

In this view of the subject, I have now little doubt but that the Legislature may with perfect safety fix an early date for the resumption of specie payments. The soundness of her Banks and of her general currency, will, necessarily place Pennsylvania foremost in the attempt to accomplish whatever is in the power of State legislation on the subject.

But there is one view of the subject which presents the strongest reason for the earliest possible resumption. The general circulation of irredeemable promises to pay, by and through all portions of society, is not merely a disease of the currency. It is a social evil—a great moral taint—which, if long uncorrected, will undoubtedly have the most deleterious influence on our character and happiness as a people.—Pennsylvania has heretofore been characterized by steady good faith and adherence to principle. It behooves her public agents now to guard this brightest jewel in her casket, by restoring its usual unsullied purity to her public character. This can only be done by adding actual performance to the private promises of her citizens.

The only branch of the subject yet remaining untouched is the flood of small notes, which has so suddenly and generally covered the State. The odious name by which they have been branded—the attempt made by each political party to stigmatize its opponent with the blame of their origin, and the utter dislike with which they have been received by the public generally, though a great proportion of them proceed from sources of unquestioned solvency, from additional strong proofs of the unsuitableness of small notes of all kinds to our wants and circumstances. No legislation is required to rid us of those that now infest the State. They are every one of them clearly in violation of the act of Assembly of 12th April 1838 on the subject, and will disappear as soon as the imprisoned coin of the country resumes its usual office. Then without regard to the time of redemption set forth on the face of them, be it one, two or ten years, with or without interest, the holders will either demand instant payment or sue for and recover the penalty of five dollars, and interest inflicted on their issue by the existing laws.

But, after all, the thorough and permanent remedy for the whole evil must come from Washington. Until Congress shall devise and adopt some means which will again give us a currency equal over the whole, and to the wants of the whole Union; and until the national government shall consent to allow the people to judge of its suitableness to their own wants, there can be no general and permanent confidence in the currency—no fixed value for property—no enlarged spirit in commerce and trade—and consequently little encouragement to laudable enterprise or improvement of any kind.

Having thus fully declared my view on this exciting subject, I shall proceed to the other matters which require notice. In the annual Message to the Legislature at the commencement of the last session, occasion was taken to declare at length my views on all subjects of importance, in the hope that future communication might be hereby rendered more brief. Permit me now respectfully to refer you to that document for my opinions on the matters therein embraced, except so far as some of them may be more at large explained in this message.

I must, however, again urge upon the Legislature the necessity of a law to prohibit the administration of all extra-judicial oaths.

The financial condition of the Commonwealth is, at present, most cheering. By reference to the Auditor General's Report it will appear that the amount of actual receipts into the Treasury during the fiscal year just closed, including three dividends of the national surplus revenue, and the balance on hand at the commencement of the year, was \$5,394,876.00; and that the expenditure during the same period, including all the expenses of Education and Internal Improvements, was \$4,173,940.26, leaving an unexpended balance in the Treasury on the 1st November, 1836, of \$2,220,135.74.

The following estimate of the operations of the Treasury, during the present year, is partly based on the calculations of the State Treasurer, and partly on similar operations during the past year.

[Here follows a statement, in which his Excellency estimates the receipts for 1838 at \$2,401,700, and the expenditures at \$2,592,125 13, to which surplus must be added \$2,220,135 74, the amount remaining in the treasury, and the excess will be \$2,119,710 61.]

In addition to the above named receipts into her Treasury, the State should, in justice, receive the fourth instalment of the surplus revenue of the United States, the payment of which was postponed by the action of the extra session of Congress. Though the appropriations hereafter recommended, are not apportioned on the certain expectation of receiving it, yet if it should be paid, as it ought, with the year, the addition of another million of dollars to the sum at the disposal of the Legislature will materially aid our public works. In that event, I would advise an increase of all the appropriations about to be named.

The chief demands on the Surplus means of the State Treasury, are those for Education and Internal Improvement.

The report of the Superintendent of Common Schools, when laid before you,

will exhibit a most cheering condition of that System. The first Tuesday of last May, was the day which, under the present School law, the first triennial vote of the citizens of accepting Districts was taken, to ascertain whether the system should be continued or not. Though that question was submitted to the people in a large number of Districts, yet the Superintendent has not been officially informed of the rejection of the system, by a single accepting District. Doubtless there are some, but their proportion must be small, inasmuch as 725 of the 1000 districts in the State, have since the first Monday in June, entitled themselves to the receipt of the State appropriation for the present year, by levying the necessary tax, and have actually received their money. Of the remaining Districts 75 were accepting last year and had the system in operation then. If one-third of these, and that is a large estimate, rejected the system in May, still 50 remain, which, added to the number of paid accepting Districts, will give 775 as the whole present number of accepting districts, leaving 225 still opposed to the system. Of the number which have been paid, 80 have now, for the first time, accepted. It will thus be perceived, that the Common School System has more than maintained its ground through the test of the triennial question of its continuance or rejection, by the districts which have tried the experiment.

One part of the school law is much complained of. A mere majority of the votes polled in a district, no matter how small the number of persons voting, has the effect of accepting the system and fastening it upon the District for three years tho' on the other hand it requires a clear majority of all the qualified citizens of the district to discontinue it when once in operation. This is wrong. I would therefore recommend that the law be modified that the system shall not go into operation at all hereafter, except with the consent of a clear majority of all the qualified citizens of the district.

The appropriation of the school house fund of last session has had a most salutary effect. Permit me to reiterate the recommendations then made in favor of a permanent addition of \$100,000 a year to the ordinary annual appropriation for the purpose of instruction. This sum will raise the permanent appropriation to \$300,000 and will enable directors during the next three years to carry on their operations, and to test the experiment fully without heavy taxation. If, notwithstanding this addition, the system be discontinued by the people, at the end of that time, the Legislature will not have to reproach themselves with its failure. If it be admitted that wholesome cultivation of the moral and mental faculties, not only raises the character, increases the happiness, and perpetuates the liberties of a nation, but actually adds to its wealth, by bringing the best energies of the mind and all the stores of experience and science to aid the practical business of life, no other appeal need be made in favor of a Common School Education. Additional appropriation, if it be granted, should be so made that a correspondent increase of school tax shall not be necessary to obtain it.

For further information and plans for the improvement of the system, I would respectfully refer the Legislature to the report of the Superintendent, which will be submitted at the proper time. It will be, I trust unnecessary to bespeak your favorable attention to the suggestions of that officer.

The system of Internal Improvement has heretofore been the chief draft upon the Treasury. It is now about becoming its main reliance. Fortunately, owing to the just though incomplete distribution of the National Surplus means among the states, and to the failure of the overgrown appropriation bill of last session, which would not only have exhausted the Treasury, but as events have turned out, would have added another million to the State debt, the Treasury is now in a condition to carry on the public works with all necessary vigor, and without resort to permanent loan or taxation.

The revenue from the public works fell \$324,549 51 short during the past year of the estimate of the Canal Commissioners. Its actual amount was \$975,350.49. But all who are conversant with the matter are convinced that it would have been \$1,300,000 if the paralysis of last May had not fallen on the energies of trade. The estimate of the Board, for the present year, is \$1,400,000 in which I concur; believing also, that tho' it cannot fall materially short of that sum, no matter how adverse the state general business may become, it may, and probably will reach \$1,500,000, if the usual degree of prosperity be restored to the country. The tolls of last month alone amounted to about \$130,000 of that sum.

In support of this opinion may be adduced the facts that while the canal and railroad revenue of the State, has received an addition of \$137,544 74 within the past year, that a neighboring state suffered a decrease of \$217,336 90. This improvement in our revenue, in the midst of general depression is owing to the kind of business on the public works. Our Coal and Iron, and other heavy indispensable articles, all of our own products, must find their way to market through all changes, while the mere carrying trade of our neighbors will always feel the disastrous effect of every commercial panic. A clear proof of the irrepressible growth of our coal business, is the fact that the toll this year,

received, by the three great canal companies of the State—the Schuylkill, the Union and the Lehigh amounts to \$847,331-87 up to the middle of November. On these, and on all other works, public and private in the State, the quantity of grain, flour, merchandize, &c. transported during the season, has greatly decreased—the articles of coal, and iron where transported, are the only ones that have maintained their usual progressive advance. Of anthracite coal alone 1,000,000 tons were carried to market the past year, being fully 200,000 more than the previous season. On the State works the tonnage of coal and iron increased fully one third, while most other articles materially decreased. The increase of travelling was about one fifth.

This view of the subject not only enables us to calculate with certainty on the increased earnings of the public works hereafter, but justifies all necessary expenditure for their completion, even without taking into account their other incalculable advantages to the State.

The operations on particular portions of the Improvements during the year, also present the strongest arguments in favor of the speedy completion of the whole. The Philadelphia and Columbia rail-road, whose system of management is not exceeded, if it is equalled, any where, has yielded the past year, a sum equal to full interest on its cost, besides paying all repairs. The motive power department, hitherto such a source of dissatisfaction, has not only been supported by the motive power tolls, but has, in addition, cleared 7 per cent on the first cost of all the locomotives ever put on the road.

The whole main line from Philadelphia to Pittsburg, has yielded over 3 per cent, on first cost, besides paying the expense of repairs, which is mainly attributed to the admirable management of the Portage road, and the canal portion of the route. The Delaware Division has cleared 5 per cent, on cost, and kept itself in repair. Another indication of what Pennsylvania may expect from her coal business, the trade on the canal being chiefly of that description.

Improvements thus increasing in productiveness under every disadvantage, demand, because they are worthy of all the care of the Legislature.

In making the annual appropriations two objects are to be kept in view, viz: The repair of the unfinished works; and the early completion of those yet unfinished.

There are two kinds of repairs, ordinary and extraordinary. To make the former, the practice has prevailed almost since the commencement of the system, of appropriating \$300,000 per annum. This sum has generally been insufficient, and principally because it was not granted until so late in the winter as to cause the necessary work to be prosecuted in great haste, and consequently, under every disadvantage, and with greatly increased expense, that the works might be fit for use at the opening of the Spring. \$280,000 will be sufficient for ordinary repairs the present year, if provision be made for extraordinary repairs.

Extraordinary repairs have not been usually provided for specifically. That course is now strongly recommended. The want of occasional appropriations of this kind has added much to the annual expense of the public works. The limited amount of the ordinary fund, prevented those substantial and permanent repairs from being made which true policy would have required, and has continually entailed much unnecessary cost on the State, by compelling the public agents to make mere temporary repairs, particularly to dams, which were always to be made over the next season. The present year \$347,295 00 will be indispensable for this object. The principal items are \$105,000 for the avoidance of the inclined plane at Columbia; \$66,000 to put the feeder dam in the Susquehanna, and other rivers, in such order as to afford a certain supply of water to the canals when the rivers are low; \$59,000 to renew a part of the Eastern Division of the North Tract of the Columbia and Philadelphia Railroad, which being originally chiefly of wood, is now decayed, and to make other necessary arrangements on that part of the public works; 26,235 for ropes on both roads, and for workshops, &c., on the Portage; 7,000 to renew locks on the Western Division of the main line of canal; 24,000 to construct additional locks on, and to deepen the canal below, Duncan's Island, so as to admit a full supply of water at all seasons. Under this head may also with propriety be included, the annual appropriation for damages (30,000) and for new work on the finished lines, pay of Canal Commissioners Appraisers, Engineers, &c. (30,000) making the above total.

No legislation is now necessary for the new bridge at Duncan's Island, sufficient provision having been made for that purpose by the joint resolution of third April, 1837. The sum yet required to complete it, is included under the head "Turnpikes, Roads, and Bridges," in the foregoing estimate of the current demands on the Treasury. The bridge will be completed in time to accommodate next Spring's trade, and will cost 80,000. It promises to be a strong and durable structure, and has been urged on in a manner creditable to all concerned.

There is another appropriation claiming the instant attention of the Legislature. The failure of the Appropriation bill of last year, made it necessary for me to resort to the authority given by the Resolution of

June 16th, 1836, to borrow 200,000 for the use of the Erie extension of the main line, and the North Branch. The loan was promptly taken by the Bank of the United States, though the interest was limited by the resolution to 4 per cent. The money was equally apportioned between the works named in the resolution. It enabled the contractors to continue their operations during the summer, but the portion given to the North Branch is now exhausted, and that to the Erie extension will also soon be expended. It therefore becomes necessary for the Legislature to make temporary provision for the wants of these works, and of the Gettysburg extension of the Pennsylvania Rail-road, which received no part of the 200,000, and is now much in want of funds.

Permit me strongly to urge the propriety, policy, and justice to contractors and laborers, of passing a bill with as little delay as may be, making a temporary provision for these works. For ordinary repairs 280,000 will be required; for extraordinary repairs 347,295; and for present aid to new works 300,000; the last named sum to be distributed in such a manner as the board of commissioners may think just among the works above mentioned.

After deducting these indispensable appropriations, which I would again most earnestly urge upon the immediate and favorable attention of the Legislature, there remains a balance of 1,092,415 61 chiefly applicable to the other great object, viz: the completion of the unfinished works. These are the Erie extension of the main line; the North Branch canal; the Gettysburg extension of the Pennsylvania Rail-road, and the completion of the West Branch canal. They all possess the strongest claims, and should engross the public resources until brought to completion. This is not only dictated by justice to the citizens resident in the several quarters of the State through which they pass, but by the soundest policy and economy.

The completion of the Erie extension to the noble harbour of Erie will give Pennsylvania the undisputed command of the Lake trade, and will redeem her long plighted, and almost broken faith, to that quarter of the State. Including such portion of the temporary appropriation before mentioned, as shall be applied to this work, the resources of the State will not now afford a greater appropriation to this line than 100,000. The appropriation of this sum I would accordingly recommend in the following manner: 300,000 to carry on the work now under contract, and 100,000 to be applied to the most difficult portions of the whole remainder of the route from the termination of the work under contract, to the harbour of Erie. This course, by causing the early commencement of the heaviest sections, will ultimately hasten the completion of the whole work with the least possible present outlay to the state. 100,000 will be enough for the latter purpose, because it will be late in the ensuing summer before the necessary surveys, locations and contracts are made, previous to the actual commencement of operations by contractors.

The completion of the North Branch canal to the New York line, from the mouth of the Lackawanna, where the canal now has its northern termination, should be urged with all possible vigour. The supply of New York and the lake country, with anthracite coal, will be the vast & profitable business of this branch. The canal also from Columbia to tide, will draw much of the Wyoming, Malanoy, Shamokin and Lyken's Valley coal to the south, along the lower portion of the North Branch, and the Susquehanna canals. There can be no doubt, therefore, of the ultimate profit of the whole line of canal from Columbia to Tioga Point. A like appropriation as in the case of the Erie extension of the main line, is recommended to be applied in the same manner and proportions, that is, \$300,000 including the temporary appropriation, to carry on the work under contract, and \$100,000 to commence the heaviest sections, on the whole line yet to be located.

The Gettysburg extension of the Pennsylvania rail road, though little known is among the most important links in the chain of our internal improvements. It will ultimately connect Philadelphia with the western waters, by a very direct route lying so far south as to be comparatively free from obstruction by frost and snow. About one-half of the distance will be constructed by the citizens of another State, the advantages of which are secured, by law, to Pennsylvania. We are thus saved millions of dollars in effecting this connection. \$300,000 (including the portion of temporary appropriation above mentioned) can be appropriated to this work:—\$225,000 to carry on work now under contract, and the remainder to commence the most difficult portions of the balance of the whole route.

The amount yet required to complete the Tangascootack extension of the West Branch canal, is \$34,000. This sum should be given, that that work may at length be finished. The Legislature should also take means to ascertain the best mode of connecting the waters of the West Branch with those of the Allegheny, so that a water communication may be formed between Eastern and Western Pennsylvania, when the resources of the State will bear it. The report of B. Ayerigg, on that subject, has removed every doubt from my mind of the practicability of the project but, inasmuch as the resources of the State

will not now authorize the commencement of the work, it would be productive of much benefit to have all the route supposed to be practicable, but not examined by the engineer just named, fully explored, so that, when the work is really commenced, as it most certainly will be at no distant day, the very best route may be adopted.

After all these appropriations, enough will still be left to enable the Legislature to extend some aid to turnpike and other roads. While we are laying out millions to send the canal boat and locomotive into every quarter of the State, we should not forget that Pennsylvania for a long time owed her prosperity mainly to the five horse team; and that though her wagoners, as a distinct race, are rapidly disappearing from many parts of the State, yet that they are still the main reliance of several counties, either inaccessible to or yet unreachd by canals and rail roads. There are also counties, such as that of Greenc, in which more real good would be accomplished by the expenditure of \$10,000 in Me-Admizing a leading road, than by the expenditure of five times that sum in other quarters. The appropriation of \$75,000 to the turnpikes and other roads of counties heretofore little benefited by the public works, will be an act of bare justice, and is, therefore, recommended for the present year.

It will be perceived that, in allotting the foregoing appropriations, the estimates of the Canal Commissioners have not been, throughout, adhered to. If the state of the Treasury would permit it, I should not undertake to differ from the proper public agents on a matter committed to their charge; but taking into view the whole wants of the State, in connection with the present condition of the Treasury, I find it impossible fully to concur in their recommendations, without a permanent increase of the public debt. I have, therefore, been compelled to reduce the various estimates. I know that they are generally less than have been expected by those connected with the different works; and the only reason which can or need be assigned, is the inability of the Treasury to afford more. If the Legislature should however think proper to increase the appropriations to the Erie and North Branch canals, and the Gettysburg rail road, and the turnpikes, by authorizing a temporary loan from the Bank of the United States, under its charter, at 4 per cent, to meet the difference when the funds in the Treasury shall be exhausted, I shall have no hesitation to concur. Perhaps under all the circumstances of the case, this measure may be right in another point of view. It may be that our reasonable calculations on a restoration of the usual prosperity of country will be again disappointed, and that the receipts into the Treasury will not be sufficient to meet the appropriations recommended. Authority to negotiate a temporary loan of a limited amount, to guard against this contingency might much promote the public interest, and can do no evil. I have no doubt but that the amount of such loan will be repaid out of the ordinary resources of the following year. The goal effect of the temporary loan which saved the character of the State during last summer, will prove the wisdom of the measure.

The non-payment of the fourth instalment of the surplus revenue of the United States, on which our citizens justly counted, has put it out of my power to recommend appropriations to other important and deserving objects. The locks on the canal from Duncan's Island, should be doubled, as a safe means of repair; and to prepare for the increase of business, which must soon take place on that part of the public works. The capacity of those on the Delaware division, should be increased so as to adapt them to the size of the locks on the Lehigh Company's works. The Union Canal has also strong claims on the State for aid in the contemplated increase of the size of the locks on that work, so as to pass the large boats of the Pennsylvania Canal. The decayed wooden locks on the North Branch, should be renewed. The Beaver and French Creek division, though their productiveness to the State is yet inconsiderable, should not be permitted to go to ruin. Those, and other similar claims, must now be postponed, till a period when the renewed prosperity of the country shall enable the State to be more generous.

I have presented this particular estimate and plan of appropriations, not with the expectation that the latter will be adopted throughout, or with the determination to concur in no other. But to show that the indispensable wants of the Commonwealth may all be supplied from her own unborrowed resources.—It will afford me great pleasure to aid in giving efficacy to any better project, which the wisdom of the Legislature may devise. But, while I make the avowal of readiness to do so I wish it to be distinctly understood, that no force of circumstances will compel me to consent to a permanent increase of the State debt. All our energies should now be devoted, to such measures as will ensure and hasten its decrease.

The accompanying correspondence between the foreign agents of the holders of Pennsylvania State stock, and the Bank of Pennsylvania, will show that considerable dissatisfaction exists because this State has not taken measures to pay the interests of our debt in specie, or its equivalent. It is said that New York, Ohio and Indiana