

ended, early in my official career, the resort of taxation, instead of additional loans, to pay the interest annually accruing, that the enlightened yeomanry of Pennsylvania 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 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 character 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 602,545; that in 1830, 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 1800; and when it is remembered that this immense increased 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 was 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 768 1/2 miles of canal and railways completed, and 165 1/2 miles of canal in progress of construction and near completion. The finished works are the following: miles
The Delaware canal, from Easton to tide at Bristol 59 1/2
The main line of canal and railway from Philadelphia to Pittsburgh 395 1/2
Canal from Beaver on the Ohio river to Greenville, in the direction of Erie 72 1/2
Canal from Franklin on the Allegheny river to Conneaut Lake 48 1/2
Canal, Susquehanna and North Branch from Duncan's Island to Lackawanna 111 1/2
Canal, West Branch from Northumberland to Farnansville 73
Several side cuts and navigable feeders 7
Total canals and railways completed 768 1/2
Canals in progress & nearly completed—miles
North Branch extension, Lackawanna to New York line 90
Erie extension, from Greenville to Erie harbor 63 1/2
Wisconsin canal, from Duncan's Island to Wisconsin creek 12 1/2
Total canals in progress 165 1/2

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 \$2,348,278 38 of which the sum of \$389,676 42 remains yet due to contractors. The Erie extension has already cost about \$2,915,506, 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 laid claims on the justice of the legislature for the 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 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 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 \$1,298,415, independent of the arrears due contractors, as before stated which must be paid at 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 delay 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 usually 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 superstructures, composed entirely of wood, had 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 4th of May last, for repairs, and to pay debts then due, became available; leaving a large balance of the appropriations to 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 railroad, 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 authorizing 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 the State stock should be received in payment, it would probably make the sale more advantageous to the Commonwealth. The dispositions 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 railroad. No railroad in the United States could sustain itself if it were to relinquish the carrying of the passengers, yet, on that road this strange condition of this 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 individual carries on their thirty thousand dollars, are clearing nearly 200 per cent. So it is, also, with regard to the transportation between Philadelphia and Pittsburgh. That line of our improvement, between those cities, was constructed at a cost of a fraction over fourteen 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 realising 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 inhibit individual enterprise, and invite competition, and to counteract the effects of the selfish and monopolising 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 harrasing 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 any thing tangible has been produced, or any salutary reform of the system effected. Here 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 pursuing 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 is investigated is appointed,—subpoenas are issued, and straightway swarms of hungry confederates throng the seat of government, to prosecute their claims before the legislature,—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 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 in circulation, which, during the early part of the last six years, infected all sections of the Commonwealth, in the forms of notes, checks, certificates, &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 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 labors.

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 \$1,756,650 68, leaving the sum of \$1,343,349 92, 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 I 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 this 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.

Connected with the repeal of this law should be the enforcement of specie payments by the banks. An early day should be fixed for this event, at least as early as the first of June. The time, however, is not so material, whether it be a few months sooner or later, so that a certain definite and reasonable time be fixed. Your action on this point cannot be too prompt for the public interest. The community has been long enough held in suspense—let the final issue be at once presented, and it is to be hoped the people and the banks will be prepared for it when it arrives.

Those banks which are in a sound condition, will conform to the requisitions of the Legislature, without much embarrassment; and those which are not, will thus be brought to the touchstone of their merits. The first will sustain themselves, the latter must take their fate. As soon as the produce of the country has found its way to market in the spring, the people will be as able as at any other period, to endure whatever hardship results from this measure. I do not myself believe, from any inconvenience which can arise so protracted, as those which are felt by all classes now.

It seems to me it would be far better, to bring matters to a crisis at once, than to suffer under the slow, but death like torpor that has already seized upon all. A very few may, possibly, fall victims a little sooner, who could not escape in the end, but the community at large will ultimately experience effectual relief. Let rashness, violence and injustice be strenuously avoided, but no vain hopes, or empty contemplation of our duty, and a firm unshaken discharge of it, without turning to the right hand or the left. A suspension of specie payments is at variance with every principle of correct banking.

The forbearance hitherto extended to the banks has not been without its uses. It has enabled the banks to test their alleged ability, and to extricate themselves from their difficulties, and has added much to the stock of our experience. It has clearly demonstrated that the banks could not regain public confidence, under the indulgence they have received, the system on which they are founded is essentially unsound, and requires thorough amendment or extirpation. We have witnessed, too, under its influence the most extraordinary changes take place, without any sudden or general convulsion.

A bank of thirty-five millions capital has exploded and gone down in the midst of us, comprehending within its sphere of business the most extensive relations, both with individuals and with other banks, without making more than limited portions of the Commonwealth feel the blow with oppressive weight. Looking, therefore, at all these considerations, the indulgence heretofore given to the banks, furnishes the strongest reason in favor of the course I suggest, and fully justifies its adoption.

I have recommended to three several legislatures the propriety of selling the stock which the State owns in the Bank of Pennsylvania, the Philadelphia Bank and the Farmers' and Mechanics' Bank, and used every argument that I could bring to bear upon the subject, to convince them of the propriety of separating the Commonwealth from the banks, and of disposing of the stock she holds in them. I recommended it in a message, communicated on the 7th March, 1835, on which day the market price of the said stocks were, for the Bank of Pennsylvania, \$496 for \$400 paid; Philadelphia Bank \$108 1/2 for \$100 paid, and the Farmers' and Mechanics' Bank \$62 for \$50 paid. The same recommendation was again made on the 8th January, 1840, at which time the following was the price of said stocks—for Bank of Pennsylvania \$410; Philadelphia Bank \$99; Farmers' and Mechanics' Bank \$54. A similar recommendation was made 6th January, 1841, on which day the following sales were made, viz: for Bank of Pennsylvania \$412; Philadelphia Bank \$100; Farmers' and Mechanics' Bank \$24, making the said stocks held by the Commonwealth, worth \$2,159,970. By the last sales made during the present month, the market value of those stocks are, for Bank of Pennsylvania \$160, Philadelphia Bank \$48; Farmers' and Mechanics' Bank \$30; making the present total worth of those stocks \$902,424; by which it is seen that by the course pursued by the last legislature in refusing to authorize a sale, the loss sustained by the State, on those stocks, amounts to the formidable sum of \$1,257,546. I renew the same recommendation to you, for the reasons given, from time to time, in my several communications on that subject.

Before I dismiss the subject touching the Banks, I desire to call your attention to the policy of rechartering banks by the legislature, during the present session at all. When a charter for a bank has been granted to a number of individuals, for a fixed period of time, there is no express or implied obligation to renew it. On the contrary, the very limitation shows that its existence is to be terminated at the time designated. Its stockholders know this and cannot complain if held to their bargain. The condition of banks never is known till they are wound up and closed. Their mode of doing business, enables them to defy public scrutiny, and to acquire a credit and standing to which they may not be justly entitled. Frauds and irregularities of years perpetration, are concealed from the eye of the public, till a final settlement of the concerns of the bank is made. Little knots of persons confederate and gathered round these institutions—reap the benefits of their existence—monopolize their advantages, and perpetuate their power. We seldom find among them the energy, intellect and enterprise of the community, but those who derive their consequence from their combinations sanctioned and invigorated by the law. I cannot think such a system as this of perpetuating these corporations, congenial to our free institutions. It establishes monopolies of the most odious kind, because not limited in duration. If the business of the community really requires the aid of a bank, instead of renewing the charter of the one about to expire, establish a new one. Let its subscription books be opened to all, and if it be advantageous, let all share in its enjoyment, who may choose to do so, and if not advantageous let all participate in bearing the burthen.

Besides it is not a fit time to renew bank charters, or to establish new ones. The public mind is not settled on this subject, nor can we fully appreciate the soundness of the banking system, until a resumption of specie payments takes place. Let the recommendations I have now submitted to you be adopted, and let us wait a year at least to judge their results. This experience will essentially aid future legislation and perhaps rescue us from fatal errors. The history of the legislation of this Commonwealth, in regard to banks, is a succession of plausible theories, let us hereafter rest it on the solid basis of enlightened experience. Then may we hope to escape the rock, on which all our banks are now temporarily shipwrecked. I hope and trust most, if not all of them, are able to resume specie payments; but it is impossible to know this, or to confide in their ability and disposition to do so, until we have the proof, which they alone can furnish. The public has ceased to yield its credit to any corporate pretensions, which are not supported by corresponding acts. I have appended several tables connected with this subject, as affording matters of convenient reference.

The general subject for creating and regulating corporations, is so intimately blended with that of the banking institutions of the Commonwealth, as to claim a place next in our consideration. I have remarked in former messages, that the creation of corporations for all purposes, has been carried to a fearful extent in this State. Year after year they have been springing up around us on all sides, and are rapidly becoming competitors with individuals in all sorts of business. When

confined to their legitimate purposes, such as the construction of canals and railroads into our fertile interior, and rich mineral regions, I shall not utter a word of complaint; but to this limit, strictly should they be restrained. The increase of corporations is a growing evil. I have again cautioned the Legislature against the granting of corporate privileges; I cannot too strongly impress this caution upon your minds. On referring to the acts of the last Legislature, we find the grant of corporate privileges to have been free and almost indiscriminate. So much so, that of 147 laws enacted, more than one third were either acts of incorporation, or acts supplementary thereto. I adhere to the opinion, heretofore expressed, that corporations ought never to be created, where the object to be accomplished is within the reach of individual exertion. They absolve men from personal liability, and may tend, by undue combinations and concentrated action, to embarrass the operation of government, and interfere with the popular sovereignty. Let the present Legislature set the example of resisting these monopolizing encroachments. If the propriety of this course was ever doubtful, the experience of a few years past has dissipated all doubt, and clearly marked out the path of duty.

On this subject there is another matter which has been repeatedly brought under my notice. I allude to the extension of authority to create corporations for various purposes, conferred on the courts of common pleas, by the 13th, 14th, 15th, and 16th sections of the act of the 13th of October, 1840, entitled "An act relating to orphans' courts and for other purposes." Charters of incorporation are procured under this law, on application to the respective courts of common pleas, without being subjected to any restraint or control, than their own hasty perusal. Notice, to be sure, is directed to be given, but that is of little avail. There is no common standard for the whole State, as was the case when the charters were to be approved by the Attorney General, and the judges of the supreme court, and enrolled in the department of State, at the seat of Government.—Under the old system, there was uniformity in the provisions contained in these charters, but now, under this new law, the discretion of different courts may essentially differ and ultimately confusion and disorder cannot fail to ensue. These domestic corporations, as they may be called, are of great service to the public, but it may be fairly questioned whether it will not detract from their uses, to render their creation a matter too ready and unchecked. I invite your attention to this subject, and if you should agree with me in opinion, it will be easy to remove all ground of complaint, by restoring the power of granting these charters, to the hands in which it has been safely lodged, for upwards of a century. The delay and inconvenience of the old system, were fully counterbalanced by the certainty, consistency and uniformity of the corporate powers and privileges enjoyed by the corporations created.

The Legislature, by the act of 16th of June, 1836, conferred equity, or chancery powers, on our supreme court, courts of common pleas and district courts in certain specified cases. There are also certain other enactments, on the same subject, in the 39th section of the act of 13th June, 1840, and perhaps in other acts. It is stated that some of the provisions of these various laws are incongruous, that the jurisdiction conferred is not expressly defined and it has been decided by the supreme court, that the parties aggrieved have no redress by appeal from the inferior tribunal to the supreme court, or by writ of error from the latter to the former.—If it be deemed advisable to retain the features of these enactments in our jurisprudence, it would seem requisite, that the evils complained of, should be removed by legislative enactment.

I would also recommend an examination into the state and condition of the extent and business of the several judicial districts of this Commonwealth, so that the amount of labor of the several President Judges, some of whom are at present overburdened, may be in some measure equalized.

There are complaints of the accumulation of business in the courts of the city and county of Philadelphia, and especially of the difficulty of teaching, a reasonable time, the trial of causes at nisi prius in the supreme court. This last is said to arise from the time that the court is necessarily obliged to devote to the business in bank, where they have to decide appeals, and writs of error. Whether such complaints be well founded or not, I am not prepared to say. A careful examination into the whole subject, and such enactments as shall be found necessary to meet any evils that may exist in the administration of justice, and give to every one an opportunity of speedily trying his cause, is respectfully recommended.

It is often made the subject of complaint, that the decisions of the supreme court are not published under the supervision of a Reporter, appointed by authority of law. I think it is worthy your inquiry, whether the public interest would not be promoted, by providing for the appointment of such a reporter, who shall be responsible to the public, for the manner in which he discharges his duty.

Complaints continue to be made in many counties of the manner of selecting jurors. Unless additional guard be thrown around this inestimable right, public confidence in the trial by jury will be much diminished. This most wise, and venerable of all human and social institutions,