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financial transactions at the Treasury for 11 months only, and not for an entire fiscal year, as formerly.— From the reports made by these officers, it will appear that the balance in the Treasury on the 1st Nov. last was \$124,482 82; the receipts into the Treasury for 11 months from the 1st Dec. 1830 until the 31st Oct. 1831, exclusive of loans, but including the premiums paid upon loans, amounted to \$709,030 03; the disbursements for the same period, excluding the sums for internal improvement fund and for internal improvements, but including the sum of \$10,425 18 paid to turnpikes and to commissioners for improving the public ground at Harrisburg, amounted to \$371,295-00, leaving an excess of receipts, over ordinary expenditures, of \$337,734 43. For the disposition of this sum, and the balance of \$149,430 79, which remained in the Treasury on the 1st Dec. 1830, amounting in the aggregate to the sum of \$487,165 22—I would respectfully refer you to the several reports of the Auditor General, and of the Commissioners of the internal improvement fund.

The magnificent enterprise in which Pennsylvania is now engaged in the construction of her stupendous works of internal improvement; the magnitude and extent of her loans; to enable her successfully to prosecute those works; and the necessity, that has occurred, to resort to the enactment of revenue laws, to secure the establishment of a permanent fund for the payment of interest; are all of them subjects in which the people have a deep interest, and about which they have a just claim to be correctly and minutely informed. The alarms and apprehensions, however unfounded, which the imposing grandeur, the extent, the diffusiveness and the supposed expensiveness of the works, as they enter into the grave discussions, and are introduced into the serious speculations of the day excite, and the gross misrepresentations to which they are not unfrequently most unjustifiably subjected, will furnish a sufficient justification, it is presumed, for submitting to the people, through the medium of the executive message, transmitted on the present occasion to their representatives, a brief account of the origin and progress of the system of internal improvement adopted and prosecuted in this state—and it is the more gratifying that the occasion of entering upon the performance of that part of my duty to our common constituents, happens at a time when the public works have been so far progressed in, that a large proportion of them are now in full operation, and are giving earnest of extensive future usefulness; when others of them, of considerable extent, will be in a condition for active business early in the next season; and when the residue of those under contract will, it is confidently believed, be finished and in operation in all the next season or early in the summer of 1833.

To make the subject plain and intelligible to every capacity is my earnest desire, and for that purpose it will be necessary to commence with the movements of the people themselves, to which, it is believed, the scheme of improvement is indebted for its origin, and to enter somewhat minutely into the legislation of the State, which succeeded those movements, commencing with that which took place in the session of 1826, and tracing it down to the present time. Although surveys and examinations had been directed in some parts of the State, and some of them had been actually made, and arrangements preparatory to the commencement of a system of improvement were in progress; yet it is believed that the celebrated Canal Convention which assembled at Harrisburg in the month of August, 1825, gave the first impulse to public sentiment in favor of commencing a system of internal improvement, within the State, upon an enlarged and extensive scale. By that convention, composed of 113 members, representing 46 counties, and combining as much talent, respectability of character, and there is reason to believe, as much genuine patriotism as could be found in the same number of individuals, any where; resolutions were adopted declaring it, among other things, to be the opinion of the convention, "that the improvement of the commonwealth would be best promoted and the foundations of her prosperity and happiness most securely established by opening an entire and complete communication from the Susquehanna to the Allegheny and Ohio, and from the Allegheny to Lake Erie, by the nearest and best practicable route, and that such a work is indispensably necessary to maintain the character and standing of the State and to preserve her strength and resources." Other resolutions were passed by the convention, in which they expressed their views in relation to the manner in which the public works ought to be prosecuted, &c.—And so entirely did public opinion at that period coincide with the views of the convention, in reference to the propriety of making, in the language of the resolutions, "a vigorous and united exertion for accomplishing without delay the connexion of the Eastern and Western waters," that at the very next session of the General Assembly an act was passed, entitled "an act to provide for the commencement of a canal to be constructed at the expense of the State, and to be styled 'The Pennsylvania Canal,'" (approved the 25th February, 1826,) authorising the commissioners appointed by a former act immediately to locate and contract for making a canal and locks and other works necessary thereto in the river Swatara, at or near Middletown, to or near a point on the east side of the river Susquehanna, opposite the mouth of the river Juniata, and from Pittsburg to the mouth of the Kiskiminetas, and also as soon as they should deem it expedient and practicable to construct a navigable feeder of a canal from French creek to the summit level at Conneaut lake, and to survey and locate the route of a canal from thence to Lake Erie, and the sum of \$300,000 was appropriated for carrying the provisions of the act into effect. And by act of the first April of the same year, the Governor was authorized to borrow, on the credit of the commonwealth, the sum of \$300,000, to be vested in the commissioners of the internal improvement fund, to be applied to the construction of so much of the Pennsylvania canal as was then authorized by law to be made or constructed. In pursuance of the provisions of the several acts just recited, there were in that year (1826) put under contract by the board of canal commissioners twenty-two and an half miles of canal on the Susquehanna and 24 on the Allegheny river, making a total of 46 and an half miles—the disbursements for the construction of which for that year, including preliminary surveys, &c. amounted to \$141,731 38.

This legislative effort of the session 1826, laid the foundation of a system of internal improvement, which, as might easily have been foreseen, could not fail ultimately to lead to the expenditure of large sums of money on the part of the State for that object. No alarm, however, appears to have been excited in the public mind in regard to what had taken place, but such on the contrary was the calm and silent acquiescence on the part of the people, that at the succeeding session of

the legislature, another act was passed and approved by the Governor on the 8th April, 1827, entitled "an act to provide for the further extension of the Pennsylvania canal"—by which the board of canal commissioners was authorized and required to locate and contract for making a canal up the valley of the Juniata from the eastern section of the Pennsylvania canal to a point at or near Lewistown—also a canal, locks and other works necessary thereto up the valley of the Kiskiminetas and the Conemaugh from the western section to a point at or near Blairsville—and also a canal, locks and other works necessary thereto up the valley of the Susquehanna, from the eastern section of the Pennsylvania canal to a point at or near the town of Northumberland—also to commence operations on the feeder from French creek to the summit level at Conneaut lake, and to contract for so much as might be adapted to either of the routes contemplated for connecting the Pennsylvania canal with Lake Erie, for which latter object the sum of \$100,000 was appropriated. The act further directed, that if it should appear, after suitable examinations, that a navigable canal could be constructed between a point at or near Philadelphia or at Bristol, or any intermediate point between Bristol and the head of tide water and a point at or near the borough of Easton, then with the consent of the Governor the board of canal commissioners were authorized, during the then ensuing season, to locate and contract for making a portion of said navigable communication, the expense of which should not exceed \$100,000. Numerous other surveys and examinations were authorized to be made, and the sum of \$1,000,000 was appropriated to be applied in the manner and for purposes mentioned in the act. In pursuance of the directions contained in the act just recited, there were put under contract in that year 19 miles of canal on the Delaware from Bristol upwards; 40 miles on the Susquehanna from the eastern division to Northumberland; 45 1/2 miles on the Juniata from its mouth to Lewistown; 51 miles between Blairsville and Pittsburg, and 9 miles of the French creek feeder; making an aggregate of 162 1/2 miles of canal; the disbursements on account of which for that year amounted to \$931,975 91.

I have been thus particular in referring to the several works directed to be put under contract by the act of 1827, because it was the commencement of a scheme of diffusive and unconnected works of improvement, and without expressing any opinion with regard to the wisdom of the measure, (which at this time would be altogether unavailing) I would simply refer those, who now object to that course of improvement and insist that the legislation of 1831 in reference to our public works should have been arrested, to that period as the one at which a successful intervention to stay the further progress of the public works might have been attended with consequences of a less injurious character than could have been the case at any time since. Whether the policy adopted by the legislature, in passing the act of 1827 was sound or otherwise is not now the question. The people sustained it, and evinced their satisfaction with the measure by again electing a majority of representatives to the General Assembly, favorable to a continued perseverance in further extending and prosecuting works of internal improvement; and on the 24th March, 1828, another act was passed, entitled "an act relative to the Pennsylvania canal and to provide for the commencement of a Rail-road to be constructed at the expense of the State and to be styled the Pennsylvania Rail-road." By this last mentioned act the board of canal commissioners was authorized to contract for making canal, locks and other works from the commencement of the Pennsylvania canal, at or near the mouth of the river Swatara, to Columbia, in Lancaster county, from Lewistown to the highest point expedient and practicable for a canal, on the Juniata; from a point at or near Northumberland to Bald Eagle on the West Branch; from Northumberland to the N. York State line on the North Branch; from a point at or near Taylor's ferry to Easton; and from Blairsville to the highest point expedient and practicable for a canal on the Conemaugh; providing, however that only ten miles from the River Swatara to Columbia; not more than 25 nor less than 20 on the West Branch, and not more than 45 nor less than 15 miles, of each of the other sections, should be put under contract during that year. The Rail-road across the Allegheny mountain was directed to be located, &c. with a view of connecting the Juniata and Conemaugh sections of the Pennsylvania canal; and the Rail-road from Columbia to Philadelphia was directed to be put under contract within that year, with a view to its completion within two years or as soon thereafter as practicable; the act authorized further examinations and surveys and a loan of two millions of dollars.

In virtue of the provisions of this act, were put under contract in 1828 ten miles and an half of the French creek feeder, 26 and an half miles of canal from Blairsville up the Conemaugh, 45 miles on the Juniata, 23 on the West Branch, 45 miles on the North Branch, 35 and an half on the Delaware, and 10 miles between Middletown and Columbia, making in the whole 195 miles and an half of canal; 40 miles and an half of Rail-road formation were also put under contract between Columbia and Philadelphia and the disbursements required for that year amounted to the sum of 2,785,612 dollars and 24 cents.

The act of 24th March, 1828, was followed by that of the 22d of April 1829, entitled "an act relative to the Pennsylvania canal and rail-road," directing the canal commissioners to cause so much of the contracts already made upon the different lines of canal and rail-ways to be completed within that year as should be practicable, and requiring them to enter into contracts for the execution of those sections on the Delaware division of the Pennsylvania canal between Bristol and Easton, and the sections of the North Branch division between Northumberland and Nanticoke Falls which had not yet been commenced, and to complete the same if practicable within that year; and the sum of \$2,200,000 was directed to be borrowed and appropriated to the several objects contemplated by the act. The works put under contract in pursuance of the directions of this act, were 6 1/2 miles of canal on the Delaware, and 9 miles on the North Branch, division; amount of disbursements required for that year (1829) was \$3,738,545 92 for canal and rail road purposes.

From the foregoing exposition of the course of legislation that obtained from 1826 until the close of the year 1829, it will be seen, that extensive sections of canal & rail road formation were authorized to be put under contract during that period, and that large appropriations were necessarily called for from year to year to carry those contracts into execution; that during and until the close of the administration of my predecessor, 420 miles of canal, according to the reports of the board of canal commissioners, but actually amounting to 422 1/2 miles, and 40 1/2 miles of rail road formation, had been put under contract, which have required, as will be shown hereafter, and still require the disbursement of nearly the whole amount of the large sums of money

that have hitherto been borrowed from year to year, for internal improvement purposes, but so partial were the majority of the people to their favorite project of the internal improvement of the State, that it was not until the unpropitious and unfavorable course of things which occurred in the summer of 1829, when the credit of the commonwealth became depressed, and the confidence of capitalists and of monied institutions had been shaken in regard to the sufficiency and ability of the fund pledged for the payment of interest, when permanent loans could not be obtained and money could with difficulty be borrowed on temporary loan to answer the pressing emergencies of the State, and when the late executive was reduced to the necessity of requiring a special session of the legislature to relieve the commonwealth from the embarrassments which were pressing upon it on every side, that any uneasiness or alarm was discoverable on their part; nor had any opposition to a progressive system of improvement until then manifested itself by petition, or in any shape other than by the negative votes of members of the legislature constituting the minority in either house. It was this unpropitious state of the commonwealth's affairs that induced the message of the 14th of January, 1830, to the two Houses, exhibiting the state of indebtedness of the commonwealth and pressing upon them the urgent necessity of providing a fund for the payment of interest which should be both ample and permanent. This measure was again earnestly pressed in the last annual message to the legislature, and in that accompanying the return of the bill of the 21st March last entitled "an act, to continue the improvement of the State by canals and rail roads" to the house of representatives.

Whatever may have been the effect of these several messages, one thing is certain, that in a very short time after the first of them had been read in the two houses capitalists and monied institutions vied with each other as to which of them should obtain the State loans; high premiums were offered and obtained, under the conviction and in the entire confidence that an adequate fund for the punctual semi-annual payment of the interest would be established, the commonwealth has ever since been enabled to borrow all such sums as her exigences from time to time required, upon terms highly advantageous to her financial operations and flattering to the state of her credit, and the sum of \$386,989 71 has since been paid into the Treasury in the shape of premiums upon loans. To this prosperous condition, in which the credit of the State has been placed, is to be ascribed the delay for the necessity of calling upon the people for their contributions to supply the interest fund the premiums paid upon loans having, until the last semi-annual payment of interest, which became due on the first of August last, so far aided in replenishing that fund as to enable it to meet the entire payment of the interest as it became due. On the day last mentioned, however a deficiency in that fund amounting to the sum of \$26,276 10 occurred, for which sum it became necessary to resort to the general appropriations for the construction of canals and rail roads as authorized by the act of the 30th of March last. As however this mode of supplying the interest fund by premiums to be paid upon loans cannot be expected to continue, and would under any circumstances, be too capricious and unsafe to be relied upon; and as there is reason to believe, that increasing deficiencies will occur, in the interest fund, for a time, until the tolls arising from the public works shall be sufficient to supply them (for information in relation to which the general assembly is referred to the report of the commissioners of the internal improvement fund) it will become necessary to supply those deficiencies by a resort to the revenues authorized to be collected by the several acts of assembly, entitled an act assessing a tax on personal property, to be collected with the county rates and levies, for the use of the commonwealth, and "an act to increase the county rates and levies, for the use of the commonwealth," passed respectively the 25th day of March last.

No honest citizen of Pennsylvania can desire a recurrence of the difficulties and embarrassments which pervaded the financial transactions of the State in 1829, especially those which pertained to its works of internal improvement; and I trust that none will repine at the payment of a sum so small as that which the acts referred to will require of him, when he must feel assured, that what he pays is to aid in promoting the public welfare, to advance the prosperity and happiness of the people, "to maintain the character and standing of the State in which he lives, and to preserve her strength and resources," and when he is assured that no other exaction will be required of him in reference to the objects which now create the necessity for the demand, nor will those now demanded of him be required for a longer period than the five years to which the several acts referred to have limited them. Every other state engaged in the improvement of its internal condition, has, it is believed, resorted to taxation for the payment of the interest upon its loans the State of New York, to a heavy tax upon the salt manufactured within the State, and even the comparatively young state of Ohio, which but the other day was a howling wilderness, but which is acquiring immortal honor, in consequence of the splendid and magnificent works of internal improvement now constructing within it, whose citizens are laboring under all the disadvantages attendant upon an almost entire absence of the circulating medium, and all the other difficulties and privations incident to a new country, from the very commencement of its public works, resorted to taxation to meet the interest upon loans for their construction. I have every confidence in my fellow-citizens, that as soon as they shall be convinced of the necessity of the measure, and knowing as I do, the jealousy with which they watch over and guard their individual credit, and that with which their patriotism would inspire them in regard to the integrity and safety of that of the State, their objections to making a small contribution annually, for a short period, towards an object which has progressed too far to be abandoned, which has cost too many millions to be now arrested in its successful career, and suffered to go to ruin, and which promises too much future usefulness in elevating the character of the State, developing its resources, and increasing the prosperity and adding to the wealth and happiness of its people, to be suffered to languish for the want of means so inconsiderable as those required by the revenue bills, must entirely cease. The responsibility incurred in recommending such a measure is felt in all its force; the necessity of the measure to sustain the credit of the State, will, it is believed, ensure its justification; but should it be otherwise, I have only to say that the man who would prefer an ephemeral popularity to the solid interests of his country, is unworthy of public confidence, and his claims to public favor are certainly not to be envied.

By an act of assembly, entitled "An act to authorize a loan to defray the expenses of the Pennsylvania canal and rail road, and continue for a further time," an act to incorporate the subscribers to the bank of Pennsylvania," passed the 12th of March, 1830, that institu-

tion was required to lend, and the Governor was authorized to borrow on the credit of the Commonwealth, a sum or sums of money, in the whole not exceeding \$4,000,000 at a premium of five and an half per cent. to be paid into the State treasury, in instalments as mentioned in the act, and bearing an interest of five per cent. per annum, to be applied to canal and rail road purposes; and by the same act the bank of Pennsylvania is required to loan to the Commonwealth \$1,000,000 annually, for the term of three years from and after the first day of January, 1830, bearing interest at the rate of five per cent. per annum, provided that the same shall be required by law during any one of the three years mentioned in the act. And by another act, passed on the 27th of March, in the same year, entitled "an act making further appropriations for canals and rail roads," the board of canal commissioners was directed to cause so much of the contracts already made upon the different lines of the canals and rail roads as could be done, to be completed in that year, and they were enjoined in no way to enter into new contracts for the extension of any line of canal or rail road, except for the erection of a dam at or near Johnstown, and the construction of a canal and necessary works from thence to section number fifty-seven, on the Ligonier line, for the purpose of introducing the water into the Ligonier line of the western division of the line. Several surveys were directed by this act, and sum of \$3,459,532 was appropriated to be applied to aid in the payment of the temporary loans theretofore made, and to canal and rail road purposes, and to be paid out of the loans of that year. In pursuance of this act three and a half miles of canal, below Johnstown, on the western division, were put under contract, and the sum of \$3,137,844 08 was disbursed in pursuance of the directions of the last mentioned act.

It may be proper here to remark, that the amount actually paid to the board of canal commissioners, up to the 21st of December, 1830, the date of their last report, was \$10,246,566 46. Of this sum, \$4,255 was disbursed in building a dam across the Conemaugh, and constructing three miles and an half of canal for introducing the water into the Ligonier line in the neighborhood of Johnstown, and \$10,182,311 46 were disbursed in satisfaction of contracts entered into in the years 1826, 1827, 1828 and 1829.

The last act of legislation that took place in relation to this all important subject, was the act of the last session, entitled "an act to continue the improvement of the State by canals and rail roads," passed the twenty first day of March last, requiring the canal commissioners to complete, as soon as practicable, the whole of the rail road between the rivers Schuylkill and Susquehanna, beginning at the intersection of Vine and Broad streets, in the city of Philadelphia, and thence extending to the end of the canal basin at Columbia, in the county of Lancaster," towards the completion of which during the present year, the sum of \$600,000 was specifically appropriated. They were also directed forthwith to complete the projected canal between the western termination of the rail road at Columbia, and the best point of junction with the Pennsylvania canal at Middletown, in the county of Dauphin, including an aqueduct over the river Swatara, and out let locks to the river at Columbia, for the expenses and costs of which several works, the sum of \$116,170, was specifically appropriated. They were also directed to commence forthwith, and prosecute without delay, a rail road over and across the Allegheny mountain, from the basin at Hollidaysburg, in the county of Huntingdon, to Johnstown, in the county Cambria. Also to commence and prosecute without delay, the extension of the Juniata division of the Pennsylvania canal from the town of Huntingdon, in the county of Huntingdon, to the basin at Hollidaysburg, in the same county, either by canal or slack water navigation, towards the expenditures of which rail road and canal or slack water navigation, during the present year, the sum of \$700,000, was specifically appropriated. They were also required to extend, without delay, by canal and slack water navigation, the west branch division of the Pennsylvania canal, from the Muncy dam in the county of Lycoming, to the mouth of the Bald Eagle creek, in the same county, towards the expenses whereof, during the present year, \$200,000 were specifically appropriated. Also, a water communication between the town of Lewisburg, in Union county, and the nearest and best point on the west branch division of the Pennsylvania canal, for which the sum of \$25,000 was specifically appropriated. Also, the north branch division of the Pennsylvania canal, from the pool of the Nanticoke dam, in the county of Luzerne, by canal or slack water navigation, not to exceed fifteen miles in the same county, towards the expenses whereof, during the present year, the sum of \$100,000 was specifically appropriated. They were also directed to make a canal or slack water navigation from the Allegheny river, at the mouth of French creek, and up that creek to the French creek feeder; towards the expenses whereof, during the present year, the sum of \$60,000 was specifically appropriated. Also, to make a canal or slack water navigation, from the Ohio river, at the mouth of Big Beaver creek, up that creek to the town of New Castle, towards the expenses whereof, during the present year, the sum of \$100,000 was specifically appropriated. All of which several specific appropriations were directed to be paid out of the loans directed by said act to be made. And the Governor was authorized to borrow, on the credit of the commonwealth, the sum of \$2,483,161 88, to be applied to the several objects enumerated in said act.

In pursuance of the direction of the act just recited, the board of canal commissioners have put under contract the Columbian and Philadelphia rail road in length 81 1/2 miles, the whole cost of which, including steam engines, and necessary works, is estimated at a sum of \$2,207,120 21. The Allegheny portage rail road, the whole length of which, from the lower end of the basin at Johnstown, to the lower end of the basin at Hollidaysburg, 36 miles 221 perches, and the estimated cost thereof, including steam engines and all necessary works, is \$1,271,718 18. The north branch division of the Pennsylvania canal, from the foot of the Nanticoke dam, a distance of 16 miles 316 perches, exclusive of the feeder, 3 miles 305 perches slack water, and 13 miles 11 perches of canal, the estimated cost of which is \$320,594 56. The Lycoming Canal from the west branch division of the Pennsylvania Canal from the Muncy dam to the mouth of the Bald Eagle, consisting of 73 miles 12 perches of canal, 10 miles and 56 perches, slack water, together 41 miles 68 perches, the estimated cost of which is \$5,587 54. The Lewisburg Cross Cut, 200 perches in length, and to cost \$23,000. The Frankstown line, consisting of 23 miles 154 perches of Canal, and 15 miles 26 perches towing path or slack water, making together 38 miles 102 perches in length, the whole cost of which is estimated at the sum of \$598,181 56. The Beaver division, extending from the Ohio river at the mouth of the Big Beaver creek to the town of New Castle, consisting of 16 miles 224 perches of slack water, and 8 miles 10 perches of canal, making together 34 miles 240 perches in length, and estimated to cost \$335,317 82. The Eastern division, consisting of 8 miles 227 perches, between Middletown and Columbia, and outlet locks at Columbia, the estimated cost, of which is \$133,840 52; and the French creek division, on the Allegheny river, at the mouth of French creek, and up that creek to the French creek feeder, consisting of 17 miles 38 perches of slack water navigation, and 5 miles 22 perches of

[Conclusion will be found on the second page.]