

Columbia Democrat.

"I have sworn upon the Altar of God, eternal hostility to every form of Tyranny over the Mind of Man."—Thomas Jefferson

H. WEBB, EDITOR AND PROPRIETOR.

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TERMS:

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ADVERTISEMENTS not exceeding a square will be conspicuously inserted at One Dollar for the first three insertions, and Twenty-five cents for every subsequent insertion. A liberal discount made to those who advertise by the year. LETTERS addressed on business, must be post paid.

Governor's Message.

To the Senate and House of Representatives.

GENTLEMEN:—The general health of the people, the rich rewards of husbandry, the quickening spirit that pervades trade and industry, the enlarged prosperity of our country, and its advance in moral and intellectual attainments,—these, under a just sense of our dependence, swell our grateful acknowledgements, at this time, to HIM from whose beneficence they all proceed. Nothing has occurred since the adjournment of the Legislature, to interrupt the harmony or check the energies of our Commonwealth. On the contrary, intelligent enterprise has been every where crowned with success.

The exertions of our people to meet the engagements of the State have thus far been successful. The payment, by a number of Counties of the whole amount of their taxes for 1845, several months before the time at which they have heretofore been collected, added more than \$300,000 to the effective revenues of the year; and the last Legislature having excluded certain classes of debts from the claims to be immediately provided for by the Treasury, we have been enabled to pay the interest which fell due on the funded debt within the past fiscal year. On the first day of the present Session, the balance remaining in the Treasury was about \$625,000, which with the accruing revenues will be applicable to the demands of the first of next month. We have thus the reasonable and gratifying assurance, that the interest will then also be punctually paid. The public debt of Pennsylvania, on the first December 1845, as appears from the report of the Auditor General, was as follows:

Funded Debt.	\$36,639,267 43
Relief notes in circulation.	1,258,572 00
Interest Certificates outstanding with interest thereon.	2,888,803 36
Due to Domestic Creditors	99,750 42
	\$40,986,393 22
The interest upon which according to the Auditor General's computation for 1846, is,	\$2,023,996 09
The balance in the Treasury on the 1st of December, 1844, was	\$663,851 88
The receipts into the same, during the year ending on the 30th November last, as appears in detail by the reports of the Auditor General and State Treasurer, were	3,010,082 24
Making an aggregate sum of	\$3,673,914 22
The payments from the Treasury, during the same period, were, according to the reports of the same officers,	3,289,018 13
Which being deducted from the above shows the balance in the Treasury, on the 1st Dec. 1845,	384,896 09
Being less by \$279,965 70, than it was on the 1st December, 1844.	
The net amount of available outstanding taxes on	

real and personal estate after making allowances for collections & exonerations, on the 1st Dec. 1844, was estimated by late Treasurer at \$887,301 71. It appears, however, from a subsequent estimate, founded upon more full returns, and a more accurate knowledge of the extent of exonerations, that the amount actually outstanding on that day, was	1,009,778 03
The net and available amount outstanding on the 1st Dec. 1845, is estimated at	874,541 50
The amount of outstanding taxes on the 1st Dec. 1845, is, therefore less than it was on the 1st Dec. 1844, by the sum of	135,233, 53
Adding to this sum the difference between the balance in the Treasury on the 1st Dec. 1844 and the 1st Dec. 1845,	278,965 70
We have an aggregate reduction of the balance in the Treasury and of outstanding taxes on the 1st day of December, 1845, as compared with the same items on the 1st of Dec. 1844, of	414,199 32
From this statement it is apparent, that the receipts into the Treasury, during the year derived from taxation on real and personal estate and other sources, properly belonging to the year, were less than the demands upon the Treasury for the same period, by the amount above stated. And it is also apparent, that if the Legislature had not postponed the payment of the Domestic Creditors, and the interest on the certificates issued for interest, and if the execution of a portion of the relief notes, required under existing laws to be cancelled, had not been deferred, the whole balance in the Treasury would have been exhausted on the 1st of December last.	
For the purpose of convenient reference I have appended to this communication, a summary statement (marked A.) of the receipts and expenditures of the past year, with an estimate, prepared with much care and deliberation for the current year, ending on the 30th November, 1846.	
According to this the receipts of the year from all sources, including \$1,300,000 from taxes on real and personal estate will be	\$3,217,700 00
Which added to the balance in the Treasury on the 1st day of Dec. 1845	384,896 09
Makes an aggregate of	\$3,602,596 09
Deducting from which the estimated payments during the same period	3,513,906 09
We arrive at an estimated balance in the Treasury on the 1st Dec. 1846 of	88,690 00
Which is less by 296,296 09 than it was Dec. 1, 1845.	
The amount of outstanding taxes on real and personal estate considered available on the 1st of Dec. 1845 was	874,541 50
To this is to be added the assessment for 1846, which according to the best estimates will yield a net revenue, after deducting allowances for expenses of collection and exonerations of	1,180,000 00
Making an aggregate of	2,054,541 50
If from this aggregate we deduct the estimated collections from these sources during the year 1846	2,180,000 00
The difference	754,541 50

Will be the estimated amount of taxes, which on the 1st of Dec. 1846 will remain outstanding: being 120,000 00 less than was outstanding on the 1st Dec. 1845. When to the reduction thus to take place, in the outstanding taxes within the current year, \$120,000 00 We add the difference between the balance in the Treasury, on the 1st day of December 1845, and the estimated balance in the Treasury on the 1st Dec. 1846,

We arrive at an aggregate reduction of these two items, within the fiscal year, ending 30th Nov. 1846, of \$416,296 09. From this view of the subject it is apparent, that the assessment of the year 1846, on real and personal estates, and the revenue of the year proper, derivable from all other sources, taken together, will be insufficient to meet the demands upon the Treasury during the same period, by the sum of \$419,296 09; and that in supplying the deficiency, the balance in the Treasury, on the 1st of December 1846, will have been reduced to \$88,690 00, and the arrears of outstanding taxes, to the sum of \$754,541 50. It is plain, therefore, that our present financial system is inadequate to supply the means of meeting all the demands on the Treasury, except when aided from the balance which had accumulated before the payment of interest was resumed, and by collections from the arrears of taxes of former years—both of which will soon be exhausted. I am constrained to add, that all these calculations and estimates, pre-suppose that the demands on the Treasury will not be permitted to transcend their ordinary limits, and that no appropriations will be made by the Legislature to new objects.—These are not anticipated, because in the present state of the finances, every new appropriation may well be regarded, not as a grant of money unincumbered in the Treasury, but rather as an abstraction of funds, specifically appropriated already, and rightfully belonging to the public creditors. The deficit in our means, under existing laws, presents for the deliberations of the General Assembly, a topic of paramount importance. It may be remembered that in the month of January last, I expressed the opinion, in an Executive message, that our finances had not then reached a condition to enable us, permanently and at once, to resume payment of the full interest on our public debt.—I regret that subsequent examinations and reflection, have not permitted me to believe that I was then in error. But the Legislative action on the question has changed the entire aspect of our duties, rendered it useless to revert to former views of policy. The payment of interest on the funded debt of the Commonwealth was in fact, resumed on the first of February, 1845. By that act, the State asserted her present ability to meet her engagements; and it must be our care that the pledge, thus renewed, be not again violated. The credit, fidelity and honor of Pennsylvania, all demands a beneficent course, the interest on her public debt shall be punctually and fully paid. Heretofore, we might have pleaded the unexpected failure of the Depository Bank of the State, a few days before the interest was payable, and when the moneys appropriated to its discharge were accumulated in her vaults.—the sudden destruction of value of nearly the entire currency in general use—the prostration of individual credit, and the deep and universal pecuniary embarrassment of the people. But now, all are prospering.—the currency is restored to a good degree of soundness—our revenue system, though still imperfect, has greatly increased in effectiveness and certainty—enterprise is renewed, and the people happy in their institutions, and confident in

themselves, look to the appropriate action of the Legislature to make provision to satisfy the public wants. The present period is in truth, the crisis of our affairs. Prompt and effective measures now to make a moderate addition to our revenue, will restore to Pennsylvania, for all future time, that proud position from which she has temporarily been made to stoop, by a course of policy that never met the approval of her people. But the addition must be made at once. Unless the estimates that have been presented shall prove essentially erroneous, the balance in the Treasury, on the first of December 1846 will not exceed one hundred thousand dollars. It is therefore obvious that if the receipts at the treasury during the months of December, 1846 and January, 1847 do not greatly exceed the receipts of the corresponding months of any preceding year, when the amount of outstanding taxes was greater than it will be then a deficit must occur in the means of the Treasury; to pay the interest, which will become due on the 1st of February 1847. The necessity of adopting immediate and efficient measures to guard against a result which would be so fatal to the renewed faith and honor of the State cannot be too strongly enforced upon the attention of the Legislature. Intimately connected with the subject of our finances, is that of the Banking system of the State. The evils that have resulted from the manner in which it has been administered, and some of those more essentially connected with its organization and tendencies, have been felt by all. Yet it may well be doubted, whether the whole of the mischiefs which it has instigated, have been traced back to their fruitful and pernicious cause. Not only has it stimulated individuals to ruin, but States have been led by its seductive and corrupting influences, into a course of wild extravagance, and consequent bankruptcy.—Public debts have been contracted, even the interests of which could scarcely be met by the most onerous taxation; while in other cases the faith of the government which ought always to be held sacred, has been violated in time of profound peace. The history of Pennsylvania since the beginning of the year 1836 is a painful illustration of this truth. In December 1835 when Governor Wolf retired from office, two months before the incorporation of the Bank of the United States, the State debt of Pennsylvania was \$21,589,743 32. It is now exclusive of the amount received as a deposit from the General Government, \$40,986,393 22 making an increase of the State debt in ten years of 16,396,649 99 notwithstanding the receipt in the mean time of 2,807,514 78 of surplus revenue of the U. States and of 3,446,789 23 as premiums for Bank charters. In contemplating this startling fact, we naturally look round for the meritorious objects of State policy, for which this vast aggregate of twenty-two and three quarter millions of dollars, has been expended. We had none of any magnitude. The main line of Canal and Railway, between Philadelphia and Pittsburg, had been completed, and was in successful operation. The Delaware division, the Susquehanna and North Branch division, to the mouth of the Lockswane, the West Branch division to Queens Run, the Beaver division to New Castle, the Franklin line, and the French Creek Feeder, were all substantially finished when Governor Wolf left the Executive Chair; and the sum of \$34,618 09, was all that remained to be paid for completing them. The State had reached a point in her improvement system, at which she could have suspended operations without loss. The scheme of direct taxation to pay the interest, on the State loans, which had been introduced under Governor Wolf's administration, was abandoning the people of the inconvenience of a public debt. Every thing indicated that the further progress of our State improvements was to be deferred, till time had tested the productiveness of the finished works, and the increasing development of our resources had invited and justified their further extension.

It was at the time, that the act of 18th February, 1836, was passed, entitled, an act to repeal the State Tax on real and personal property, and to continue and extend the improvements of the State by Rail Roads and Canals, and to charter a State Bank, to be called the United States Bank. The first section of this act rescinded the system of taxes, which had been devised for the protection of the public credit—while, by other sections, more than two millions of dollars to be received from the Bank, were appropriated at once to the prosecution of Company works, and the commencement of new ones; under the direct charge of the State. To enable the Commonwealth to consummate this wild extension of improvements, six millions of dollars were promised as a permanent loan to the State, at an interest of four per cent, and other loans at the same rate were to be made, when required, to the amount of one million of dollars annually. Under the impulse of this Act, and of the influences which effected its passage, a new series of improvements were begun at once, all of which, after the expenditure of many millions, now forming part of the public debt, and the cause of increased taxation, have been abandoned by the State and have passed, most of them, into the hands of companies, which have paid no consideration for them. It even seems, that the State has not limited its gratuitous works thus commenced. Beaver division, and the Wyoming line, on the North branch, embracing 43 miles of Canal in actual use, and the French Creek Feeder, costing together \$1,322,927 81, and all of them finished in 1835, have been given a less extended system of improvements now, than it had when the Bank of the United States was chartered. The progress of these works, has been the declining credit of the State, until, after the most desperate efforts, the sale of a further suspension to the banks in 1840 and a loan in 1841, by the State herself,—the proclamation of a state of insolvency of the Commonwealth, were arrested them. But the evil did not stop here. When the works were abandoned, the State was largely indebted to the contractors, whose claims were regarded as of priority obligation. To satisfy them, a law was passed, requiring the sale of the Bank stock, and other stocks which were owned by the State. These stocks, which had cost the Treasury nearly \$1,200,000, were, at most unpropitious moment, sacrificed for a fraction more than \$1,305,900. However painful these recollections of pecuniary loss may be, there were attendant circumstances of graver and more momentous concern to the patriot. A new element of power found its way into our elections. The elective franchise was violated and abused—the declarations of the public will were disregarded and defied, and the very existence of our free institutions was endangered with resolution and destruction. I allude to the memorable crisis of 1838 when a direct attempt was made, by the leaders of a minority, to usurp the government and to substitute their dictation for the voice of the majority of the people. These scenes had their origin, beyond doubt, in a spirit of reckless confidence in the power and corrupting influence of money to control the State. Apart from these political considerations, the influence of a vitiated paper system upon the general and ordinary interest of life is baneful and pernicious. Heretofore, there has virtually been nothing in the organization of Banks to limit the extent and define the character of their action; but the discretion of the directors. A few individuals, constituting the efficient portion of the Boards of management, are, in fact, the depositaries of this discretion; and as general rule, subject to no doubt to many honorable exceptions, it is exercised with primary, if not exclusive, reference to the supposed interest of Banks. While the business of the country prospers, and the spirit of speculative enterprise stimulated by success, they extend their accommodations liberally, and fill the channels of circulation with a redundant and depraved currency. An unnatural rise of prices is the consequence. Importations increase in de-

finance of any discriminating tariff—excessiveness invades all the departments of society—indefinite credit invites to a thriftless extension of indebtedness, till at last, the laws of trade, unchanging as those of nature, produce reaction, and the whole artificial machinery is crushed. The people of the country are indebted abroad; the cities are indebted to the cities; the cities are indebted abroad; were the promises of the banks not accepted as money and the banks are called upon to redeem their notes in coin. They can only do by drawing in their means, refusing new accommodations, and pressing their debtors for payment. The circulation of the country is suddenly contracted, property is sacrificed, in many instances without relieving the debtor; and his energies are paralyzed by hopeless insolvency. Such within the recent memory of all of us, has been the action of a vitiated banking system on the faith of the State, the stability of her institutions, and the free energies of her people. It has taught us a grievous lesson of suffering; but it will not have been altogether unproductive of good, if it has impressed on us the solemn and imperative duty of guarding against a recurrence of similar evils. The abuses of the banking system are found in many forms, but they are essentially the same in their origin and result, excessive issues of paper, and its consequent depreciation. To give the power of manufacture money, yet effectually to limit its exercise, by legislation, is practically impossible. It is obvious, that no enactment can absolutely prevent the unlawful issue of paper by a bank, which has the lawful right to issue any.—Returns of bank officers, however exactly prescribed, or honestly made, give no security for the periods that elapse between them; and the commissioners, who have been required to in other States, are apt to induce a dangerous reliance on the vigilance of such officers. It may be, that the principle of individual liability for corporate engagements, which has recently been inserted in some of our charters, may, when properly extended and made more directly operative, secure not only the credit or loss, but the currency from dangerous fluctuations. The experiment should be fairly made in the case of every Bank that may ask a renewal of its charter. That its progress may be the better tested, I respectfully recommend that the banks be required to make monthly returns of their condition, to the Auditor General; and that these be so arranged, as to present a more complete and exact view of their transactions, than is furnished under the existing law. This will facilitate the future inquiries of the Legislature; and the periodical publication of the returns will secure to such of the bank, as are legitimately administered, the reward of their faithfulness, in the increased confidence of the public. I need scarce add, that the claims of the banks to general confidence should be thoroughly investigated, and fully ascertained, before their charters are extended. These recommendations have special reference to applications from existing banks. In my judgment the capital now invested in these institutions is amply adequate to the business wants of the community. The time do not indicate the present necessity of any additional stimulus to the spirit of enterprise, and I cannot allow myself to hazard, by any act of mine, a possible renewal of the excesses, which we have witnessed so recently. Pennsylvania combines in an eminent degree the three great elements of individual and national wealth, agriculture, commerce, and manufactures; and the pursuits and industry of her people, are probably divided among them. Her hills and mountains are almost everywhere filled with inexhaustible supplies of iron ore, and mineral coal, and her valleys abound with water power for propelling machinery, in the midst of the finest agricultural regions. She has constructed, at great cost, a line of improvements by canals and railways, connecting the waters of the Atlantic with those of the great West; which not only affords our citizens a cheap and convenient mode of transporting their products to market, but also benefits the internal trade and commerce