of \$1,340,417.34. Deducting from this \$225,000, the amount that should remain in the treasury to meet the interest due February 1, 1855, and we have a surplus revenue of over \$700,000.

It is thus made apparent to my mind, that the treasury will have the ability, during the coming year, to redeem the entire amount of the temporary loans now outstanding, and pay the debts to which I have already referred. But no additional drafts should be made upon it, without provision being first made for their payment.

At the time of my induction into office, the liabilities of the State were as follows, to wit:

Six per cent. bonds	\$2,314,023.51
Two do do	36,704,458.03
Four and one half per cent bonds	198,200.00
Relief notes per act of May 4, 1841	660,463.00
Certificates for unpaid interest on the public debt, for the years 1843, '44, and '45, with their accumulated interest	204,080.20
Domestic creditors' certificates	82,932.74
Total liabilities, Dec. 1, 1851	\$40,154,457.49
Add loan of April 2, 1852, for the completion of the North Branch canal	850,000.00
Total	\$41,004,457.49

From which take the following payments: To the sinking fund \$681,469.89; interest on outstanding certificates 50,762.01; Total amount of fund- ed debt at this time \$40,272,235.01. To meet this apparent increase of \$117,777.53 of the public debt, it should be observed that, by the cancellation of six per cent bonds, we have a saving of 20,000 dollars annually to the treasury, which is equivalent to a virtual payment of 400,000 dollars of the five per cent bonds. The amount thus saved will be a permanent resource, without making any substantial addition to the sinking fund. It will be a virtual reduction of the public debt to the amount of \$292,222.47.

The floating liabilities and current demands upon the Treasury, at the period I have indicated, were as follows: Damages, balances on contracts, and for labor and materials on the public works prior to Jan'y, 1853, and since paid, as appears on the books of the Auditor Gen'l 888,762.15; Temporary loans 398,000.00; Unpaid appropriations 491,338.00; Total 1,778,100.15.

The total liabilities of the Commonwealth, including the fund- ed debt, and the floating liabilities and current demands upon the Treasury, at the period I have indicated, were as follows:

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Railroad & canal debts \$327,734 00	
Temporary loans 500,000 00	
Unpaid appropriations 305,695 00	
Total	1,223,429 00

Difference between the two periods \$177,601.15. It will thus appear that the floating liabilities are \$177,601.15 less than when I assumed the duties of my present station. It should be remarked that floating debt, as above stated, is no new thing. It has always existed to a greater or less degree, but has not usually been exhibited in this form. A balance of unpaid appropriations is unavoidable, and has not been so small for many years, as at present.

During the years 1852 and '53, the following appropriations and payments have been made towards the construction of new improvements:

For re-laying the north track of the Columbia railroad	\$355,500.00
For the construction of a new road to avoid the inclined planes on the Allegheny mountain	656,034.00
For the completion of the Western reservoir	52,380.41
For the North Branch canal	1,000,000.00
For the new locks on the Delaware Div'n	80,000.00

Total \$2,143,915.31. From the foregoing figures it is apparent that the operations of the treasury have exceeded our most sanguine expectations, yielding over a million of dollars annually above the ordinary charges and expenses; and showing, that if no new improvements had been in progress, two millions at least of the public debt could have been paid during the last two years.

In addition to these extraordinary expenditures, there was paid out of the treasury during said period, in pursuance of laws passed prior to 1852: for the State Lunatic Asylum, \$70,700; for the publication of the Pennsylvania Archives and Colonial Records, \$23,163.52; for the improvement of the State Penitentiaries, \$35,000; for the publication of Professor Rogers' geological survey \$16,000; for the preparation of registration books \$12,190.19; to the Sugar Valley and Deer Creek Turnpike Company \$9,000.

It will readily be perceived, therefore, that should the appropriations hereafter be confined strictly to the ordinary expenses of government, we shall have an annual surplus revenue exceeding one million of dollars, applicable to the payment of the funded debt. That such should be the policy of the State, after the completion of the works now in progress, will not be doubted. The importance of such economy in view of the great end to be attained—the liquidation of the public debt—and consequent relief of the people from taxation for state purposes, is too manifest for argument. Entertaining these views, I can not give my assent to any new schemes of improvement by the State.

The operations on the public works the year just closed do not present a very flattering picture, so far as relates to net revenue. The aggregate amount of business was larger by twenty per cent than that of any former year, and the gross receipts amounted to the sum of \$1,932,495.33, being an excess of but \$35,683.01 over the receipts of 1852. This increase of tonnage without a corresponding increase of receipts is the consequence of a very great reduction in the rate of tolls, a measure in the opinion of the Canal Commissioners, demanded by public policy; and it may be said that whatever has been lost to the treasury has been given to extended commerce and trade. The expenditures for the year, according to the report of the Canal Commissioners, amount to the sum of \$1,177,742.75, leaving a net balance of \$754,752.58; but as this sum does not include any portion of the cost of new locomotive engines and the erection of farm bridges, the deduction of the proper proportion of these will leave the sum of \$704,752.58 as the actual net balance.

The receipts and expenditures and general operations on the Columbia railroad exhibit an encouraging state of affairs, as they also do on the North Branch canal and Delaware division; on the other divisions of the canal they are tolerable; but on the Allegheny Portage railroad, the condition of affairs is entirely unsatisfactory. The system of management heretofore practiced on that complicated and difficult work, would seem to demand a speedy and radical change. But the executive under the laws as they now are, having no control or direction over the public works, it is right and proper that I should leave the explanation of the details of their workings and management to the people's agents, who have charge of the whole subject.

I am, however, still entirely sanguine that with the necessary change in the system of management, the public improvements can be made to yield a very handsome revenue to the treasury; indeed, even for the last year, had the expenses on the mountain division been confined to a reasonable sum, the net revenues would have reached near one million of dollars. Relieved from these absorbing demands by the construction of the new road, or in some other way, and we shall realize, by the year 1855, a net profit equal to the interest on twenty-two millions or more of the public debt.

The work on the railroad to avoid the inclined planes on the Allegheny mountains, has not progressed as rapidly as had been anticipated. It is the opinion of the engineer, however, as will appear on reference to his report, that should the necessary means be promptly furnished, the entire line could be finished during the coming year. The grading for a double track is finished with the exception of four miles, and the cost of this balance, together with the expenses of laying down a single track, is estimated at six hundred and five thousand dollars, in addition to the value of the old track. The engineer also estimates the annual saving, as compared with the expenditures on the old road, on a business equal to that of 1852, at two hundred and ninety thousand dollars. He also states that the road between plane No. 4 and Hollidaysburg, with a double track, will cost about eight hundred thousand dollars less than the Pennsylvania railroad for a like distance.

Viewed in every aspect, it must be confessed that this branch of the public affairs presents an embarrassing alternative. The prompt completion of the new work will involve the expenditure of more capital than the State can command, without resorting to further temporary loans; whilst, on the other hand, the maintenance of the old road, at a cost of four hundred and fifty thousand dollars per annum, is quite out of the question. Its existing demands on the treasury must be speedily obviated, and for my part I can see no mode of doing this except by the completion of the new road.

At the time I assumed the duties of my present station, I found this work in progress of construction; the western slope up to the summit having been placed under contract during the summer of 1851. On referring to the reports of the Canal Commissioners and the engineer, the only data which I could properly consult as to the policy of the measure, I found that the total cost of a single track was estimated at \$1,015,000. The materials on the old road were valued at \$248,650, which, together with the appropriations previously made, reduced the amount to be provided to complete the work to the meagre sum of \$591,350. With these calculations before me, and even adding a larger amount for errors in the estimates, and the enormous expenditures of the old road in full view, I could not doubt the expediency and economy of the measure. But the unusual advance in the price of labor, material and subsistence, added to the obvious errors in the estimates, has changed the entire aspect of this enterprise. The sum of \$850,000 has been appropriated since that time, and over six hundred thousand dollars is still required with the value of the old road, to bring the line into use.

The estimated cost of completing the North Branch canal, at the period already named, was \$772,000. One million of dollars has since been paid, and a sum exceeding one hundred and fifty thousand dollars is still required to pay for its completion. With such unexpected demands upon the treasury, within the short space of two years, it would not be unreasonable to expect an increase of the liabilities of the State; but it is like gratifying and astonishing to know that this has not occurred.

The Junction canal, extending from the New York line to Elmira, will be ready for business during the present month, and the State work from Pittston to the dam at Athens, a distance of ninety-three miles, has been completed. The only unfinished part of the work lies between Athens and the State line, a space of about two and a half miles, the construction of which was delayed by an effort of the Canal Commissioners and the Governor, under an act of Assembly, to negotiate with the Junction canal company for its completion. But even this section, I am assured, will be ready in ample time for the spring-trade.

These works will complete the last link in a continuous water communication between the Chesapeake bay and the north- ern lakes. The struggle for this achievement has been long and arduous, covering nearly a quarter of a century. But the triumph is still a brilliant one, and must be a cause of gratification to the people of the entire State.

Most auspicious and promising is for the enterprising inhabitants of Northern Pennsylvania, to whose untiring efforts its final consummation may be mainly attributed. Through this channel, in the early part of next season, and during each succeeding year, Pennsylvania will send greeting, to the people of a neighboring State—the evidence of fraternal affection—the assurance of political fidelity, and the blessings of an extended commerce in the shape of inland vessels, freighted with her richest minerals, and receive, as she certainly will be offered, from the vast wealth of the Empire State, now teeming with wealth in all its variety, assurances of full reciprocity, in affection, fidelity and commerce. And in due time the coffers of the State, I am confident, will receive an ample reward from these new relations of trade. Indeed, on this point, the large increase of profits on the old line, for the year just closed, furnishes the most reliable indication of what we may anticipate from the new. The constantly increasing demand for coal, outrunning, as it has done for years past, the means of supply, justifies, if it does not force upon us the conclusion, that as soon as boats can be constructed, and proper business connexions formed, this canal will be patronized to its full capacity. A glance at the vast rich and populous section of country which it will be called upon to supply with coal, for every imaginable purpose, domestic, mechanical and manufacturing, and at the facilities offered by the New York canals and the lakes, to reach all points of that country, must satisfy the most sceptical as to the value and importance of this improvement.

I congratulate you, therefore, upon the consummation of an enterprise which will be thus profitable to the State, and beneficial to the people.

The expediency of selling the public works has been a topic of discussion in the press of the State for some months past, and without indicating a policy for the General Assembly, or intending the slightest discourtesy to the people's agents to whom the management of this branch of public affairs has been confided, I have deemed it my duty to discuss some of the considerations incident to and growing out of the proposition.

Indeed, it would be unreasonable to assume either the affirmative or negative of the question, and expect to be properly understood, without some explanation as to the price of the works and the conditions of sale.

It is fair to presume that those who advocate the affirmative have distinct ideas as to what the price should be, and that unless such consideration can be realized, they would not agree to sell.

The first inquiry therefore is, why should these works be sold? The answer usually given is, that the measure is necessary to reduce the State debt and to relieve the people from taxation. These are great objects indeed, and should, as I have no doubt they will, receive your earnest consideration; their realization however, must depend mainly upon the price obtained.

Should the interest on the public debt liquidated by the sale be less than the net profits arising from the works, then it would be false economy to sell. In that case the measure would not be one of relief to the people, but must necessarily increase their yearly burthens.

And what reason is there to suppose that more can be obtained? Capitalists, it will be conceded, when weighing the question of a purchase, will make the net profits on their investments the basis of all their calculations. They will look at the past operations of these works, in connexion with their prospects in the future—carefully considering every fact and circumstance bearing on their real value; and, it is scarcely necessary to say that they will be when properly satisfied that they have the best of the bargain. In attempting to determine the question of value, it will be perceived, therefore, that the inquiries, examinations and motives of buyers and sellers, must necessarily be identical.

It is apparent then, that the effect of competition on the value of these works; the inroads which may be made by science and mechanic arts on every description of transportation facilities now in existence; the casualties that may result to them from the elements; in short, the mutability of human structures, and the propriety of simplifying the duties of government, must constitute, mainly the considerations in favor of a separation between the State and her improvements.

On the other hand will be presented the hopes of future business and increased profits to the treasury, predicted upon the rapid growth of the commonwealth; her vast and varied resources, and the influence of these upon the transportation facilities to transmit her products to market; the endless consumption and unlimited supply of her great staples of coal and iron, and their proximity to her works at all points; the enlarged products of agriculture, and the rich variety of manufactures, so rapidly multiplying in every part of the State, constituting at once a home business, with ages of duration before it, which no human agency can disturb, and which must contribute at all times a fair income to the government. In addition to these considerations against a sale may be urged the necessity which would be presented for the creation of a number of corporations, having a community of interest and feeling with similar bodies already in existence, and the danger of thus inducing the organization of a controlling power in the Commonwealth.

But it is said that companies can manage these works with greater skill and economy than the state, and for that reason they would be most valuable in the hands of the former, and that the state can realize this difference by a sale. It must be confessed that it is to these considerations, and these only, that we can look for arguments to sustain the idea that the state can gain any thing, pecuniarily by a sale of her improvements. That the difference in the expenses of the management of the works would amount to a fair per centage, in the estimation of some capitalists, I have no doubt; but it is not so great as estimated by some. Indeed, certain portions of our own works are now well managed, and it is hoped and believed that such changes can be made in the system of direction now practised by the state, as to lead to general skill and economy.

But the main question will be the minimum price that will be fixed on these improvements; and the proper disposition of this, it must be readily seen, will demand much careful examination. And in reference to this point the wisest and best may honestly differ, for the issue belongs mainly to the future, and can only be anticipated from the results of the past. To these we may look for a moment.

For the year 1852 and 1853, the net receipts may be put down as equal to the annual interest upon about fifteen millions of the public debt; and I am inclined to believe that without any increase of trade except on the North Branch, the net profits for the ensuing year may be estimated at a sum equal to the interest on seven or eight million of the debt, and that the completion of the road over the mountains, or relief in some other way from the leeching demands of that portion of our improvements, will see the net revenues from this source, swelled to a sum equal to the interest upon twenty-two millions of the state bonds.

If it be desirable to sell the public works we should not underrate their importance, nor is it just to disparage the wisdom of their founders. We are prone to murmur against the policy that dictated their construction, because of the debt we have thus incurred, and yet, if the proposition were submitted to cancel this liability by their destruction or disuse, we should be compelled to reject it.

At the time of its adoption, this policy was necessary and proper. Avenues of this kind through the body of the State, to convey her vast productions to market, are as indispensable to her vigorous growth and physical development as are the veins and arteries to the human system, to give circulation to the blood and consequent health and vigor to the body. To stop or clog these, in either case, would produce stagnation and ultimate destruction.

With reference to the abstract question of a sale, I may say, that under no circumstances should we entertain the proposition to part with the public works by the creation of a joint stock company; by as heretofore repeatedly proposed, in which the Commonwealth is to remain a large shareholder, but the direction to be in the hands of individuals or corporations associated with her in the ownership. I have always regarded this as a most dangerous and insidious measure. If the proposition to sell be seriously entertained, under the present condition of the money market, it should be based on the idea of a bona fide sale, for a full compensation in exchange for the bonds of the State, and under such salutary reservations and restrictions as the interest of the people may demand.

But it is urged by many that the State's system of managing the public works is susceptible of improvement—that much can be done by judicious reforms to augment the receipts to the treasury; and facilitate the business of transportation; and as much of this system results from positive law, it may not be deemed officious on my part to make suggestions on the subject.

In a special message, communicated to the General Assembly, soon after my induction into office, I advocated the policy of making cash payments for labor and materials, and the interdiction by law of the creation of debt by the officers on the public works; and made allusion to other radical defects in the system, which could scarcely be reached by the Canal Board. To some of these I shall now briefly allude.

In the first place, it is impossible to avoid the creation of debts, if the appropriations be insufficient to meet unavoidable expenditures. The business of transportation and travel on these highways must be kept up, whether the expenses be paid or kept. These circumstances have defeated too. These circumstances have defeated to some extent, the administration of the law of May, 1852, requiring cash payments on these works, and prohibiting the creation of debts. This result, I regret, for I am still decidedly of the opinion, that no other change in the system is so likely to beget economy, purity and efficiency in their general direction. For the last year, however, this law was strictly carried out on some of the divisions; and it is sincerely desired that hereafter the practice may be extended to all.

I need not discuss the consequences of the custom of making debts on the public works—its errors are too palpable to need refutation by argument; and I shall only repeat what I substantially said to the General Assembly on a former occasion, that in addition to the opportunity afforded for extortion of the State, if not actual fraud upon the treasury, the idea that officers, for the time being, should be allowed to scatter the credit of the Commonwealth broadcast, to be discovered and re-deemed, at some future period, by their successors, is a monstrous in the economy of public affairs.

There seems to be some plausibility, if not actual truth, in the allegation, that the State's management of these works is expensive and inefficient; and yet it is not clear to my mind, that treated as a mere business affair, her supervision would not be as cheap and efficient as that of corporations and individuals. But the instability of her agencies renders accuracy and economy exceedingly difficult. Her periodical change of officers has always deprived her of the benefit of experience in this work; and this, in any business, you will agree with me, is equivalent to a fair profit, and that it is eminently so in the repair and supervision of railroads and canals. This shifting practice has had the effect of making the works a species of Normal schools for the education of engineers and supervisors to take charge of other improvements. This instability results from the recognition of places on the State works, as political offices, instead of scientific and mechanical work-shops; and bringing to bear on their control and direction, our notions of rotation and short tenure in office. These ideas are sound and republican, and should never be disregarded, in reference to the offices appertaining to our political organization as a government; but it must be conceded that a mere business operation to make money, in competition with the creatures of government and the efforts of individuals, was not contemplated as an office in the organic law of the State; and hence, it is not strange, that the principles proper for one do not apply usefully to the other.

What, I would inquire, would be the condition of the Reading railroad, the Pennsylvania railroad and other similar works were they required to change their engineers and superintendents, at short periods, and bring strangers into their employ? The answer may be readily discovered in the State's experience. I have long been of opinion that in reference to all the subordinates of the Canal Commissioners, changes should not be periodical and prefixed, but should be made as demanded by the exigencies of the public service. The delinquent in any one of the obligations of duty should be dismissed at once and the only guaranty of continued employment should be found in the superiority of the services rendered the State. All other rules for appointment and dismissal should be speedily obliterated from the system. This present practice deprives the State, to a great extent, of the benefit of that incentive to excel, which actuates all men whose character, position and emoluments were at stake. Of course my suggestions in reference to the importance of experience will not be understood as applying to all the agents on the works; for instance, it requires but little experience to make a collector, but it has always will require this to render an agent efficient in the construction and repair of railroads and canals, to foresee exigencies and give harmonious direction to the current operations of this complicated branch of public service. In short, the management wants the application of business organization and principles. A system of books should supplant the use of check rolls, and the operations be so systematized that the receipts and expenditures of each month, as the season passes by, could be announced to the public.

Confusion, obscurity and redundancy in our annual volume of laws—vexatious inroads upon private rights—attempts at the usurpation of power and consequent strivings and litigation, are, in my opinion, the legitimate fruits of our system of special and omnibus legislation. Indeed, the truth of these propositions is too palpable to admit of argument. It is manifested in every year's experience, and in some instances the government, as a consequence has been forced into the humiliating position of becoming a litigant against her own creatures. Its demoralizing influence is marked and admitted on all hands, and imperiously demands an efficient remedy. That the present General Assembly may be distinguished and blessed for applying the axe at the root of the evil, and marking the era of its final termination, is my sincere hope.

A prolific source of mischief consists in the practice of passing a number of laws, entirely dissimilar in their characteristics in the same bill, or in what is familiarly known as the "Omnibus System." The inevitable, and indeed the frequently lamented effect of this mode of legislation, has been to facilitate the passage of bills through the General Assembly, and to secure the sanction of the Executive without that critical examination so indispensable to a clear comprehension of their true import. In illustration of the difficulties which the practice imposes upon this branch of the government, it is only necessary to state, that within two days preceding the final adjournment of the last Legislature, no less than one hundred and six bills were presented for Executive consideration, containing three hundred and thirty-four different subjects. Some of these bills contained as many as twenty dissimilar items of legislation; and of these, some were not even indicated by the transcribed title.

In addition to the difficulty of compre-