The Pittsburgh Gazette

GOV. GEARY'S MESSAGE

To the Senate and House of Representatives of the Commonwealth of Pennsylvania.

GENTLEMEN:—Before performing the customary and constitutional duty of transmitting to you information of the affairs of our Commonwealth, and recommending such measures to your consideration as are deemed necessary and expedient, it affords me a great gratification to tender to you my most friendly greetings on your assuming the Seat of Government, and to welcome you to the Council Chambers of the State.

Our grateful acknowledgments are due to the Beneficent Author of all good for the continued prosperity and well-being which every where prevails. For the abundance of rain, which has crowned the labors of the husbandman, for the general health with which we have been so signally favored, and for all the enjoyments of peace, contentment and happiness within our borders.

Our country has just emerged from the crisis of dangers of an unrightteous character, political and entered upon a period of important and peaceful example therefrom. Being composed of the representatives of a consolidating commonwealth, grave duties and responsibilities devolve upon you to so legislate upon the great and manifold interests committed to your charge as best to subserve the welfare of the people and advance the honor of the State. The fullest confidence is entertained that your deliberations will result beneficially and your public duties be faithfully discharged, and on my part, permit me to give you assurances of my hearty co-operation in all your labors calculated to promote the general welfare.

One of the most important duties devolving upon the new Legislature is the consideration of the public finances. Such action should be taken for the proration of funds to defray the current expenses of the Government, the preservation of the credit of the Commonwealth, and the speedy extinguishment of the public debt, as circumstances shall be found to require. These objects are of the highest importance and claim the first attention of the Representatives of the people.

FINANCES.

The report of the State Treasurer shows that the balance in the Treasury November 30, 1866, was ..... $ 1,741,232 27

Ordinary receipts during the fiscal year ending November 30, 1867, were 5,423,336 07

Loan for the redemption of over due bonds 33,000,000 00

Depreciated funds in the Treasury, unavailable 41,622 00

Total in Treasury for fiscal year ending Nov. 30, 1867 ..... $ 40,206,895 34

Payments, viz:

Ordinary expenses ..... $ 4,465,719 27

Interest on bonded debt 2,897,979 15

Redemption of bonds 33,000,000 00

Depreciated funds, unavailable 41,622 00

Total expenditures $37,396,320 42

Balance in Treasury, Nov. 30, 1867 ..... $ 2,810,574 92

Of which the following is applicable to the payment of overdue drafts, to wit:

Balance ..... $ 2,967,372 84

Amount of State debt November 30, 1867:

Funded debt, viz:

Loans $31,421,122 16

Int. on do. 1,761,833 27

Unfunded debt, viz:

Int. on do. 98,415 00

Int. on int. cert. issued 14,166 82

Int. cert. issued 4,416 82

Domestic creditors 44 67

Total $37,296,998 77

From which deduct the amount in the Sinking Fund applicable to the payment of interest on loans 2,897,979 15

Amount owed during the fiscal year ending November 30, 1867 ..... $34,399 84

That the operations of the sinking fund may be clearly understood, the following "reconstruction" is quoted from the report of the Commissioners for the year ending Sept. 4, 1867:

Balance in sinking fund, Sept. 4, 1867	$3,722,851 77
Receipts in fund for year ending Sept. 4, 1867	2,858,6 09
Disbursements:	
Paid interest	$2,573,350 56
Loans redeemed	1,794,000 00
Premiums	275 00
Commission	75 00
	4,370,250 05
Balance in fund	1,172,013 49

By the sixth section of the act of May 15, 1861, a special tax of one-half mill on the dollar was especially assigned for the payment of the interest, and redemption of the loan created by an act of May 16, 1861, entitled "An Act to create a loan and provide the arms of the State."

The receipts from said tax and loan gross receipts amount in February and August, 1867	$426,178 17
Interest on loan	150,525 00
Balance on hand	$275,653 17

Public debt, November 30, 1867	$36,796,451 84
Assets in the Treasury, viz:	
Bal. of the Penna. R. R. Co.	$6,500,000 00
Bonds of Philadelphia and Erie Railroad Company	3,500,000 00
Interest on bonds of the Philadelphia and Erie Railroad Company	1,400,000 00
Cash in Treasury	1,732,857 01
	13,132,857 01
Liabilities in excess of assets	$23,663,574 83

The above assets will be available as follows:

By the act of May 16, 1867, the Pennsylvania Railroad company are to pay on the three bonds, amount of a year until July 31, 1869, when one million of the bonds will be paid, and then one million annually thereafter, with interest, until the whole is paid, which will be in the year 1875.

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There is always a discrepancy in announcing the reduction of the State debt, between the annual proclamation of the Governor and report of the State Treasurer, arising from the fact that the sinking fund year terminates on the first Monday in September and the fiscal year of the Treasury on the 30th of November. To prevent complication of accounts and annual blunders I recommend that the accumulation of the sinking fund year be made the same as that of the Treasury.

The principle with which citizens of Pennsylvania came forward last April and took the whole amount of the twenty-three million loan, the bids being for uneven sums of thirty-three millions, may be considered a most conspicuous circumstance in the financial history of the State, and indicates the boundless confidence in the good faith and substantial credit of the Commonwealth. The succeeding statement of the finances of the last forth will pleasure, in consequence of their favorable condition.

In addition thereto, the balance in favor of the General Government from Pennsylvania's quota of the direct tax levied in the seven months of war expenses and for each year, the United States Constitution, is also a liberal two millions of dollars, has been settled in full by the allowance of claims for extraordinary expenses incurred by the State during the war.

In consequence of the lapse of time since the remaining claims were contracted, the want of sufficient vouchers and explanations, and the difficulty of finding the parties, some of them being dead by whom they should be made, render the settlement difficult, and in many instances doubtful, and the accomplishment of which will, however be vigorously pressed and the results laid before the Legislature.

Passing from this general review of the finances, and the claim a candor permit some of the most prominent ideas connected with them to make mentioned, because they clearly indicate the path of duty to the designated of the Executive trust. It is deemed proper to call your attention to the fact that during the past year very large sum of money is in the keeping of the State treasurer. This sum has not at any time for years been less than a million of dollars, and at present amounts to considerably over four millions of dollars. That it is unnecessary that the greater portion of this money should be kept in the Treasury to meet the ordinary demands upon it is obvious, and that it should be withdrawn from circulation is certainly a detriment to the business of the community. A contraction to the amount of several millions, at present, cannot fail to make its impression upon those engaged in agriculture, manufacture, agriculture, mining and all other kinds of employments. Therefore, the subject was upon good authority, can be issued, with ample security for its re-payment when needed, for certain specified portions, at a reasonable rate of interest, and the proceeds placed in the Treasury for the benefit of the State, which would not only be beneficial to the tax-payers, by increasing the public revenue, but also enlarge the accommodations for business purposes. If this plan were adopted, the withdrawal of the circulating medium, by the payment of taxes, would be so gradual that it would not materially affect the public welfare. The interest thus acquired could be added to the sinking fund, and would materially aid in the reduction of the State debt.

A glance at the condition of the Treasury will show that at least four millions of dollars might now be loaned, and at four per cent. would realize the handsome sum of $160,000 per annum. Or nearly the whole amount of the balance now in the Treasury might be rendered productive by being invested in the bonds of the State, bearing six per cent. interest, even though unredeemed six premium. Or, it might be invested in United States interest bearing bonds which would be available at any moment a necessity might arise for the use of the funds. If that amount were exchanged at par for United States ten-forties, it would, in gold, bearing five per cent. interest in gold, the product would be at the rate of $200,000 per annum, in gold, or, at the present value of gold, $300,000 in currency. Besides, the funds would not become "decreasing and unavailable" by long continuance in the Treasury. A law for its purpose could be passed, specifying the method by which the necessary money of the Treasury may be loaned, authorizing and empowering the State Treasurer, and such others as you may designate, to execute, or carry out, its provisions.

Your attention is also invited to the fact that the salary of the State Treasurer, now only seventeen hundred dollars, is entirely disproportioned to the duties and responsibilities of that officer, and that the amount of the bond, eighty thousand dollars, given by him to the State, is equivalent to no security at all, under the present system of placing, unconditionally, the entire funds of the State in his hands. The only security by is the incorruptible honesty and integrity of the Treasurer. Suppose that whom there is no bookkeeping solution of double the incumbent of that office should be tempted to become a defaulter! How should he be secure to his bondsmen the amount for which they would only be liable to the State and appropriate the balance to himself? For years, it seems to me, the Treasury of the State has stood, as it were, upon a volcano. Examples all around us show the fallibility of man, and how frequently and easily he is swerved from the path of rectitude and honor. Men many of them in the most elevated positions and enjoying the highest confidence of the people, are often found to yield to the temptations that surround them. The desire for the rapid accumulation of wealth; the thousands of examples presented to excite the cupidity of human nature, and the looseness of public morals, engendered by the people of the guilty from peculiarities, leads to so General prudence that it may be considered a wonder almost a miracle—that Pennsylvania has so long escaped from the calamity that might at any time have happened, or that may hereafter happen, by the robbery of her Treasury, and render the suspension of the payments of the interest upon the State debt, for a time, inevitable.

In the performance of my duty, I have forewarned the Legislature of a danger so threatening to her finances, of no common magnitude. Whether it will be realized or not, whether this danger shall be averted by prompt and efficient legislation and the Treasury guarded against the occurrence of so great a calamity.

EDUCATION.

The report of the Superintendent of the Common Schools exhibits a full view of our excellent system of public instruction, which is widely diffusing its blessings by securing a sound and substantial education to all the children of the State. A brief summary will give an idea of the immense proportions it has attained and the vast amount of usefulness of which it is capable.

At the close of the year the number of school districts in the State was 1,929; the number of schools, 15,487; graded schools, 217; school directors, 11,686; county, city and borough superintendents, 68; teachers, 15,000; pupils, 738,899; the cost of tuition, $3,495,205; fuel, $1,305,786; contingencies, $700,673 32; tuition, building and contingencies, $5,001,659 71; and the amount expended for all purposes relating to schools, $6,000 11.

Your attention is particularly invited to the report of uniformity and constant change of books in the public schools. These are matters of serious inconvenience and needless expense to the poor, and might easily be remedied by judicious legislation.

The chief aim of our system of common schools is to place the advantages of an education within the reach of all the children of the Commonwealth and when it is considered that its intelligence and virtue are the principal safeguards of our free institutions, this system earnestly claims the fostering care and wise guidance of the Legislature.

The graded schools have largely increased during the past year. The system established by the State was designed, not only to furnish instruction to our youth in the elements of knowledge, but, wherever practicable, to impart to them an education in the higher branches of learning. The multiplication of grammar and high schools, therefore, is a most auspicious event, for they are necessary to a perfect system, and enable the State to avail itself of the talent which, in the cottages of the poor quite as frequently as in the palaces of the rich, exists.

Good schools cannot exist without good teachers, and good teachers can only be secured by using the proper means to prepare them. Recognizing this fact, the Legislature of 1857 passed a general Normal school law, dividing the State into twelve districts, and looking forward to the establishment of a Normal school in each of them, of a loss of this law some of these schools are now organized, the prospects of the remaining thousand were disappointed by the fact that two thousand were admitted and eighty-five graduated them during the past year, of whom forty-six graduated.

Fourteen colleges and thirty two academies have made reports to the School Department during the past year. Such institutions supply a great public want, as the common school system is not complete without them. They are, in reality, the only agencies for the production of a popular education. A State requires men of prominence and ability in all the walks of life, as well as the profession of teaching, and the perfection of the system of public school instruction is one of the highest evidences of wisdom of legislation. All of the different institutions of learning work to strengthen and their usefulness increased by bringing them together in a common system, which, ably can be best accomplished by the creation of a general Department of Education.

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SOLDIERS' ORPHANS' SCHOOLS.

The last annual report of the Superintendent of the Soldiers' Orphans' School was made up to include the 30th of November, 1866. The appropriation for the year ending from January 1, 1866 to August 1, 1867, was insufficient to cover the expenses of the whole year, and the deficiency of over due bonds 275,000 00

Total amount of State debt November 30, 1867 ..... $36,543,574 83

Balance in Treasury, Nov. 30, 1867 ..... $2,810,574 92

Of which the following is applicable to the payment of overdue drafts, to wit:

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In consequence of the lapse of time since the remaining claims were contracted, the want of sufficient vouchers and explanations, and the difficulty of finding the parties, some of them being dead by whom they should be made, render the settlement difficult, and in many instances doubtful, and the accomplishment of which will, however be vigorously pursued and the results laid before the Legislature.

Passing from this general review of the finances, and the claim a candor permit some of the most prominent ideas connected with them to make mentioned, because they clearly indicate the path of duty to the designated of the Executive trust. It is deemed proper to call your attention to the fact that during the past year very large sum of money is in the keeping of the State treasurer. This sum has not at any time for years been less than a million of dollars, and at present amounts to considerably over four millions of dollars. That it is unnecessary that the greater portion of this money should be kept in the Treasury to meet the ordinary demands upon it is obvious, and that it should be withdrawn from circulation is certainly a detriment to the business of the community. A contraction to the amount of several millions, at present, cannot fail to make its impression upon those engaged in agriculture, manufacture, agriculture, mining and all other kinds of employments. Therefore, the subject was upon good authority, can be issued, with ample security for its re-payment when needed, for certain specified portions, at a reasonable rate of interest, and the proceeds placed in the Treasury for the benefit of the State, which would not only be beneficial to the tax-payers, by increasing the public revenue, but also enlarge the accommodations for business purposes. If this plan were adopted, the withdrawal of the circulating medium, by the payment of taxes, would be so gradual that it would not materially affect the public welfare. The interest thus acquired could be added to the sinking fund, and would materially aid in the reduction of the State debt.

A glance at the condition of the Treasury will show that at least four millions of dollars might now be loaned, and at four per cent. would realize the handsome sum of $160,000 per annum. Or nearly the whole amount of the balance now in the Treasury might be rendered productive by being invested in the bonds of the State, bearing six per cent. interest, even though unredeemed six premium. Or, it might be invested in United States interest bearing bonds which would be available at any moment a necessity might arise for the use of the funds. If that amount were exchanged at par for United States ten-forties, it would, in gold, bearing five per cent. interest in gold, the product would be at the rate of $200,000 per annum, in gold, or, at the present value of gold, $300,000 in currency. Besides, the funds would not become "decreasing and unavailable" by long continuance in the Treasury. A law for its purpose could be passed, specifying the method by which the necessary money of the Treasury may be loaned, authorizing and empowering the State Treasurer, and such others as you may designate, to execute, or carry out, its provisions.

Your attention is also invited to the fact that the salary of the State Treasurer, now only seventeen hundred dollars, is entirely disproportioned to the duties and responsibilities of that officer, and that the amount of the bond, eighty thousand dollars, given by him to the State, is equivalent to no security at all, under the present system of placing, unconditionally, the entire funds of the State in his hands. The only security by is the incorruptible honesty and integrity of the Treasurer. Suppose that whom there is no bookkeeping solution of double the incumbent of that office should be tempted to become a defaulter! How should he be secure to his bondsmen the amount for which they would only be liable to the State and appropriate the balance to himself? For years, it seems to me, the Treasury of the State has stood, as it were, upon a volcano. Examples all around us show the fallibility of man, and how frequently and easily he is swerved from the path of rectitude and honor. Men many of them in the most elevated positions and enjoying the highest confidence of the people, are often found to yield to the temptations that surround them. The desire for the rapid accumulation of wealth; the thousands of examples presented to excite the cupidity of human nature, and the looseness of public morals, engendered by the people of the guilty from peculiarities, leads to so General prudence that it may be considered a wonder almost a miracle—that Pennsylvania has so long escaped from the calamity that might at any time have happened, or that may hereafter happen, by the robbery of her Treasury, and render the suspension of the payments of the interest upon the State debt, for a time, inevitable.

In the performance of my duty, I have forewarned the Legislature of a danger so threatening to her finances, of no common magnitude. Whether this danger shall be averted by prompt and efficient legislation and the Treasury guarded against the occurrence of so great a calamity.

EDUCATION.

The report of the Superintendent of the Common Schools exhibits a full view of our excellent system of public instruction, which is widely diffusing its blessings by securing a sound and substantial education to all the children of the State. A brief summary will give an idea of the immense proportions it has attained and the vast amount of usefulness of which it is capable.

At the close of the year the number of school districts in the State was 1,929; the number of schools, 15,487; graded schools, 217; school directors, 11,686; county, city and borough superintendents, 68; teachers, 15,000; pupils, 738,899; the cost of tuition, $3,495,205; fuel, $1,305,786; contingencies, $700,673 32; tuition, building and contingencies, $5,001,659 71; and the amount expended for all purposes relating to schools, $6,000 11.

Your attention is particularly invited to the report of uniformity and constant change of books in the public schools. These are matters of serious inconvenience and needless expense to the poor, and might easily be remedied by judicious legislation.

The chief aim of our system of common schools is to place the advantages of an education within the reach of all the children of the Commonwealth and when it is considered that its intelligence and virtue are the principal safeguards of our free institutions, this system earnestly claims the fostering care and wise guidance of the Legislature.

The graded schools have largely increased during the past year. The system established by the State was designed, not only to furnish instruction to our youth in the elements of knowledge, but, wherever practicable, to impart to them an education in the higher branches of learning. The multiplication of grammar and high schools, therefore, is a most auspicious event, for they are necessary to a perfect system, and enable the State to avail itself of the talent which, in the cottages of the poor quite as frequently as in the palaces of the rich, exists.

Good schools cannot exist without good teachers, and good teachers can only be secured by using the proper means to prepare them. Recognizing this fact, the Legislature of 1857 passed a general Normal school law, dividing the State into twelve districts, and looking forward to the establishment of a Normal school in each of them, of a loss of this law some of these schools are now organized, the prospects of the remaining thousand were disappointed by the fact that two thousand were admitted and eighty-five graduated them during the past year, of whom forty-six graduated.

Fourteen colleges and thirty two academies have made reports to the School Department during the past year. Such institutions supply a great public want, as the common school system is not complete without them. They are, in reality, the only agencies for the production of a popular education. A State requires men of prominence and ability in all the walks of life, as well as the profession of teaching, and the perfection of the system of public school instruction is one of the highest evidences of wisdom of legislation. All of the different institutions of learning work to strengthen and their usefulness increased by bringing them together in a common system, which, ably can be best accomplished by the creation of a general Department of Education.

Serious complaints have been made concerning the neglect of the education of the children in the alms and poor houses of several of the counties of the State. They are permitted to grow up in idleness and profligacy, and when sent upon the world to earn their livelihood are better prepared to receive lessons of vice than those of usefulness. The directors of these institutions should be compelled, by law, to send such children to the common schools, or provide a proper school for them, and it should be made the duty of the county superintendents to supervise and enforce the execution of the law.

SOLDIERS' ORPHANS' SCHOOLS.

The last annual report of the Superintendent of the Soldiers' Orphans' School was made up to include the 30th of November, 1866. The appropriation for the year ending from January 1, 1866 to August 1, 1867, was insufficient to cover the expenses of the whole year, and the deficiency of over due bonds 275,000 00

Total amount of State debt November 30, 1867 ..... $36,543,574 83

Balance in Treasury, Nov. 30, 1867 ..... $2,810,574 92

Of which the following is applicable to the payment of overdue drafts, to wit:

Balance 157,372 84

Amount of State debt November 30, 1867:

Funded debt, viz:

Loans $31,421,122 16

Int. on do. 1,761,833 27

Unfunded debt, viz:

Int. on do. 98,415 00

Int. on int. cert. issued 14,166 82

Int. cert. issued 4,416 82

Domestic creditors 44 67

Total $37,296,998 77

From which deduct the amount in the Sinking Fund applicable to the payment of interest on loans 2,897,979 15

Amount owed during the fiscal year ending November 30, 1867 ..... $34,399 84

That the operations of the sinking fund may be clearly understood, the following "reconstruction" is quoted from the report of the Commissioners for the year ending Sept. 4, 1867:

Balance in sinking fund, Sept. 4, 1867	$3,722,851 77
Receipts in fund for year ending Sept. 4, 1867	2,858,6 09
Disbursements:	
Paid interest	$2,573,350 56
Loans redeemed	1,794,000 00
Premiums	275 00
Commission	75 00
	4,370,250 05
Balance in fund	1,172,013 49

By the sixth section of the act of May 15, 1861, a special tax of one-half mill on the dollar was especially assigned for the payment of the interest, and redemption of the loan created by an act of May 16, 1861, entitled "An Act to create a loan and provide the arms of the State."

The receipts from said tax and loan gross receipts amount in February and August, 1867	$426,178 17
Interest on loan	150,525 00
Balance on hand	$275,653 17

Public debt, November 30, 1867	$36,796,451 84
Assets in the Treasury, viz:	
Bal. of the Penna. R. R. Co.	$6,500,000 00
Bonds of Philadelphia and Erie Railroad Company	3,500,000 00
Interest on bonds of the Philadelphia and Erie Railroad Company	1,400,000 00
Cash in Treasury	1,732,857 01
	13,132,857 01
Liabilities in excess of assets	$23,663,574 83

The above assets will be available as follows:

By the act of May 16, 1867, the Pennsylvania Railroad company are to pay on the three bonds, amount of a year until July 31, 1869, when one million of the bonds will be paid, and then one million annually thereafter, with interest, until the whole is paid, which will be in the year 1875.

By the act of March 7, 1867, the $7,000,000 of bonds of the Philadelphia and Erie Railroad were surrendered to that company, upon the deposit of four millions of dollars of their bonds as collateral security for the payment of the original bonds, and a mortgage of four millions of dollars, which was given by the company to secure their payment. These bonds are to be paid in forty years from date of issue, and bear six per cent. interest.

There is always a discrepancy in announcing the reduction of the State debt, between the annual proclamation of the Governor and report of the State Treasurer, arising from the fact that the sinking fund year terminates on the first Monday in September and the fiscal year of the Treasury on the 30th of November. To prevent complication of accounts and annual blunders I recommend that the accumulation of the sinking fund year be made the same as that of the Treasury.

The principle with which citizens of Pennsylvania came forward last April and took the whole amount of the twenty-three million loan, the bids being for uneven sums of thirty-three millions, may be considered a most conspicuous circumstance in the financial history of the State, and indicates the bo