

Independent Republican.

"FREEDOM AND RIGHT AGAINST SLAVERY AND WRONG."

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GOVERNOR'S MESSAGE.

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

GENTLEMEN:—By the suffrages of your fellow-citizens you have been charged with the duty of representing them, and the legislative branch of the Government. The responsibilities you have assumed and the duties to be performed should ever be regarded as paramount to every selfish or partisan consideration. The prosperity of the State and the general welfare of the people, should receive your earnest attention, and be the aim and end of your legislative action. To promote these objects, I will cheerfully, in every legal and constitutional manner, during the continuance of my official term, co-operate with you.

The past year, with the exception of recent financial embarrassments, has been one of general prosperity. No foreign wars, no fraternal strife has disturbed the peaceful quiet of our homes. Unwonted health, with its blessings, has been vouchsafed to us. Scarcely a harvest has failed in the earth, and both yielded her increase, and richly rewarded the labor of the husbandman. The Arts and Sciences have been advanced, and the great interests of Education, Morality and Religion liberally encouraged and sustained. Our nation in its unity—our free institutions in their integrity—our rights and privileges, civil and religious, have been preserved. Recognizing in these blessings the goodness of Almighty God, we should render to Him the homage of grateful hearts and the devotion of our sincere praise; and whilst humbly acknowledging his mercies to us as a people, let us still further express our gratitude to Him, by acts of individual charity and kindness to the poor and helpless in our midst. Sorrow now fills the hearts, and adversity darkens the homes of many of our citizens. Our liberality should be generous; our beneficence munificent; and thus, whilst the wants of the poor and suffering are relieved, the generous giver will find a rich reward in the pleasure that results from communicating good.

The finances of the Commonwealth are in a very satisfactory condition. During the past year, every demand upon the Treasury has been promptly paid, from the revenues derived from the ordinary sources. The operations of this Department will be presented to you, in detail, in the report of the State Treasurer.

For the fiscal year ending Nov. 30th, 1857, the receipts at the Treasury, including balance in the Treasury on the first day of December, 1856, of one million two hundred and forty-four thousand seven hundred and ninety-five dollars and forty-two cents, (\$1,244,795.42) were five millions nine hundred and thirty-five thousand three hundred and eighty-three dollars and twenty-six cents (\$5,935,353.26). The aggregate expenditures for the same period, were five million seven hundred and thirty-two thousand and seventy-six dollars and seventy-nine cents, (\$5,732,976.79). Balance in the Treasury December 1, 1857, five hundred and twenty-eight thousand one hundred and six dollars and forty-seven cents, (\$528,106.47). Excluding the balance in the Treasury on the first day of December, 1856, the receipts from all sources were four million six hundred and ninety thousand five hundred and eighty-seven dollars and four cents, (\$4,690,587.84). The ordinary expenditures for the same period were three million nine hundred and ninety-two thousand three hundred and seventy dollars and twenty-nine cents, (\$3,992,370.29); exhibiting an excess of receipts over expenditures of six hundred and ninety-eight thousand two hundred and seventy-nine dollars and fifty-five cents, (\$698,217.55). The extraordinary payments for the same period were one million four hundred and fourteen thousand nine hundred and six dollars and fifty cents, (\$1,414,906.50), as follows, to wit: To the completion of the Portage Railroad, fifty-nine thousand six hundred and ninety-two cents, (\$59,692.20); to enlarge the Delaware Division, forty-six thousand two hundred and sixty-three dollars, (\$46,263.00); for motive power in 1856, eighty-one thousand six hundred and forty dollars and twenty-four cents, (\$81,604.24); for repairs in 1855 and 1856, forty-nine thousand five hundred and sixty-four dollars and seventy-eight cents, (\$49,564.78); for the redemption of one hundred and twenty thousand five hundred and sixty-five dollars three cents, (\$820,097.03); damages on the Public Works, forty-six thousand five hundred and fifty-two dollars and sixty-five cents, (\$46,552.65); old claims on the Main Line adjusted under the several Acts of Assembly, forty-six thousand five hundred and forty-eight dollars and fifty-seven cents, (\$46,548.57); and for the new State Arsenal and Farmers' High School, forty-five thousand dollars, (\$45,000.00).

The interest on the funded debt, due in January and August last, was promptly paid, and that falling due in February next, will be paid out of available means now in the Treasury. By virtue of the provisions of the Act of the 13th of October, 1857, entitled, "An Act providing for the Resumption of Specie Payments by the Banks, and for the Relief of Debtors," the State Treasurer will be enabled to pay the interest thereon, in specie or its equivalent. The credit of the Commonwealth has been honorably sustained. The promptness with which every legitimate demand upon the Treasury has been met, has inspired public confidence in our securities; and although recent and existing financial revolutions may embarrass operations of the Treasury, and reduce to some extent the revenue, yet the ability of the State to meet her engagements and maintain her credit, under an honest and economical administration of her finances is undoubted. The honor and credit of the State must and can be preserved intact.

The Commissioners of the Sinking Fund, report the sum of four hundred and fourteen thousand nine hundred and twenty dollars and twenty-nine cents, (\$444,920.29) as now in the Treasury to the credit of that fund. This amount will be applied to the redemption of Relief Notes yet in circulation, and to the payment of the funded debt of the Commonwealth.

The Commissioners of this fund, on the 7th day of September last, reported to me that the sum of one-million forty-two thousand eight hundred and fifty-seven dollars and sixty-four cents, (\$1,042,857.64) of the debt of the Commonwealth was held by them, as follows, viz:

Loans of 19th of April, 1853, over-due temporary,.....	400,000.00
Loans of 9th of May, 1854, over-due, temporary,.....	164,000.00
Certificates of stock, loans of April 11, 1848, 8 per cent.,.....	66,501.00
Certificates of stock, loans of various dates, 8 per cent.,.....	9,316.64
Relief Notes, cancelled and destroyed,.....	373,040.00
Relief Notes, in Treasury, set aside for cancellation,.....	30,000.00
Total,.....	\$1,042,857.64

As required by law, I directed the certificates and evidences of this indebtedness to be cancelled; and on the 19th of September, 1857, issued my proclamation declaring the payment, extinguishment and final discharge, of one million forty-two thousand eight hundred and fifty-seven dollars and sixty-four cents (\$1,042,857.64) of the public debt.

In addition to the amount reported to be in the Treasury to the credit of the sinking fund, and applicable to the payment of the public debt, the Commissioners of the fund now hold the sum of seven and one-half million dollars, (\$7,500,000.00) bonds of the Pennsylvania Railroad Company, pledged by the Company to the payment of the funded debt of the Commonwealth.

By the 4th section of the 11th article of the Constitution, as amended and ratified by a majority of the qualified voters of the State, at the general election held on the second Tuesday of October, 1857, it is made the duty of the Legislature at its first session after the adoption of this amendment, to create a Sinking Fund, which shall be sufficient to pay the accruing interest on the present public debt, and any additional debt thereafter constitutionally contracted, and annually to reduce the principal thereof by a sum not less than two hundred and fifty thousand dollars, (\$250,000.00) which "Sinking Fund" shall consist of the net annual income of the public works from time to time, owned by the State, or the proceeds of the sale of the same, of any part thereof, and of the income from proceeds of sale of stocks owned by the State, together with other funds or resources that may be designated by law. The said sinking fund may be increased from time to time by assigning to it any part of the taxes or other revenues of the State, not required for the ordinary and current expenses of government, and, unless in case of war, invasion or insurrection, no part of said Sinking Fund shall be used or applied otherwise than in extinguishing the public debt; until the amount of that debt is reduced below five millions of dollars, (\$5,000,000.00).

This being the first session of the Legislature since the adoption of this amendment, the duty therein enjoined devolves upon you, and should be promptly and faithfully discharged.

The funded and unfunded debt of the State, including temporary loans, on the first day of December, 1856, as per Reports of Auditor General and State Treasurer, was as follows, viz:

FUNDED DEBT.	
6 per cent. loan, \$511,781.00	511,781.00
5 " " " 38,866,994.50	38,866,994.50
4 " " " 388,200.00	388,200.00
4 " " " 100,000.00	100,000.00
Total funded debt,.....	\$39,866,975.50
UNFUNDED DEBT.	
Relief notes in circulation,.....	\$220,556.00
Intst. certificates outstanding,.....	24,691.37
Intst. certificates unclaimed,.....	4,448.38
Domestic credit unsecured,.....	1,164.00
Balance temporary loan, April 19, 1853,.....	400,000.00
Balance temporary loan, May 9, 1854,.....	184,000.00
Total unfunded debt,.....	834,859.75
Total funded and unfunded debt, at the close of the last fiscal year, December 1, 1857, was as follows, viz:	\$40,701,835.25

The funded and unfunded debt, at the close of the last fiscal year, December 1, 1857, was as follows, viz:

FUNDED DEBT.	
6 per cent. loan, \$445,180.00	445,180.00
5 " " " 38,773,212.52	38,773,212.52
4 " " " 388,200.00	388,200.00
4 " " " 100,000.00	100,000.00
Total funded debt,.....	\$39,706,592.52
UNFUNDED DEBT.	
Relief notes in circulation,.....	\$146,421.00
Intst. certificates outstanding,.....	23,743.82
Intst. certificates unclaimed,.....	4,448.38
Domestic credit unsecured,.....	802.50
Total unfunded debt,.....	175,145.70
Total debt December 1, 1857, \$39,881,738.22	\$39,881,738.22
Decrease during the last fiscal year,.....	\$820,097.55

These statements exhibit the gratifying fact, that during the past year, the public debt has been reduced eight hundred and twenty thousand, ninety-seven dollars and fifty-five cents. During the same period large appropriations and payments were made on account of our public improvements, for old and unsettled claims adjusted under the act of last session, and for other extraordinary purposes.

The condition of the Treasury prior to the suspension of specie payments by the Banks, justified the appropriation of at least two hundred thousand dollars more in payment of the public debt, and arrangements were made by the Treasurer, under the direction of the Commissioners of the Sinking Fund, to liquidate that amount; but after the resumption of the country, the proposed payment, from prudential motives, was postponed. Had this payment been made, in addition to the payments already reported, the statements and calculations submitted in my last Annual Message in relation to the early payment and final extinguishment of

the public debt, would thus far have been sustained by their actual verification. The confidence in the sensitive yet powerful agency, that binds in unity and strength the great financial, commercial and industrial interests of our country and the world, has been suddenly impaired, producing financial and commercial distress, and affecting the revenues of the Commonwealth; but with the advantages resulting from the rapid development of our resources during the last quarter of a century, the immensely valuable increase of our agricultural, mining and manufacturing industry during the same period—the abundant harvests of the past year—our completed improvements, and all the elements of material wealth in our midst, its restoration to an early period is not problematical. Returning confidence will be the herald of returning prosperity. Notwithstanding, then, the present embarrassment and gloomy condition of the Treasury, after a careful consideration of the present and prospective condition of the finances and resources of the Commonwealth, I cannot hesitate to reaffirm my belief, "that the time is not far distant when Pennsylvania will stand redeemed from the oppression of her public debt, and her people be relieved from a taxation imposed to meet its accruing interest and maintain the faith and credit of the Commonwealth," and "that by practicing strict economy in all departments of the Government—avoiding extravagant expenditures—refusing to undertake any new scheme of internal improvement, and holding to a rigid accountability the receiving and disbursing agents of the State, the realization of these views may be anticipated with confidence."

As corroborative of the opinion now and heretofore expressed, a brief review of the operations of the Treasury during the past three years, connected with the payment of the debt of the Commonwealth, may not be inappropriate. In my first annual message to the Legislature, the fact was stated that during the three years intervening between December 1, 1851, and December 1, 1854, the public debt had been increased one million, five hundred and eighty-four thousand and fifty-nine dollars and thirty-four cents, and that the total debt at the close of the fiscal year, December 1, 1854, was eight million, six hundred and ninety-five thousand, five hundred and ninety-five dollars, and seventy-four cents, (\$8,695,574.40). At the close of the last fiscal year, December 1, 1857, three years later, the funded and unfunded debt, as before shown, was thirty-nine million eight hundred and eighty-one thousand seven hundred and thirty-two dollars and twenty-two cents, (\$39,881,738.22); an increase in three years, of one million eight hundred and sixteen thousand eight hundred and fifty-seven dollars and fifty-two cents, (\$1,816,857.22).

This in three years the public debt has been decreased, by actual payment and without resorting to the expedient of temporary loans, one million eight hundred and sixty thousand, eight hundred and fifty-seven dollars and fifty cents, (\$1,816,857.22). If to this be added the sum of four hundred and fourteen thousand nine hundred and twenty dollars and twenty-nine cents, (\$444,920.29) now in the sinking fund, and applicable to the payment of the funded debt, the reduction will be two millions, seven hundred and seventy-seven dollars and eighty cents, (\$2,261,777.81).

These facts are not only gratifying and encouraging, but they have gained for the Sinking Fund the sum of seven millions, five hundred thousand dollars—bonds of the Pennsylvania Railroad Company, bearing interest at the rate of five per centum per annum, payable semi-annually, and pledged to the payment of the funded debt. If this sum be added to the reduction as before stated, we have presented to us a virtual, if not an actual, reduction, of the State debt, of three million, three hundred and thirty-seven thousand, seven hundred and seventy-seven dollars and eighty cents, (\$3,337,777.81) showing the total funded and unfunded debt of the State on the first day of December, 1857, to have been thirty-one million, nine hundred and sixty-six thousand, eight hundred and eighteen dollars and forty-one cents, (\$31,966,818.41).

In anticipation of the sale of the Main Line and the decrease in the public debt, the State tax, by an act of the regular session, was reduced from three to two and a half mills on the dollar, a reduction equal to one-sixth of the tax imposed for State purposes prior to that act. These facts speak for themselves. We will may be congratulated on such an auspicious beginning in the process of liquidation, and well may they with confidence anticipate the day of their deliverance from State taxation. Financial and commercial embarrassments may postpone nothing but wise legislation, and the imprudent or dishonest management of our finances, can prevent the early realization of their well-founded anticipations.

The condition of the public works, their general operation, the receipts and expenditures during the past fiscal year, will be presented to you in detail in the Report of the Canal Commissioners.

The total receipts at the Treasury from the public works for the year ending November 30, 1857, including receipts from the Main Line up to the first day of August last, were one million three hundred and eighty thousand five hundred and ninety-eight dollars and sixty-two cents, (\$1,380,598.62). The aggregate expenditures for the same period were one million three hundred and twenty-two thousand six hundred and seventy-seven dollars and eighty-seven cents, (\$1,323,375.67); the expenditures exceeding the revenues four thousand one hundred and seven dollars and five cents, (\$4,107.05).

The receipts at the Treasury from the several Divisions were as follows, viz:—Main Line, to August 1, 1857, \$796,550.33; Susquehanna, North and West Branch Divisions,..... 257,718.95; Delaware Division,..... 224,329.34.

The receipts from the Delaware Division are less than those of the previous year. The completion of rival Railroads and other causes, have lessened the receipts from this

important division of our public works; and it is feared will continue to decrease them. Its management has been satisfactory, and compared with other divisions of the public improvements, economical. The net revenue at the Treasury, was \$174,001.87, a decrease of \$90,093.53, as compared with the receipts of the preceding year. In addition to the ordinary expenditures, the sum of \$40,293 was paid for the enlargement and improvement of this division.

The North Branch Extension of the Pennsylvania Canal, although so far completed in the fall of 1856, that boats freighted with coal and other products, were successfully passed through its entire length from Pittston to the Junction canal, yet in consequence of a large portion of the "Horse Race Dam" having been carried away by the freshet of last spring, business on the canal was suspended the greater part of the past year. It was repaired during the summer, and in the fall business was resumed along its entire length. Soon after, the same dam was again extensively injured by a sudden and heavy freshet, and the greater part of the canal rendered useless for business. An appropriation will be required to re-construct the dam.

This canal, although useful and valuable, appears to be doomed to failure and disaster. These are the fruits of former mismanagement and fraud, and its restoration to a useful condition of the present and prospective condition of the Commonwealth, cannot be expected. I cannot hesitate to reaffirm my belief, "that the time is not far distant when Pennsylvania will stand redeemed from the oppression of her public debt, and her people be relieved from a taxation imposed to meet its accruing interest and maintain the faith and credit of the Commonwealth," and "that by practicing strict economy in all departments of the Government—avoiding extravagant expenditures—refusing to undertake any new scheme of internal improvement, and holding to a rigid accountability the receiving and disbursing agents of the State, the realization of these views may be anticipated with confidence."

After a full compliance by the purchasers with the conditions of the sale, authorizing the sale of the bonds of their bonds in number, and for the amounts equal to and falling due at the time provided for the payment of the respective instalments, the Secretary of the Commonwealth, on the 31st day of July, A. D. 1857, as directed by the act, transferred, under the great seal of the State, to the Pennsylvania Railroad Company, their successors or assigns, the whole Main Line and Pileburg, together with all the right, title, and interest, claim and demand, of the Commonwealth of Pennsylvania to all property, real personal, and mixed, belonging to or used in connection with the same by the Commonwealth; and the purchasers having given notice of their readiness to take possession of the said works, possession of the same was accordingly delivered to them, on the first day of August last, of which notice was deemed by all Superintendents and Agents of the Commonwealth, by proclamation bearing date the 31st day of July, 1857, as required by the law authorizing the sale.

The bonds of the Pennsylvania Railroad Company, in the sum of seven and one-half millions of dollars, were received by the State Treasurer and are held by him for the Commissioners of the Sinking Fund, the entire proceeds of the sale being required to be applied to the redemption of the bonds of the Commonwealth, and to be paid to the Sinking Fund and applied to the payment of the State debt.

I cannot forbear congratulating the people of the Commonwealth on the consummation of this sale. Public sentiment, as expressed through the ballot-box, and in other forms equally significant, demanded it—public policy and the interests of the Commonwealth required it. It is done. The many apprehensions of the public mind, that have been gained by the sale of the other two, have been dispelled by the sale of this property, as exhibited in the extravagant, useless and fraudulent expenditures of the public money for selfish or partisan purposes.

The sale of the Main Line has directed public attention to the importance and necessity of disposing of the remaining divisions of the public improvements. The revenue and policy that require and justify the sale of the other two, apply to the sale of the Main Line. The propriety of separating the State from the care and control of the public works, is not only evident to all who have given the subject a candid and impartial consideration, but the necessity is clearly established, by the history of their construction and management. They have failed to be a source of revenue to the Commonwealth, and it retained by the State, will require an expenditure exceeding any revenue that can be derived from them. In any phase of the question, this separation is desirable, but in connection with the payment of the public debt, and the reduction of State taxation, it becomes an object of more than ordinary interest. A sale, at the earliest practicable period, of the whole of our public works, for a fair consideration, upon terms just and liberal to the purchasers, and at the same time simply protective of the rights and interests of the people, should be authorized by the Legislature. Such a sale, with the application of the proceeds to the payment of the public debt, would secure still more rapid extinguishment. The subject is recommended to your unbiased consideration.

The law incorporating the Pennsylvania Railroad Company imposed a tax of three mills, per ton, per mile, on all tonnage passing over that road, as an equivalent for the decrease in the revenue of the Commonwealth, that might arise from the anticipated competition of the road, with the business of the Main Line of the public improvements. This tax is not imposed upon the Company, but upon the tonnage, and is paid by the owners of the freight transported over the road; and the company acting as agents in its collection and payment to the State. It is a tax upon the trade and commerce of the Commonwealth, and upon the commerce of other States whose productions seek an Eastern market over this road; and thus by increasing the rate of charges, and the cost of transportation, the produce of other States and to other markets than our own. The necessity that required this tax, as regards the Commonwealth and her improvements, has ceased. Its continuance can only be justified as a revenue measure.

It should be the policy of the State to invite the transmission of the products of other States through her territory to her own markets, and, therefore, the propriety of relieving the trade and business of the Commonwealth and country from this tax upon it, is respectfully submitted for your consideration.

In consequence of the suspension of specie payments by the Banks of this and the other States of the Union, and the financial embarrassment and general prostration of business, I deemed it my duty to call, as authorized by the Constitution, an Extra Session of the Legislature, to meet at Harrisburg on the sixth day of October last. Although the relief provided by this extraordinary session of the General Assembly, was not as ample as the exigency of the case required, yet it was productive of many beneficial results, and served to allay the intense excitement and alarm that pervaded the entire community. By the act providing for the resumption of specie payments by the Banks, all banking institutions accepting the provisions of that law, were required to pay into the Treasury one-fourth of one per cent. on their capital stock; the amount realized by the payment of this bonus has not only defrayed all the expenses of that session, but will leave a balance in the Treasury of not less than thirty-five thousand dollars—a result certainly not injurious to the finances of the Commonwealth.

My views expressed in former communications on the subject of banks and banking capital, in their relations to the currency and the general interests of trade, remain unchanged. However diverse our opinions may be on this subject, it must be admitted by all that the banking and credit systems are so intimately interwoven with the business and commerce of the country, that their sudden separation, or a rash innovation, would produce consequences of fearful magnitude. That the present system of banking is perfect, is not pretended; that it could be essentially modified, will not be denied. The present derangement of the currency may, and will suggest the necessity of reform, not only in the system itself, but the management of our banking institutions.

Unlimited credits by corporations or individuals, have and will ever be an unmitigated evil. They contribute to bank expansions, rash speculations, extravagant living, and excessive over-trading; always sure to be followed by ruinous revolutions. What the remedy should be, I do not deem it my province, under existing circumstances, to suggest; but to be permanent and effectual, it must take hold of the natural and necessary laws of trade. The operation of a country forms no exception to these laws, and should be left to their operation and control; so far as may be consistent with the public good. It is, therefore, that a system of free banking, based on undoubted public securities, and coin in such proportion to circulation and deposits as may be deemed sufficient to secure their conversion into specie, on demand, with proper limitations and restrictions, is deemed preferable to the present system. Its introduction would correct many existing abuses, not only in the system itself, but in the present mode of banking. These questions, however, with the remedies necessary to prevent recurrence of the evils under which we now suffer, together with the nature and extent of the relief, if any, that may be required by the Banks of the Commonwealth, to enable them to resume the payment of their liabilities in specie, are all referred to the wisdom of the Legislature. They are practical and important business questions, and as such should receive your intelligent consideration.

The present condition of our Commonwealth and country deserves at least a passing remark. A severe financial revolution has occurred, inducing a suspension of specie payments by the Banks of all the States of the Union, deranging the currency and affecting disastrously all the great interests of commerce and the industrial pursuits of the citizen. Labor is without employment, and thousands of strong, active men are now asking for work or bread. The causes assigned for these evils are almost as various as the interests or prejudices of those who underlie the country exposed to the ravages of financial and commercial distress to the Banks and their management. However much they may have contributed, other causes have operated still more directly and powerfully to produce these results; and among them first in importance and influence is the present system of low duties, in connection with the protective system, adopted as the policy of the Federal Government in 1842. The abandonment of the protective policy, as embodied in the Tariff Act of 1842, was resisted by Pennsylvania with a unanimity unparalleled in her history. Her representatives in both branches of the National Congress strenuously opposed the repeal of that act. The evils under which we are now suffering were predicted, as a consequence of such repeal. But other counsels prevailed, and the act was repealed, and the industry of the country exposed to a ruinous competition with the cheap labor of foreign nations. The disastrous effects of the repeal, were postulated by the operation of causes well understood by every intelligent citizen. Famine abroad produced an unprecedented demand for our breadstuffs, and the gold of California, although it may have added to the excitement of our progress, and contributed its full share in relieving existing financial and commercial embarrassments, in millions, supplied the means of paying the overwhelming balances against us on our foreign importations. Under the present system of low duties, the excess of imports over exports has been beyond the most extravagant wants of the country. They have been enormous and ruinous—destructive of domestic industry, and involving the home manufacturer and laborer in a more common ruin, for we have imported more than we could pay for, and much more than we needed. Pennsylvania abounds in iron ore. Iron and its manufactures are justly regarded as important elements of her material wealth; and from her abundance, if properly fostered and protected by a wise national policy, she could supply the markets of the world; and yet, since the passage of the act of 1842, we have imported more than two hundred millions of dollars in value of iron and steel and their manufactures, more than two hundred millions of dollars in value; paid for in gold or our bonds and stocks, and held by foreign capitalists—the interest of which but adds to the burdens imposed

upon us by our foreign indebtedness. The same is true of many other important branches of home industry. Many millions in value of cotton and woolen goods have, during the same period, been imported, that should have been woven in our own workshops, should have been woven on American, and not on British, French, or German looms.

As an example of the practical working of the system, official documents exhibit the fact, that during the past four years, the imports of foreign merchandise, exceeded our exports one hundred and eighty-four million two thousand seven hundred and sixty-eight dollars; and as a consequence, the drain of the precious metals was correspondingly great. The amount of specie sent out of the country during that period, was two hundred and thirteen million three hundred and sixty-four thousand three hundred and eighty-four dollars—specie imported twenty-six million nine hundred and twenty-seven thousand four hundred and twenty-seven dollars; leaving a balance against us on specie account of one hundred and eighty-six million four hundred and thirty-six thousand nine hundred and fifty-seven dollars. This depleting process, aggravated by excessive importations, unsettled the currency and induced an inflated paper circulation, resulting in bank suspensions and financial embarrassment. But the evil does not end here. An inflated paper currency, by cheapening the price of money, increases in this country the cost of production, and thus, whilst the market of low duties to a ruinous competition with the cheap labor of Europe, he is paid for his goods in a currency less valuable than that paid to his foreign competitor. As a necessary result, the home manufacturer is driven from the market, and the home manufacturer ruined. The operation of these causes, stimulated by low duties, is sufficient to destroy the industrial energies of any people.

With these facts before us, it is no matter of surprise that our mills, factories and furnaces have been closed, and thousands of honest laborers thrown out of employment; that commerce has scarcely an existence, that bankruptcy and ruin are around us, and our general prosperity paralyzed. To avoid these disasters, to which we have been perditionally exposed, reform not only in our system of banking, but in our revenue laws, becomes indispensable.

If the principle of the act of 1842 had been preserved—even if its rate of duties had been reduced, our specie by millions would not have gone into foreign coffers to be used and sustain the foreign manufacturer; home industry would be prosperous, and the land laid waste by the country forms no exception to these laws, and should be left to their operation and control; so far as may be consistent with the public good. It is, therefore, that a system of free banking, based on undoubted public securities, and coin in such proportion to circulation and deposits as may be deemed sufficient to secure their conversion into specie, on demand, with proper limitations and restrictions, is deemed preferable to the present system. Its introduction would correct many existing abuses, not only in the system itself, but in the present mode of banking. These questions, however, with the remedies necessary to prevent recurrence of the evils under which we now suffer, together with the nature and extent of the relief, if any, that may be required by the Banks of the Commonwealth, to enable them to resume the payment of their liabilities in specie, are all referred to the wisdom of the Legislature. They are practical and important business questions, and as such should receive your intelligent consideration.

The present condition of our Commonwealth and country deserves at least a passing remark. A severe financial revolution has occurred, inducing a suspension of specie payments by the Banks of all the States of the Union, deranging the currency and affecting disastrously all the great interests of commerce and the industrial pursuits of the citizen. Labor is without employment, and thousands of strong, active men are now asking for work or bread. The causes assigned for these evils are almost as various as the interests or prejudices of those who underlie the country exposed to the ravages of financial and commercial distress to the Banks and their management. However much they may have contributed, other causes have operated still more directly and powerfully to produce these results; and among them first in importance and influence is the present system of low duties, in connection with the protective system, adopted as the policy of the Federal Government in 1842. The abandonment of the protective policy, as embodied in the Tariff Act of 1842, was resisted by Pennsylvania with a unanimity unparalleled in her history. Her representatives in both branches of the National Congress strenuously opposed the repeal of that act. The evils under which we are now suffering were predicted, as a consequence of such repeal. But other counsels prevailed, and the act was repealed, and the industry of the country exposed to a ruinous competition with the cheap labor of foreign nations. The disastrous effects of the repeal, were postulated by the operation of causes well understood by every intelligent citizen. Famine abroad produced an unprecedented demand for our breadstuffs, and the gold of California, although it may have added to the excitement of our progress, and contributed its full share in relieving existing financial and commercial embarrassments, in millions, supplied the means of paying the overwhelming balances against us on our foreign importations. Under the present system of low duties, the excess of imports over exports has been beyond the most extravagant wants of the country. They have been enormous and ruinous—destructive of domestic industry, and involving the home manufacturer and laborer in a more common ruin, for we have imported more than we could pay for, and much more than we needed. Pennsylvania abounds in iron ore. Iron and its manufactures are justly regarded as important elements of her material wealth; and from her abundance, if properly fostered and protected by a wise national policy, she could supply the markets of the world; and yet, since the passage of the act of 1842, we have imported more than two hundred millions of dollars in value of iron and steel and their manufactures, more than two hundred millions of dollars in value; paid for in gold or our bonds and stocks, and held by foreign capitalists—the interest of which but adds to the burdens imposed

upon us by our foreign indebtedness. The same is true of many other important branches of home industry. Many millions in value of cotton and woolen goods have, during the same period, been imported, that should have been woven in our own workshops, should have been woven on American, and not on British, French, or German looms.

As an example of the practical working of the system, official documents exhibit the fact, that during the past four years, the imports of foreign merchandise, exceeded our exports one hundred and eighty-four million two thousand seven hundred and sixty-eight dollars; and as a consequence, the drain of the precious metals was correspondingly great. The amount of specie sent out of the country during that period, was two hundred and thirteen million three hundred and sixty-four thousand three hundred and eighty-four dollars—specie imported twenty-six million nine hundred and twenty-seven thousand four hundred and twenty-seven dollars; leaving a balance against us on specie account of one hundred and eighty-six million four hundred and thirty-six thousand nine hundred and fifty-seven dollars. This depleting process, aggravated by excessive importations, unsettled the currency and induced an inflated paper circulation, resulting in bank suspensions and financial embarrassment. But the evil does not end here. An inflated paper currency, by cheapening the price of money, increases in this country the cost of production, and thus, whilst the market of low duties to a ruinous competition with the cheap labor of Europe, he is paid for his goods in a currency less valuable than that paid to his foreign competitor. As a necessary result, the home manufacturer is driven from the market, and the home manufacturer ruined. The operation of these causes, stimulated by low duties, is sufficient to destroy the industrial energies of any people.

With these facts before us, it is no matter of surprise that our mills, factories and furnaces have been closed, and thousands of honest laborers thrown out of employment; that commerce has scarcely an existence, that bankruptcy and ruin are around us, and our general prosperity paralyzed. To avoid these disasters, to which we have been perditionally exposed, reform not only in our system of banking, but in our revenue laws, becomes indispensable.

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