

GOVERNOR'S MESSAGE.

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

FELLOW CITIZENS:—In performance of the duty enjoined on me by the Constitution, I proceed to give you such information of the state of the Commonwealth, and to recommend to your consideration such measures, as I think expedient, at the present time. The discharge of this duty is, in many respects, beset with difficulty, but this does not absolve me from the obligations created by my official station. In a spirit of perfect frankness, I shall submit to you, the best dictates of my judgment, and shall be happy if, in your wisdom and experience, you can so modify and improve them as to promote in a greater degree, the welfare of our common constituents, the people of this Commonwealth.

The subject of deepest interest, and greatest perplexity, that calls for our attention, is the financial condition of the State. Although I have, on several former occasions, entered into a full and minute exposition of this matter, I cannot refrain from again presenting it to your consideration, in a manner so distinct and plain, as to preclude, I trust, the possibility of misconception on the part of those who feel an honest desire to understand it. I am persuaded that however embarrassed may be the pecuniary affairs of the Commonwealth, nothing is needed to induce the people to provide means to extricate them, but a clear and candid exposition of the nature and extent of the liabilities, to which they are subject. The time for concealment, evasion and deception on this point, is at an end. The contract has been made. The faith of the State is pledged, and every consideration of duty and of honor require of us, to know our true condition, and to provide adequate means to meet our obligations, and to redeem our pledged faith.

There is due by this State, to the United States, on account of deposits of surplus revenue, the sum of \$2,867,511 78. The funded debt of the State, amounts to \$36,331,005 68. This debt is reimbursable as follows:—

| | | |
|--------------|---|------|
| \$270,081 87 | in the year | 1841 |
| 62,500 00 | " | 1844 |
| 3,516,568 81 | " | 1846 |
| 50,000 00 | " | 1847 |
| 1,009,000 00 | " | 1850 |
| 2,000,000 00 | " | 1853 |
| 3,000,000 00 | " | 1854 |
| 2,783,161 00 | " | 1856 |
| 7,070,661 00 | " | 1858 |
| 1,250,000 00 | " | 1859 |
| 2,648,680 00 | " | 1860 |
| 120,000 00 | " | 1861 |
| 3,225,000 00 | " | 1862 |
| 200,000 00 | " | 1863 |
| 2,515,000 00 | " | 1864 |
| 1,797,610 00 | " | 1865 |
| 2,524,000 00 | " | 1868 |
| 1,957,262 00 | " | 1870 |
| 310,981 00 | at the expiration of certain bank characters. | |

Total \$36,331,005 68

This debt has been contracted for the following purposes:—

| | |
|---|-----------------|
| For canals and railways, | \$30,055,013 65 |
| To pay interest on public debt, | 3,304,303 00 |
| For the use of Treasury, | 1,571,689 00 |
| For turnpikes, State roads, bridges, &c., | 930,000 00 |
| For the Union Canal, | 200,000 00 |
| For the Eastern Penitentiary, | 120,000 00 |
| For the Franklin Railroad, | 100,000 00 |
| For the Pennsylvania and Ohio Canal, | 50,000 00 |

Total \$36,331,005 68

The value of our public improvements, estimated at cost, is, \$39,292,165 33

The State owns bank stock which cost, at par, 2,108,700 00

The State owns turnpike and bridge stock, 2,843,018 89

The State owns canal and navigation stock, 631,778 66

The State owns railroad stock, 350,516 90

Money due on unpatented lands, estimated at, 1,000,000 00

Total, \$36,426,239 78

The immediate difficulty of our situation, arises mainly from the payment of the interest annually accruing on this debt. This interest is about \$1,800,000; and this sum, it is incumbent on the State to provide as it becomes due. The inconsiderable portion of the funded debt, now redeemable, can be, doubtless, postponed until more auspicious times, but the interest admits of no such postponement. This is in a great measure payable to those who cannot afford to procrastinate its reception, and whose means of subsistence depend, on the faithful adherence of the State, to its solemn engagements with its loan holders. The income especially appropriated to the payment of this interest, is derived from the following sources, to wit: tolls on canals and railways, auction duties, tax on collateral inheritances, dividends on turnpike, bridge and navigation stocks, escheats and the tax levied on real and personal property, &c.

The amount received from each of these several sources, during the last fiscal year, ending 30th November last, is as follows:

From tolls on canals and railways, \$762,360 44

" Auction duties, 77,022 15

" Collateral inheritances, 21,591 43

" Dividends on turnpike, bridge and navigation stocks, 30,355 72

" Escheats, 336 64

" Tax on real and personal property, &c., 33,292 77

Total, \$924,950 15

The sum in the treasury, applicable to this object, on the first day of this month, independent of what will be received during the month, was \$1,026,936 38, being \$124,012 68 more than is necessary to pay the interest due on the first of February, next.

In relation to the assessment and collection of the State taxes, under the act of the 11th June, 1840, the greatest delinquency is found with the county commissioners. No return or statement has been received from several of the counties, although required by the 6th section of the said act, to be transmitted to the Auditor General on or before the first Monday of September, in each year. It is, therefore, out of my power to inform you of the amount assessed under said act. From the information, however, received, I feel warranted in saying that it will amount to about half a million, or within a fraction of it. That amount will be considerably increased by the valuation and assessment provided by the "Act to establish a uniform mode for the valuation of property and assessment of

taxes," passed 15th May, last; the returns of which are required to be made to the Auditor General within the present month, and will be laid before you as soon as received.

The duty of the county Commissioners to make returns of the assessments, &c. to the Auditor General, imposed by law, seems not to be designated and enforced with sufficient precision and certainty. To secure its faithful performance, I recommend a revision of the law.

During the existing state of things, the continuance of taxes assessed, for the payment of this interest, or at least of taxes of some kind for this purpose, appears to be indispensable. If the distribution of the objects of taxation, or the mode of levying and collecting the tax be unfair, or onerous, undoubtedly the evil should be promptly corrected.

I have heretofore declared my determination to do all that belongs to this department to meet faithfully the engagements of the State, and to maintain unswerving the credit and fidelity of the Commonwealth. My sentiments in relation to these matters have undergone no change, and I am pleased to find that on this subject, there is no diversity of opinion among the great mass of the citizens of the State. All agree that, whenever the constituted authorities of the Commonwealth, have entered into engagements conformably to the constitution and laws, whether these engagements have been characterized by due prudence and a proper regard to the interests of the public, or not, the honor of the State, the permanence of our republican institutions, and a sacred regard to the sanctity of public engagements, require that the resources of the Commonwealth, and the energies of her citizens, be put in requisition, to meet her public engagements promptly, punctually, and unhesitatingly. It is, therefore, respectfully and earnestly urged upon the Legislature, to take the necessary steps, at the earliest possible day, to ensure this desirable result.

As the most efficient means that have occurred to my mind, I would suggest the following course. Let the Legislature ascertain from the financial departments, both the ordinary revenue, and the amount necessary to be raised, annually, for the payment of the interest on the State debt, and the ordinary expenses of government. Let provision also be made to cover all possible contingencies and losses on collection. Add to this sum, though ever so small, for a sinking fund, to be applied annually to the extinguishment of the principal of the public debt, and apportion it among the several counties of the Commonwealth, designating the amount to be paid by each, by a uniform apportionment according to the triennial, or last assessments, with such corrections and equalization as shall be found necessary, and on the same objects now taxable, or any others that the Legislature may think preferable. Let adequate and certain penalties be imposed on each county commissioner for omitting to have the duplicates issued in time, and on each assessor for the non-performance of his duties, and allow the county such a premium, as shall be thought right, if its full quota be paid into the Treasury, on or before the day required by law. It is believed that a committee of the Legislature would be as competent a board as could be raised, to apportion the quota of the several counties, as above mentioned, aided, as they will be, by the late assessments and census. The establishment of this system by law, would place the fund to meet the interest on the public debt, on a permanent foundation, and silence forever all doubts which interested speculators might seek to raise on this subject.

But it is not only to the loan holders of the Commonwealth, that she ought to be just in the meeting of her engagements. A regard to economy, as well as justice, to the man who labor upon the repairs of our canals and rail roads, requires that they should be punctually paid. The laborer is worthy of his hire, and is as meritorious a creditor as the Commonwealth has, and it is absolutely disreputable that he should be dependant on the borrowing of money for his pay, and be unable, at times, for months together, to procure as much for his labor as will buy him a loaf of bread. It is respectfully suggested, that when abundant means from taxation are provided to meet the interest of the State debt, that tolls on our public works shall be first applied to their repairs, so that we may know, at a glance, to what the net revenue, if any, arising from them, respectively amounts.

It is not to be disguised that we are deeply in debt; and that the times call for an unflinching fearlessness in our public functionaries, to meet the emergency, and to provide the means for our extrication. The people are already burdened with taxation, and those burdens cannot be diminished, if we expect to pay our debts. The conduct and motives of those who make provision to pay them, may be misrepresented, and for a time misunderstood. Prejudice, from the sordid feelings of interest, may be invoked, and demagogues and unprincipled politicians will, doubtless, attempt to use it, to answer their own purposes. But the responsibility is one which every honest public functionary must meet fairly and frankly, and in so doing he will be eventually sustained by the people at large, who never deliberately err, and who always will reward, with their confidence, an honest and fearless devotion to their true interests, even though it may, at first, have met with temporary disapprobation.

The means to pay off the loan under the act of 4th May, 1841,—to pay the foregoing creditors of the State, and the interest on the public debt,—must be provided before the Legislature adjourns. Sound policy, may common honesty, demands this much at your hands, and I am persuaded no member of the Legislature will shrink from a duty enjoined by such considerations as these.

It will be found on reference to the amount of taxes paid by the people, that comparatively a small portion is levied to discharge the interest on the public debt. Although in the aggregate the taxes are onerous, by far the greater amount is absorbed in the ordinary purposes of township, city, and county affairs. I take great pleasure in stating the fact, that the increase of the taxes for the maintenance of the faith and honor of the State, has been regarded in a spirit of patriotic duty by the public at large, and has been borne without repining, unless, indeed, we except a very few persons, residing in portions of the State which have reaped almost the entire benefit of the expenditure of the vast sums of money, for the payment of interest on which these taxes are imposed. I felt satisfied when I recommended, early in my official career, the resort to taxation, instead of additional loans, to pay the interest annually accruing, that the enlightened yeomanry of Penn-

sylvania would, under the circumstances, sanction the recommendation. I am now convinced I did not mistake their true character; nor can the extraordinary conduct of some persons, professing better principles, who first urged the adoption of the measure, and afterwards denounced those who acquiesced in it, shake for a moment my steadfast convictions on this subject. I always believed the people would do their duty, let it cost what it might; the first instance is yet to be found in our history when they have flinched from it, if rightly understood.

The unprecedented increase of our population and resources, cannot fail, in a few years, to render our improvements so productive as to supercede the necessity for taxation. The ultimate value of our stupendous system of public works can hardly now be estimated. They have already added an incalculable amount of value to the property of the citizens of the Commonwealth, and given an earnest of their capacity for future usefulness. The travel and transportation upon them must increase in full proportion with the multiplication of our population, and the development of our exhaustless resources. When it is recollected that the population of this State in the year 1800, was only 602,543; that in 1820, it was 1,049,313; and in 1840, it was 1,724,033; showing an increase within the last twenty years, exceeding the whole population in the year 1800; and when it is remembered that this immense increase and increasing population has imparted, and is imparting, its intellect, energy and industry to the improvements of the agricultural, mining, manufacturing and commercial interests of the Commonwealth; and that during the past year, when trade and business were greatly depressed; when the Delaware division was not in use until about the 1st of August; and when the important anthracite coal trade from the Wyoming, Shamokin and Bear valleys, and other intermediate points to tide; and the bituminous coal trade from the Allegheny mountain, on the West Branch, and Juniata region, to tide; have been barely commenced the receipts of toll amounted to the sum of \$762,260 44, it will be difficult to form a just estimate of the extent of their future usefulness and extended receipts.

These internal improvements, for the construction of which the principal amount of the State debt has been incurred, consists of 7681 miles of canal and railways completed, and 1651 miles of canal in progress of construction and nearly completed.

The finished works are the following:

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| The Delaware canal, from Easton to tide at Bristol, | 591 |
| The mail line of canal and railway from Philadelphia to Pittsburg, | 3954 |
| Canal from Beaver, on the Ohio river, to Greenville, in the direction of Erie, | 721 |
| Canal from Franklin, on the Allegheny river, to Conneaut lake, | 491 |
| Canal, Susquehanna and North Branch, from Duncan's Island to Lackawanna, | 1114 |
| Canal, West Branch, from Northumberland to Farrisville, | 73 |
| Several side cuts and navigable feeders, | 7 |
| Total canals and railways completed, | 7684 |
| Canals in progress and nearly completed: | |
| North Branch extension, from Lackawanna to New York line, | 90 |
| Erie extension, from Greenville to Erie harbor, | 621 |
| Wiconisco canal, from Duncan's Island to Wiconisco creek, | 121 |
| Total canals in progress, | 1651 |

The report of the canal commissioners, with the accompanying documents, which will shortly be laid before you, will show, in detail the state and condition of our public improvements. Having in former communications to the Legislature, stated my views in relation to our system of internal improvements, I beg leave, respectfully, to refer you to them, as being unchanged, without wishing unnecessarily to extend this communication, by embodying them in it.

When I first entered upon the duties of the executive department, the question of completing the North branch and Erie extensions, was submitted to the action of the legislature. The representatives of the people decided in favor of completing both, and have by three subsequent acts, appropriated considerable sums of money for that purpose. The North Branch canal has already cost \$2,348,276 38, of which the sum of \$38,676 42 remains yet due to contractors. The Erie extension has already cost about \$2,913,507, of which the sum of \$574,406 23, is yet due to contractors. The grave question is now presented to your serious consideration, whether, under all the circumstances, those two lines are to be forthwith finished, or abandoned for all time to come, and the entire amount of labor and money expended upon them thrown away. Contractors who have gone on to the work, and perhaps executed the least profitable part of it, will have fair claims on the justice of the legislature for remuneration, for the losses they have sustained by an abandonment of the work by the Commonwealth. Judging from the success which usually crowns perseverance, in similar applications before the legislature, there can be but little doubt that this class of claimants will not go away unanswered and unsatisfied. The farmer whose lands have been cut up and destroyed, will also be a just claimant for compensation for the injury he has sustained, for which the advantages from the proposed canal will not be an available set off; and it may be well to enquire whether the amount of those claims would not go far towards the completion of those branches of our improvements. The only valid objection to a prosecution of these works to completion, is the difficulty to be apprehended in raising the necessary funds for the purpose. The estimated cost to complete the Erie extension is, \$536,142 46, and the North Branch \$1,298,416, independent of the arrearages due contractors, as before stated, which must be paid as all events. More confidence can be placed in the accuracy of these estimates of the cost of completing these works, than could be extended to those made in the earlier stages of our public improvements, from the increased practical experience of those entrusted with the duty of making them. My own opinion remains unchanged, that it is our true policy to go on and complete both these works with as little de-

lay as possible. This however, is a question exclusively for your decision.

For the debts now due to contractors on these lines, as well as for repairs on the other lines, rendered indispensable, and without which many portions of our canals would have been unavailable and useless throughout the season, I respectfully urge that some prompt and immediate provision be made. Many of the contractors have laid out their money for a long time, and have suffered serious injuries by the delay. If no better expedient can be devised, I would recommend the immediate issuing of a six per cent stock, to all such creditors, redeemable at such time as shall be thought most expedient.

The amount required to pay debts due for repairs on the several lines of canal and rail road, it will be observed by the report of the Canal Commissioners, is unusually large. This is to be ascribed to the unprecedented breach which occurred in the Delaware division, in January last, which cost about \$150,000; to the renewal of the North track of the Columbia rail road; to the rebuilding, in a permanent manner, the locks, bridges and aqueducts on several of the divisions, and particularly on the North Branch, where the original superstructure, composed entirely of wood, had so far decayed as to leave no other alternative than either to renew them throughout, or abandon the navigation entirely. It is also, in part, to be ascribed to the fact, that only a portion of the funds appropriated by the act of the 4th of May last, for repairs, and to pay debts then due, became available, leaving a large balance of the appropriations of these objects, therein authorized, still due to the public creditors.

There is always, even under the most economical administrations of affairs, a greater amount of expense incurred in managing and keeping in repair great public improvements for the Commonwealth, than it would cost if they were in the hands of individuals. It is, therefore, respectfully suggested for the consideration of the Legislature, whether the public interest would not be promoted, and the amount of the State debt considerably lessened, by a sale of the canals and rail roads belonging to the Commonwealth, or at least, a portion of them, or such other disposition as would diminish their annual expenses to the Commonwealth, and increase the amount of revenue from them.

Were the Commonwealth free from debt, I should hesitate to recommend the sale of any of her public improvements. But oppressed as she is, the cost which the repairs require, and the necessity of relieving ourselves as far as possible, induce me to urge action on this subject, at least so far as regards the Columbia rail road, and the Delaware division of the Pennsylvania canal. It will matter but little to those interested in the use of the improvements, whether they are in the hands of the public or of individuals, provided proper safeguards are enacted to protect the public in the free use and enjoyment of them, and to guard against abuses and exactions.

If it be objected that sales cannot be effected in the present state of our pecuniary embarrassments, that will be no reason why a law should not now be enacted, authorising the sale of such portions of them as shall be deemed proper, subject to the approbation of the Legislature, on the sale being reported. If sold, even on an extended credit, if the principle be secured, and the interest punctually paid, it will so far relieve the Commonwealth. If it were made a condition, that State stock should be received in payment, it would probably make the sale more advantageous to the Commonwealth.—The disposition of capitalists would thus be made known, and it can, at least, be ascertained whether a sale at an adequate price can be effected. The policy of leasing for a term of years, one or both of those improvements, has been more than once suggested. Of the propriety of so doing, I am not prepared to express a decided opinion, but have thought it worthy of a suggestion for your consideration.

That the public works should be unproductive, is owing in a great measure to a want of proper legislation on the subject, and unless this be remedied, it must impair public confidence in their ultimate utility. The Canal Commissioners have repeatedly urged upon the legislature, the propriety of allowing the Commonwealth, alone, to carry the passengers on the Columbia rail road. No rail road in the United States could sustain itself, if it were to relinquish the carrying of the passengers, yet, on that road, this strange condition is exhibited. The State has expended in its construction over four millions of dollars, while the capital employed by those carrying the passengers, is perhaps thirty thousand dollars. The State on her immense outlay, is reaping about 3 per cent, while the individuals carriers on their thirty thousand dollars, are clearing nearly 200 per cent. So it is also, with regard to the transportation between Philadelphia and Pittsburg. The line of our improvement between those cities, was constructed at a cost of a fraction over four millions of dollars. The transportation on it, is monopolized by some seven or eight companies, employing a capital of less than four hundred thousand dollars; yet, while the State is receiving little more than will keep it in repair, the transporters are realizing immense profits, and that too, on a comparatively small outlay.

This can only be remedied by vesting the canal commissioners with full and ample authority to adopt such measures, as in their judgment, will be best calculated to enlist individual enterprise, and invite competition, and to counteract the effects of the selfish and monopolizing system, that has controlled, and now controls the transportation on our public works.

It may possibly be supposed that the canal commissioners possess adequate power already for this purpose, but this is to mistake the case. From the nature of that department of the government, it is always made the target at which the discontented and interested point their shafts. Not a session of the legislature passes without harrassing the commissioners with investigations,—the whole state is ransacked for accusers,—every act is questioned and misrepresented, and after all, the result is fruitless. The first instance is yet to be found, in which anything tangible has been produced, or any salutary reform of the system effected. Were the legislature to devote one session to an honest and thorough examination and correction of the abuses and defects of the system, without annoying and pur-

suing individuals for sinister ends, not openly avowed, much good would be produced; but under any other mode of treating this subject, the issue must be as idle and frivolous as heretofore. I do not wish to preclude the most searching investigation. I merely desire to direct your attention in a channel that will be beneficial to the public.

One of the greatest evils of these frequent and frivolous investigations, is that they bring legislative investigations themselves into discredit. The persecution of the innocent, always furnishes a shield to the guilty.

It is now, throughout the country, a matter of idle sport to talk of these investigations.—The mode by which they are brought about is well understood. A few dissatisfied contractors, and others, impose on the credulity and stimulate the ambition of some member of the legislature to offer a petition, complaining of public grievances. A committee to investigate is appointed,—subpenas are issued, and straightway, swarms of hungry confederates throng the seat of government, to lounge at the public expense, and join in a wholesale pillage of the treasury. At the close of the session the committee reports,—the witnesses return to their homes, and laugh at the trick as they pocket the spoils. By reference to this subject, it will be found that a large portion of the legislative expenses, is incurred in this way. The extraordinary increase of these expenses, over those of all other departments of the government, has been of late years a matter of just complaint.

It becomes my duty, in the next place, to invite your earnest attention to the present condition of the banks, and currency of this state. It is a most lamentable fact, that in relation to this subject, the greatest irregularity and disorder prevail. It is true, we have little, if any, of that wretched illegal trash, which, during the early part of the last six years, infected all sections of the Commonwealth, in the forms of notes, checks, certificates, &c. &c. of corporations and individuals, for small sums, put forth without lawful authority, and in spite of the prohibitions of law; but we have, what is little better, a large amount of notes in circulation, ostensibly legal and purporting to be of equal value, because founded on the faith of the state, by whatever bank issued, and yet notwithstanding this fact, discredited and repudiated by the very institutions for whose benefit and relief they were authorized to be issued.

The act of the last session entitled "an act to provide revenue to meet the demands on the treasury, and for other purposes," under the provisions of which these small notes have been thrown into circulation, having become a law by the sanction of two thirds of the Legislature, according to the forms of the Constitution, notwithstanding the objections of the Executive, I have exerted myself to the utmost, to see its provisions properly carried into effect. This was my duty, as the Executive, and I have faithfully performed it, agreeably to the best dictates of my judgment. I did hope that some of the evils which have resulted from it, might have been obviated, if it was enforced by me, and acted upon in a spirit of enlarged wisdom by the banks themselves. This hope has been vain. The worst anticipations have been realized, and it is my duty to suggest such a remedy, as appears to me to be best calculated to correct the grievances, under which the public labor.

By this act a loan of three millions one hundred thousand dollars was authorized, to pay specific appropriations made by the said act, and the several banks of the Commonwealth, subject to the payment of a tax on their dividends, were authorized to subscribe for the same, in certain proportions to the capital stock of each.

The whole amount of banking capital in the Commonwealth, is \$23,559,374

Banking capital not subject to a tax on dividends, 5,150,000

Banking capital subject to the payment of a tax on dividends, \$18,409,374

Of the banking capital subject to the payment of a tax on dividends, banks holding to the amount of \$10,836,145, did not accept of the provisions of the act of 4th May to provide revenue, and hence the capital of the banks which did accept of the provisions of the said act, amounted only to the sum of \$7,573,229.

The whole amount of the loan taken by the accepting banks and paid into the treasury is \$1,726,630 68, leaving the sum of \$1,343,349 42, which has not been received.

On the 30th August, 1841, I accepted an offer of the Towanda Bank, to subscribe for an additional sum of one hundred thousand dollars of the said loan, and on the same day, accepted an offer of the Erie bank, to subscribe for an additional sum of three hundred and fifty thousand dollars.

Of these offers the state treasurer agreed to accept from the Erie bank, the sum of twenty five thousand dollars, and from the Towanda bank the sum of thirty seven thousand five hundred dollars. This bank did not accede to the proposition to accept a part of the sum offered, hence no part of the one hundred thousand dollars was received at the treasury.—Thus it appears a very large portion of the banking capital, subject to the operation of this bill, has taken no part of the loan at all, and can, of course, have no claim to indulgence under this law. Those banks which have complied, stand in a different position—their loans must be repaid before they can be forced to resume. It is an inquiry of much moment, whether the banks that have not complied with the requisitions of the law, ought not to be deprived of the advantages arising from the use of the notes issued by those that did.

After the most patient reflection on the subject, I am persuaded that the only effectual and certain remedy is, to repeal the act so far as relates to the issue of these notes, and to provide adequate means to discharge the loan on which they are based. To pay this loan a six per cent stock might be authorized to be thrown into market, to sell for whatever it will produce. Should there be a small loss upon it, I am sure it will be deemed a very inconsiderable matter, compared with the inconvenience the people suffer from the present state of things. To remedy this, a sacrifice, to some extent, is inevitable.

(CONCLUSION NEXT WEEK.)