

Jeffersonian Republican.

THE WHOLE ART OF GOVERNMENT CONSISTS IN THE ART OF BEING HONEST.—Jefferson.

VOL. 6.

STROUDSBURG, MONROE COUNTY, PA., THURSDAY, JANUARY 15, 1846.

No. 32

PRINTED AND PUBLISHED BY SCHUCH & SPERING.

TERMS—Two dollars per annum in advance—Two dollars and a quarter, half yearly—and if not paid before the end of the year, Two dollars and a half. Those who receive their papers by a carrier or stage drivers employed by the proprietors, will be charged 37 1/2 cts. per year, extra. No papers discontinued until all arrearages are paid, except at the option of the Editors. Advertisements not exceeding one square (sixteen lines) will be inserted three weeks for one dollar; twenty-five cents for every subsequent insertion; larger ones in proportion. A liberal discount will be made to yearly advertisers. All letters addressed to the Editors 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 acknowledgments, 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 1st of December, 1845, as appears from the report of the Auditor General, was as follows:—

| | |
|--|-----------------|
| Funded debt, | \$36,739,267 43 |
| Relief Notes in circulation, | 1,255,572 00 |
| Interest Certificates outstanding with interest thereon, | 2,888,803 36 |
| Due to Domestic Creditors, | 99,750 43 |
| | \$40,983,393 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 Auditor General and State Treasurer, were \$3,010,062 34.

Making an aggregate sum of the payments from the Treasury, during the same period, were, according to the reports of the same officers, \$3,289,028 13, which being deducted from the above, shows the balance in the Treasury, on the 1st Dec. 1845, being less by \$278,965 79, than it was on the 1st Dec. 1844.

The net amount of available outstanding taxes on real and personal estate, after making allowances for collections and exonerations, on the 1st December, 1844, was estimated by the late State Treasurer at \$885,301 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 December, 1845, is estimated at \$74,544 50.

The amount of outstanding taxes on the 1st December, 1845, is therefore, less than it was on the 1st December, 1844, by the sum of \$135,236 50.

Adding to this sum the difference between the balance in the Treasury on the 1st December, 1844, and on the 1st December, 1845, \$278,965 79,

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 December, 1844, of \$414,199 30.

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 of revenue 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 cancellation 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 December, 1845,

384,856 09
\$3,602,556 09

Deducting from which, the estimated payments during the same period, \$3,513,996 09

We arrive at an estimated balance in the Treasury on the 1st day of Dec. 1846, of 88,590 00

Which is less by \$296,296 09 than it was on the 1st of Dec. 1845.

The amount of outstanding taxes on real and personal estate, considered available, on the 1st Dec. 1845, was \$874,544 50.

To this is to be added the assessments for 1846, which, according to the best estimates, will yield a net revenue, after deducting allowances for expenses of collections and exonerations, of \$1,180,000 00.

Making an aggregate of \$2,054,544 50. If from this aggregate, we deduct the estimated collections from these sources, during the year 1846, 1,180,000 00

The difference will be the estimated amount of taxes, which on the 1st of December, 1846, will remain outstanding; being \$120,000 00 less than was outstanding on the 1st day of December, 1845. When to the reductions, thus to take place, in the outstanding taxes within the current year, 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 December, 1846,

120,000 00
296,296 09

We arrive at an aggregate reduction of these two items within the fiscal year ending 30th November, 1846, of \$116,296 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 \$416,296 09; and that in supplying the deficiency, the balance in the Treasury, on the 1st of December 1846, will have been reduced to \$88,590,00, and the arrears of outstanding taxes, to the sum of \$754,544 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 arrearages 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 Legislation to new objects. These are not anticipated, because in the present state of the finances, every appropriation may well be regarded, not as a grant of money unnumbered 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, and 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 demand, that, henceforward, 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 monies appropriated to its discharge were accumulated in her vaults—the

sudden destruction in 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, tho' 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 the adoption of 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 causes, 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 U. States, the State debt of Pennsylvania was \$24,589,743 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 90, notwithstanding the receipt, in the mean time, of \$2,867,514 78 of surplus revenue from the United States, and of \$3,446,780 21, 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 find none of any magnitude. The main line of Canal and Railway, between Philadelphia and Pitsburg, had been completed, and was in successful operation. The Delaware division, the Susquehanna and North Branch division, to the mouth of the Lackawanna, the West Branch 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 \$341,619 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 administering the people of the inconvenience of a public debt. Every thing indicated that the further progress of our State improvements was to be delayed, 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 this 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—which, 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 gratuities to the works thus commenced.—The Beaver division, and the Wyoming line, on the North Branch, embracing forty-three miles of canal in actual use, and the French Creek Feeder, costing together \$1,222,927 81 and all of them finished in 1835, have been given away to companies, and leave the State with a less extended system of improvements now, than it had when the Bank of the United States was chartered.

The progress of these works was marked by the declining credit of the State, until, after the most desperate resorts—the sale of a further suspension to the Banks in 1840, and a loan in 1841 by the State to herself, by the device of issuing relief notes—the proclaimed bankruptcy of the Commonwealth forcibly 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 primary 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 \$4,200,000, were, at a most unpropitious moment, sacrificed for a fraction more than \$1,405,000.

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 menaced with revolution 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 interests of life, is baneful and pernicious. Hitherto, 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 Board of management, are, in fact, the depositories of this discretion; and as a general rule, subject no doubt to many honorable exceptions, it is exercised with primary, if not exclusive, reference to the supposed interests of the Bank.

While the business of the country prospers, and the spirit of speculative enterprise is stimulated by success, they extend their accommodations liberally, and fill the channels of circulation with a redundant and devalued currency. An unnatural rise of prices is the consequence. Importations increase in defiance of any discriminating tariff—extravagance 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 re-action, and the whole artificial machinery is crushed. The people of the country are indebted to the cities; the cities are indebted abroad, where the promises of the banks are not accepted as money; and the Banks are called upon to redeem their notes in coin. This 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 manufacturing 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 inspections of the affairs of the Banks

by the commissioners which have been resorted 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 creditor from 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 the 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 banks as are legitimately administered, the reward of their faithfulness, in the increased confidence of the public. I need scarcely add, that the claims of the banks to general confidence should be thoroughly investigated and fully ascertained before their charters are extended.

The 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 times 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 profitably 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 own citizens a cheap and convenient mode of transporting their products to markets, but also benefits the internal trade and commerce of a large portion of the other States of the Union. The North and West Branch Canals, and the Delaware Division, in connexion with various improvements owned by companies, besides opening markets to the productions of the farmer, furnish outlets for our coal and other minerals, by which not only our own citizens are supplied, but also of the neighboring and Eastern States, to the great advantage of both. Many parts of the State are also found most favorably adapted to the growing of Wool, another great staple of National independence; and the successful application of mineral coal, to the smelting of iron, has given a new impetus, among us, to this most important of all branches of manufactures.

It is not surprising, therefore, that our people feel a deep anxiety in regard to the adoption or the change of any policy, on the part of the federal government, which may be supposed to affect such great interests. The regulation of a Tariff on imports, so as to favor the development of our domestic resources, and give satisfaction to the various parts of the Union, has long been a vexed and exciting question. Its influences for good or evil, have no doubt been greatly exaggerated in different sections of the country. The true policy of the Nation would seem to lie between the extremes of those, who claim high duties for the mere purpose of protecting particular interests, and those who would not discriminate at all, in laying revenue duties for the purpose of favoring the productions and industry of our own country.

Any course of policy which would have the effect to check the intelligent and honest enterprise of our citizens; and to retard the development of our national resources, can never receive the sanction or acquiescence of the people of this confederacy. It is readily conceded, that no more moneys ought to be collected from imports, than are necessary to meet the constitutional requirements of the government economically administered.

But, on the other hand, it is maintained with entire confidence, that in laying duties for this purpose, such discriminations for protection as well as revenue, ought to be made, as will favor our own productions and industry, particularly in reference to articles which are of primary national importance and indispensable in time of war.

This policy was expressly avowed in the first revenue law for levying duties upon imports, passed after the adoption of the federal constitution, and has been recognized and adhered to by the federal government, and sanctioned by the people of the States, from that day to the present; unless indeed the Compromise act of 1833, be considered an exception; and it will be adhered to, so long as we have a due regard to our individual and national prosperity and independence. A tariff of discriminating duties, based on the principles indicated, and so adjusted as to secure permanence in its provisions—sustained in its protective effects by the operation of a Constitutional Treasury in regulating the issues of our banks and checking excessive importations of merchandise, will, it is believed, give more stability to the general interests and business of the country, than any other system of policy within the control of the federal government.

I refer to the reports of the Board of Canal Commissioners, for a detail of the proceedings during the past year, on the Public Improvements of the State. This document contains among other things, a statement exhibiting the amount of tonnage that passed over those works during the year; which when compared with that of past years, will show their increasing value. It