GOVERNOR'S MESSAGE.

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

FELLOW CITIZENS.—Among the various duties enjoined by the Constitution on the Executive magistrate, none is more important and more frequently perplexing, than that of "giving to the General Assembly information of the state of the Commonwealth, and recommending to their consideration, such measures as he should judge expedient." On this occasion I am happily relieved from much of the anxiety and embarrassment attendant upon the discharge of this duty, by referring your attention to the annual message which I had the honor to transmit to the Legislature on the 8th day of January last. In that message, I felt it to be my imperative duty, to enter into a full and elaborate exposition of my views on several deeply interesting subjects connected with the public welfare, and especially on the subjects of the internal improvements of the Commonwealth, the public debt, and the reformation of the banking system. In regard to those leading questions of vital interest, and the numerous subordinate matters intimately associated and blended with them, I can add very little to the opinions I expressed, and the recommendations I made in the message to which I have just referred you.—The experience of the past year, has not only confirmed, but strengthened my conviction of the justice and propriety of those opinions and recommendations; the people at large with unexampled unanimity have proved them, and I earnestly invite your careful deliberation, as I did that of the last Legislature, upon those topics of the message, to which you will find convenient access upon your journals. So far as respects the reform of the banking system, I perceive no necessity for changing or modifying, in any material particular, the recommendations therein contained; and I now here respectfully, but earnestly recommend the adoption of the recommendation I then made on this subject, and trust that the present Legislature will not separate, until they shall have made a searching and thorough reform of the imperfections and manifold abuses of the present system. To me it has been a subject of deep regret, that my recommendations on that subject, did not meet the approbation of the last Legislature, persuaded as I am, that the beneficial influences would have resulted from their adoption. It is not, however, too late to apply the remedy still, and I again recommend, with anxious earnestness, those measures for reforming the abuses of the banking system, to your early attention.

The resumption of specie payments on the part of the banks, which constituted in year ago such a formidable portion of the difficulty in the way of efficient legislation, is about to be consummated, without your active interference at all. Under the resolution passed on the 3d day of April last, those institutions are required on and after the 15th day of January inst. to pay on demand all their notes, bills, deposites, and other liabilities, in gold or silver coin, on penalty of forfeiture of their charters, upon certain conditions set forth in said resolution. It affords me great pleasure to state, that although the day fixed for the resumption was much more remote than I wished at the time, yet the period of indulgence has nearly passed away, and there is now good ground to believe, that the banks of this Commonwealth will, as they are required to do, be prepared again to discharge their liabilities in specie. Should they do so, by continuing strictly to observe the law, and by fulfilling the just expectations of the people, they may remove the odium with which they have hitherto lost, and more particularly may they do this, if proper measures be adopted for the better regulation and control of their operations. One of the most immediate advantages resulting to the community, from the resumption of specie payments, will be the entire exclusion from circulation of the illegitimate trash of small notes that have been poured in upon us, from the neighboring states on all sides, in defiance of law, and of the most active endeavors to suppress them. I cannot, however, conclude this subject of my message, without recommending that no increase of our banking capital be made under any circumstances, and that effectual provision be made by law, that if any bank shall at any time hereafter, suspend specie payments, it shall be *ipso facto* a forfeiture of its charter. Nothing short of an absolute and unconditional provision of this kind, can arrest the frequent over issues by the banks, induced by the inordinate cupidity of those under whose directions they may be conducted. Let the great principle be distinctly announced, and the conviction on which our banking institutions rest, that hereafter there are to be no more suspensions of specie payments in Pennsylvania.

The condition of the public improvements during the past year, has been attended to by the officers entrusted with their management, with untiring assiduity. They are in a much better state of repair than they were have been since their construction and but little delay or interruption in business has occurred. The amount of business done on the main line, it is true, has been less than last year, but it has been owing to causes in no degree connected with the management of the public improvements. I refer you to the Report of the Canal Commissioners, for a detailed and accurate statement of the present condition of the improvements, the sum required to complete those lines in a state of fowardness, and the amount needed for repairs on the canals and rail roads now in operation, as well as the amount due for repairs heretofore done.

I feel it to be my duty again to state to the Legislature, that as soon as those portions of the unfinished lines of improvement, now almost completed, are finished, and upon which, if the work had been suspended, more would have been lost to the Commonwealth than by hastening their completion, I think it full time for Pennsylvania to pause in her career of internal improvement, and rest for a time the usefulness and value of the stupendous achievements she has already made. I have been from the beginning the friend and advocate of the internal improvement system of this Commonwealth, and shall continue to be, so long as that system is confined to the main lines and their immediate tributaries: but our immense public debt, and the sacrifices which the people are called upon to make in consequence of it, for the payment of the interest, and of the principal as it falls due, forcibly admonish us, to consult prudence and economy before we incur additional responsibility, without a corresponding increase of means to meet them. A revival of business, and the natural augmentation of our population and resources, will in a short period of time, enable us to realize from our improvements, many of the advantages of which they are susceptible, and as I confidently trust, enough, and more than enough to demonstrate the wisdom of their projectors, and the soundness of the policy, which led to the enormous investment of capital in their construction. When that day arrives, let canals and rail roads be constructed wherever they promise to be useful throughout the wide extent of the Commonwealth; but until it does arrive, let us husband our resources, and diminish as much as practicable the burthens now imposed upon the people of the State.

The amount necessary to complete the main lines, and to put the improvements now in use in a thorough state of repair, you will be fully informed of by the Canal Commissioners; which amount of money I would respectfully suggest, should be immediately appropriated, so as to enable the Canal Commissioners to make proper arrangements to apply it with most advantage to the public service. Great and immediate repairs to our improvements are indispensable, if we hope to maintain the character of these improvements, and to prevent our immediate Northern and Southern neighbours from diverting from them a large share of the business of the West and Lake Trade. Our honor of Pennsylvania is too deeply involved in this measure to admit of apathy or delay. Feeling as citizens of this Commonwealth should feel on this subject, I am sure no stronger motive to action could be presented to you, than that of enlightened and manly state pride, addressing itself to you through the medium of official duty.

PUBLIC DEBT.

The present amount of the public debt is,

Permanent loans at 5 per cent.,		$33,086,013 22
ditto at 4½ per cent.,		200,000 00
Temporary loans at 4 per cent.,		15,000 00
		$36,790,775 69

Upon an examination of the debts and liabilities of the Commonwealth, on the 15th of January, 1839, and the subsequent laws passed, authorizing loans and making appropriations, it will be found, that nearly the whole sum borrowed since that period, has been applied to debts and liabilities then due and falling due, on account of the public works finished and in progress—to the payment of interest and dividends upon stock—interest on the public debt, and for the repairs of the canals and rail ways of the Commonwealth.

The only sums appropriated out of the loans authorized to be made since I came into office, which were not applied to liabilities then due and growing out of contracts, which existed at that time, are the following:

To the survey of a rail road from Harrisburg to Pittsburg,	45,000 00
To stock in the Pennsylvania and Ohio canal,	50,000 00
Do. do. Franklin rail road,	100,000 00
Do. do. Monongahela Navigation company,	100,000 00
	$295,000 00

PUBLIC PROPERTY.

Bank stock,	$ 2,108,700 00
Turnpike and Bridge stock,	2,230,348 89
Canal and Navigation stock,	6,629,269 00
Rail road stock,	335,546 90
Money due on land, estimated,	1,000,000 00
Public works, canals, rail ways, &c.,	29,578,506 17
	$36,498,370 96

Thus it appears that the resources of the Commonwealth are abundant, but not immediately available for the purpose of paying either principal or the interest of the public debt.

It is proper here to remark, that it has not been the uniform practice of the Legislature, to provide sufficient revenue to meet the current demands upon the State Treasury. The various appropriations of the public treasure have exceeded the public income. Out of this state of things, a custom has grown up at the Treasury of seeing, to pay the demands upon it, as they are from time to time presented, without reference to the specific appropriation of part of the moneys therein, to the payment of the interest upon the public debt, which falls due semi-annually, on the 1st of February and 1st of August. Under this custom, it has happened, that from a deficiency of other means, the money arising from tolls, auction duties, tax on collateral inheritances, dividends on turnpike, bridge and navigation stocks, and escheats, which had been set apart by law, towards the payment of the interest on the public debt, have been paid out indiscriminately to meet other demands upon the Treasury. There will, therefore, be a deficiency in the fund for the payment of the interest on the public debt, upon the 1st of February next, of perhaps $800,000. This, as well as every other subject relating to the treasury, belongs so exclusively to the Legislative branch of the government, that no recommendation of the Executive can be required, to bespeak for it the necessity for some special legislation: in relation to its future disbursement.

It is computed that the tax which will be rendered available under the act of the 11th June, 1840, entitled "An act to create additional revenue to be applied towards the payment of interest, and the extinguishment of the debts of the Commonwealth," will amount to $600,000. The sum which will be raised under this Act, together with the other resources of the Commonwealth, will most probably liquidate the interest account, without further resort to loans for that purpose. This act is to continue in force five years, and provides such a rule for the assessment of taxes, as to fall with gentle weight on those who are little able to bear any addition to their expenses. Such articles taxed are those purely of luxury, such as gold watches, pleasure carriages, household furniture exceeding in value three hundred dollars, together with bonds, bills, and notes of solvent obligors, bank stock or stock in other corporations, yielding dividends of at least one per cent., salaries of public officers, and real estate. Although this act undoubtedly operates with considerable hardship upon those who fall within reach of its provisions, still they are comparatively, subjected to very little inconvenience, for in most instances they do not belong to the poorer classes, on whom taxation usually falls with the most peculiar severity.

To impose taxes on any class of our fellow-citizens is not very agreeable, nor a very popular task; but when, as in this case, the honor, and the fidelity of Pennsylvania must be sacrificed, or a tax of this kind be endured, there are few, very few men in the Commonwealth worthy to be ranked among her free, intelligent and upright citizens, who will shrink from their share of the burthen. When, too, it is known that those who recommended, and who sanctioned the bill imposing the tax, are no more responsible for the necessity that compelled a resort to it, than any of those who are to pay it, the folly and injustice of those who would condemn, are rendered still more conspicuous. I found the debt upon which this interest was to be paid in existence, when I assumed the functions of the Executive, and found nothing to pay it with. The Treasury was exhausted, and no means left to meet this responsibility but further loans, a sale of the improvements or taxation. The first two were impracticable, and I was driven by stern necessity to the adoption of the latter alternative. I saw but one path before me open to pursuit, and that was the path of duty. I recommended taxation; that recommendation was adopted by the Legislature, and it is a source of proud gratification to me, to know that I stand by the people of Pennsylvania, almost to a man, so far as I have been informed, with a firmness and patriotism worthy of themselves, have yielded to this necessity without murmur or repining. I feel fully convinced, that at the expiration of the five years at farthest, with a reasonable degree of prudence, and with strict economy in the management of our affairs, the income of our improvements will render a renewal of this law wholly unnecessary.

If any difference of opinion exists, as to the necessity of this tax, let these questions be addressed to those objecting. Do the Pennsylvania owe this debt? Is she not morally and legally bound to pay it and its interest, as it falls due? Can they point out any other mode by which this can be done?

You, however, have come directly from the people, and are supposed best to know their opinions on this as well as all other subjects; and if you differ in opinion with me on this important subject, and think a tax ought not to have been laid, it is your duty to repeal the law instantly. No part of the tax has yet been collected. Seeing no other mode of extricating the Commonwealth from the difficulties in which I found it, my view and opinions remain unchanged. Yet if the immediate representatives of the people think proper to repeal the law, and can substitute any other mode less objectionable, which will promptly meet the exigency, be it so; the responsibility rests with them.

I can never consent, by word or deed, to countenance the idea that the faith of the State can be violated by a failure to meet her engagements. If there be any in our country who would be willing, if they were able, to advance the interests of the Commonwealth, and be faithless to her creditors, let their doctrine be distinctly avowed and the issue fairly made up before the people. The intelligence and integrity of our citizens, will speedily convince the world, that they feel the necessity in a republican government of maintaining, unsullied public faith and national honor.

The deficiency in the funds set apart for the payment of the interest on the public debt falling due on the 1st of February next, must be promptly provided for. By the act of the eleventh June last, the Governor is authorized to procure it on loan, and for that purpose proposals have been invited; whether the money can be procured I know not; and in case it cannot, I see no other mode left to avoid the dishonor of the state credit, but the sale of a sufficient amount of the stock owned by the State, in one or the other, or all of the banks in which she is interested. The state owns the following amount of stock in each of the banks named, viz: Bank of Pennsylvania 3750 shares; Philadelphia Bank 5233 shares; Farmer's and Mechanic's Bank 1709 shares. The stock would most probably command a ready sale; and I do most sincerely hope that not a day will be lost, before this possible blot upon the faith and honor of the State is effectually guarded against, by the prompt action of the Legislature.

In my last annual message, the question was distinctly presented to the Legislature, whether the works then in progress should be prosecuted to immediate completion or not, and the question was by them determined in the affirmative, and the sum of $800,000 appropriated to carry it out, of what has usually been denominated the main lines; and the works being so far progressed in, as to warrant the expectation of their being completed in another year, all will now concur in the opinion, I presume, that provision should be immediately made for the completion of the unfinished works as soon as possible.

A judicious and immediate appropriation promptly made in anticipation of the usual appropriation bill, specifically for the works under contract—for the completion of the reservoirs, at each end of the Portage rail road—and for ordinary repairs, is imperiously called for, and will enable the contractors to complete the whole, and have them ready for use by the opening of the navigation in the spring of 1842. The vast importance of the immediate completion of the main lines, as well to the citizens immediately interested in them, as to the best interests of the Commonwealth, cannot be too strongly pressed upon your attention. They will complete a communication between the great lakes, and our commercial metropolis. They will also, by a proper arrangement with the authorities of New York, connect our improvements with those of that great Commonwealth, thus affording an opportunity of exchanging the products of the two states, and strengthening the bonds of our national union. They will also add largely to the revenue on the works now in use.

Whatever differences of opinion may have existed as to the policy of commencing the Erie Extension and North Branch Canals, there ought to be none now as to their completion. They are now nearly finished, a comparatively small sum is necessary to complete them, and the policy of a continued and protracted delay in completing works, which the state is pledged to accomplish, until the first work done upon them has become useless from decay, has proved disastrous and ruinous on many occasions.

The course heretofore usual, of neglecting to appropriate a sufficient sum for repairs, and that early in the session, has been seriously detrimental to the interests of the Commonwealth. At the last session the Commissioners asked that the sum to be made for repairs required $700,000, and the Legislature appropriated $500,000, a great portion of which was absorbed by debts then due. The result has already been a serious interruption to the navigation of the Canals; and it has usually happened that before the arrival of winter, the officers have no means at their command, and no appropriation bill is passed until late in the session. The whole system of repairs in consequence of the uncertainty of the time of paying the workmen, and those who furnish materials, cost the Commonwealth much more than it would do, were the means of payment, ample, certain, and promptly applied.

The Beaver division of the Pennsylvania Canal is already connected with the public improvements of Ohio, by the Pennsylvania and Ohio canal, a work which has been completed by individual enterprize, aided by public appropriations from both States, and bids fair to be a valuable tributary to the Pennsylvania one this debt? Is she not morally and legally bound to pay it and its interest, as it falls due? Can they point out any other mode by which this can be done?

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