

# The Cambridge Chronicle.

PRINTED AND PUBLISHED BY  
JAMES JONES.

"BE JUST AND FEAR NOT: LET ALL THE ENDS THOU AIMS' AT, BE THY COUNTRY'S, THY GOD'S, AND TRUTH'S."

TERMS \$2 50 PER ANNUM;  
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NEW SERIES—VOL. 10.

CAMBRIDGE, Md.—SATURDAY MORNING, JANUARY 9, 1847.

NUMBER 15.

## Message of Governor Pratt. TO THE LEGISLATURE OF MARYLAND.

Tuesday, December 29, 1845.

The Message opens by referring, in terms of satisfaction, to the settlement of the Oregon question.

The Mexican war is then treated of. It appears that the original requisition on Maryland for troops, was for two regiments, which the Governor notified the Secretary of War would be furnished at once; but on being advised that it was not the intention of the Government to receive into its service any portion of the troops organized in this State, the Governor, very properly, promptly abandoned the organization of the two regiments. In the meantime, the three companies that went from this city were organized, and their claim to be mustered into the service of the Government was recognized by the President. This statement is given for the purpose of accounting for the small force furnished by Maryland; which, but for the refusal of the Government to receive them into the service, would have consisted originally of two full regiments.

The war itself is then referred to, in terms that will meet general approval. The war, if other hands had been at the head of the government, could have been avoided, with honor; but the country being in the war, we must fight it out—as the Governor has every confidence, it will be, with distinguished valor, by the citizen soldiers, who will take the field.—The war over, the President will be held to a strict account for having, unnecessarily, provoked it.

It is recommended that a financial provision be made, by pension, for the widows and orphans of those who may fall in the service; and it is suggested that some expression of approbation be given by the Legislature, of the conduct of Maryland's sons, who have distinguished themselves in the battles fought.

An amendment of the militia laws is recommended so as to secure their final correct enrolment, and organization. Fifteen hundred militia officers have been commissioned since March last.

The important subject of the financial condition of the State is then referred to.

Our State for the last six years has been unable to meet her liabilities, from causes referred to, and fully explained in my message to the last Legislature. For a portion of that period, the public debt had been increased, by the accumulation of interest, with fearful rapidity; and at the close of the fiscal year, immediately preceding my qualification as Governor, the arrears of interest amounted to \$1,432,154 51.

The law imposing the direct tax had passed at December session 1840, and with the other revenue measures, subsequently passed, were found wholly inadequate to arrest the progressive accumulation of interest, and consequent increase of the public debt. To the total insufficiency of the taxes which had been imposed, if fully paid, to meet the demands upon the treasury, was superadded the more alarming fact, that in seven counties of the State, the revenue laws were unenforced. In this disastrous condition of the public finances, it became my duty to advise and recommend such measures as would be adequate to redeem the public faith and render justice to the creditors of the State. It was manifest to me at this juncture, that prompt and efficient action on the part of the legislative and executive branches of the Government, or permanent insolvency and dishonor, were the necessary alternatives. At this crisis in the affairs of the State, I had a right to expect the cordial support of every citizen who valued the honor of his State; and I was consequently unprepared for the opposition to some of the measures recommended, which was manifested in some sections of the State. I did, however, receive the cordial and efficient co-operation of the legislature of 1844 and 1845; and the wisdom of their legislation is now vindicated by its results. The beneficial effects of that legislation, united with the proper enforcement of other revenue laws, will be demonstrated by a comparison of the previous, with the subsequent financial condition of the treasury. During the fiscal year ending on the first of December 1844, the treasurer paid on account of interest \$395,050 62, being less than one year's interest by the sum of \$268,361 54; and the public debt was consequently increased during that fiscal year by the amount of that deficit. In the following fiscal year ending on the first of December 1845, the treasurer paid, towards the liquidation of interest, the sum of \$710,784 51, being more than one year's interest by the sum of \$55,363 35, decreasing the public debt by that amount, and making a relative difference of \$316,724 89, in the financial operations of the two years.

If this comparison is extended to the close of the fiscal year on the first of December last, it will show that there was paid in that year towards the extinguishment of interest, the sum of \$632,289 99, being \$76,868 83 more than the accruing interest for the year, and lessening the public debt by that amount. But, gentlemen, I have had a double object in instituting this comparison between the pre-existing system of taxation unexecuted, and the system as perfected by the legislation of 1844 and 1845, fully enforced; my chief object has been to show, by actual practical results, that

the existing tax laws are more than adequate to meet the current demands upon the treasury. I will now proceed to show that you will be justified, without the imposition of additional taxes, in funding the arrears of interest, and in proclaiming a day upon which the State shall resume the payment of all current demands upon her treasury, and thereby cast off forever the reproach which for so many years has rested upon her and her people.

Your first object in prosecuting this inquiry, will be to ascertain the amount of interest which it will be necessary to fund, that you may know the consequent demands upon the treasury, and it is my duty to give you the data upon which your estimation should be predicated. I will suppose that you will decide to fund to the first of October next, exclusive of the interest of that quarter. You will then have the arrears of interest on the first of December, 1846,

One month's interest due on the 1st of January, 1837,	51,520 00
The quarter's interest due on the 1st of April, 1847,	94,458 00
And the quarter's interest due on the 1st of July, 1847,	331,463 00

Which will make the interest due and to become due at that date,

\$1,677,053 33

Your determination to fund will involve, as its necessary consequence, the repeal of the laws which authorize the payment of taxes in coupons. If you should pass an act repealing the coupon laws, to take effect from the first of July next, I should think it fair (in view of the anxiety which will be felt to pay the taxes by this depreciated means) to estimate that the amount to be funded will not exceed \$1,200,000.

Your next object should be to ascertain what will be the current demands upon the treasury. The annual claims upon the treasury consist of the ordinary expenses of the State Government, which may be estimated at \$200,000 00. The interest on the public debt, exclusive of the interest on the Tobacco loan, which is paid by that fund, at

651,821 16

Making the present annual demands upon the treasury

\$851,821 16

To this you must add the interest of one million two hundred thousand dollars, the debt now proposed to be funded, at such rate as in your judgment the honor of the State, and the just claims of her creditors may require you to establish.

The only remaining inquiry will be, whether the existing tax laws will yield a sufficient revenue to meet this demand upon the treasury. The importance of correct conclusions upon this subject cannot be overated: as an error in your estimates would entail upon the State the humiliation of a second insolvency; and I must therefore solicit for the views which I entertain, and shall express, the most thorough investigation.

In the first place, then, may not the adequacy of the existing laws be assumed from the fiscal results of the two last years? Or, in other words, if the legislature of 1844 had funded the interest then in arrears, and ordered the resumption of payment by the State, would not the receipts of the treasury since that time have enabled the State to maintain her solvency to the present moment? In the fiscal year ending on the first of December, 1845, the Treasurer, after paying the ordinary expenses of the Government, paid \$55,363 35 more than the interest which accrued for the same period, and had in the treasury on that day a surplus of \$199,412 16. It is therefore manifest that for that fiscal year the State could have met all the liabilities which funding and resumption would have imposed upon her. In the next fiscal year, ending on the first of December, 1846, the Treasurer, after the payment of the ordinary expenses, paid \$76,867 83 more than the current interest on the public debt for that year, and retained in the treasury a surplus of \$147,913 41, thus clearly establishing the ability of the treasury in that year, to have met every liability which would have been consequent upon the funding of the arrears of interest, and the resumption of the payment of the accruing interest on the public debt.

Gentlemen, I do not desire that you should rely upon any opinion expressed by me upon this momentous subject. It is your province to give to this subject a minute and thorough examination, and it is my desire solely to suggest for your consideration, such facts as may facilitate your investigation and assist you in arriving at correct conclusions. In my judgment you could not adopt a method of investigation which would lead you more certainly to correct results, than by looking to the receipts of the past year, and by an examination of the resources from which those receipts were derived, to ascertain whether the receipts from the same sources will be increased or diminished in future years. If you should adopt this course, you will find that the receipts for the last year were, from the direct

\$523,049 67

And from other sources

394,703 04

Making the aggregate receipts

\$617,752 71

In following the train of investigation suggested your attention would now be directed to the inquiry, whether the direct tax for the

future will probably yield an increased or diminished revenue.

Upon this point, let me invite your consideration of a single fact. By an act of the last session, a re-assessment was ordered of the property in the city of Baltimore. This assessment has not been completed—but with the desire of supplying you with all the information necessary to just conclusions upon the subject, I addressed a letter to the Mayor of that city, requesting him to inform me what would be the result of that assessment; and I have received a communication from him, in which he says "that the assessment will not fall short of \$80,000,000." If this estimate be correct, it will add \$25,171,764 to the assessment upon which the direct tax now operates, and will increase the revenue which will accrue from that source \$62,929 46. It will be for you to decide whether this increase in the accruing revenue will prevent a decrease of receipts from that source.

In pursuing this investigation, it will only remain for you to examine the various sources of revenue, other than the direct tax, from which (as you have seen) the receipts for the last year amounted to \$394,703 04, for the purpose of deciding whether you can rely with certainty upon increased receipts for the future, from those sources. I by no means intend to travel over this wide field of investigation, and shall content myself with referring very briefly, to two or three of the indirect taxes, and in after portion of this communication more at large to the connexion of the State with her various works of internal improvements, and the revenue which may be derived from that source.

You are aware that the laws imposing a tax upon the commissions of Trustees, Executors and Administrators, have not until now been in full practical operation; and I have no hesitancy in saying that you may rely with positive certainty upon an increased revenue from those laws.

The amendment of the Stamp Act at the last session, by which lottery tickets are required to be stamped, only went into effect on the first of December last, and you may consequently rely with entire certainty upon increased receipts from that source. In reference to the probable receipts in future from the internal improvement companies in which the State has invested so much of her capital, I merely desire in this connexion to furnish you with some facts which will assist you in the present investigation.

In the past fiscal year the receipts from the works of internal improvement were less than in the preceding year, by the following amounts:

The decrease of dividends from the Baltimore and Ohio Rail Road Company	\$15,000
Baltimore and Susquehanna Rail Road Company less by	14,000
Tide Water and Susquehanna Canal Company less by	63,000

Making the diminution of receipts for the present year

\$92,250

And in estimating your ability to maintain the public faith, you may, I think, for the future, rely upon those companies for increased aid, at least equal to that deficit.

As it is possible from the mode in which the revenue is collected and paid into the Treasury, that a small deficiency may exist on some quarter days when interest is payable, which would be certainly met within sixty or ninety days by subsequent receipts, I would recommend for your consideration the policy of conferring upon the Treasurer the power to borrow the amount necessary to meet such a contingency, on a pledge of the Bank Stock of the State. This would render resumption entirely safe and practicable, and would remove all apprehension or doubt of the State's future ability to meet all her engagements with certainty and punctuality.

The decrease of expenditure consequent upon the passage by you of the Biennial Session Bill will be adverted to hereafter, but in this connexion it will be necessary for you to estimate the relief which it will afford by lessening the demands upon the Treasury.

The laws regulating sales by auctioneers require amendments; and I will suggest those which have occurred to me to the appropriate Committees of your bodies. I have in a former communication recommended a review of the existing tax laws, the equalization, or repeal of those which operate unequally; and a condensation of the whole into one or two statutes, which last would abridge the labors and facilitate the execution of the duties of the revenue officers of the State; and I must again respectfully ask your attention to those subjects.

Having satisfied yourselves, that the existing tax laws, faithfully executed, are adequate to sustain the credit of the State, the period at which the necessity for their continuance terminates, will present an inquiry of deep interest to your constituents, and one altogether worthy of your consideration. It is certain that the necessity for the continuance of the present taxes can only be removed by the payment of the public debt, or by the provision of a sufficient revenue from other sources to meet the accruing interest on that debt; and the public mind can only be directed for relief, two sources, the one certain but remote, the other more uncertain, but less remote in its probable effects. For the relief to be derived from the first source, (the payment of the debt.) we can rely with entire certainty upon the operation of the sinking fund already established. For the relief to be derived from the provision of adequate revenue from other sources than taxation, you must look exclusively to the works of internal improvement, in which the whole amount of the debt has been invested.

By the operation of the sinking fund, as now established, the regular payment of the accruing interest on the State debt, will extinguish the principal of that debt, in thirty years from the present time. This fund amounted on the first of December, 1844, to \$1,276,306 70; on the first of December, 1845, to \$1,411,911 54; and on the first of December, 1846, the close of the present fiscal year, to \$1,510,922 30; thus fully manifesting its adequacy to redeem the principal of the debt within the period above designated. The people therefore are incited to the punctual payment of the State tax, not only by their obligation to sustain the public faith, but also by the knowledge that they are thereby paying off the debt itself, and gradually relieving themselves from the burthens which it now imposes upon them.

The citizens of Maryland now fully comprehend, not only their duty, but also their interest, in reference to this subject; but they will not, in future, look with indifference to the non-payment of the State tax, by any portion of their fellow-citizens. They see that the due observance of the revenue laws by all is not more essential to the credit of the State than to their own interest, and will no longer submit to the injury which the non-payment of the tax by any part of the community would inflict upon the State and themselves.

The other subject to which I have adverted, is one, in which the people of Maryland are more deeply interested than in any other, which will claim your attention. The State debt has been incurred exclusively by her investments in her various works of internal improvement; and I now propose, with your indulgence, to invite your consideration of her investment in such of those works as may be made to yield an increased revenue by proper legislative action on your part.

I have prepared for your convenience a tabular statement, showing the amount invested by the State as unpreferred stockholder, in each of the four works of internal improvement, to which I shall call your attention, and also the amount of interest paid on her investment in each beyond the amount received from them respectively:

For investment in the Baltimore and Ohio Rail Road Company, as unpreferred stockholder,	\$500,000 00
For investment in the Washington branch of said road, as unpreferred stockholder,	550,000 00
	\$1,050,000 00
For investment in the Baltimore and Susquehanna Rail Road Company, as unpreferred stockholder,	100,000 00
As preferred creditor \$2,132,015 00	
For preferred claim for interest paid above amount, received from this company,	673,000 00
	2,905,015 00
	3,005,015 00
For investment in the Susquehanna and Tide Water Canal companies, as preferred creditor,	1,192,500 00
For interest unpaid by those companies,	61,750 00
	1,254,250 00
For investment in the Chesapeake and Ohio Canal, as unpreferred stockholder,	622,000 00
As unpreferred creditor, and stockholder,	\$6,572,666 67
Preferred claim for interest paid by the State,	\$2,631,068 00
	9,103,734 67
	9,725,734 67

Making the aggregate amount paid by the State in aid of those four companies,

\$15,038,929 67

The annual report of the Baltimore and Ohio Railroad company, which is herewith transmitted, will give you a detailed account of its present condition and future prospects. As this company has never availed itself of the conditional subscription to its stock, authorized by the act of May session, 1836, chap. 395, I have assumed, as (as you will perceive by the tabular statement above submitted) that the State is only interested to the amount of her anterior subscription to the main stem and Washington branch of that road. Although the dividends which the State has received upon her stock in this company have not been equal to the interest paid by the State on the money borrowed for that investment, it is proper to remark, that the tax of one-fifth of the gross receipts for passengers on the Washington branch of the road, imposed at my instance, by the 8th section of the act of 1832, chap. 175, has more than met that deficiency in the dividends heretofore declared, and that the State's investment in the stock of this company, is the only one which has hitherto yielded

a revenue equal to the interest on the investment. This company is therefore entitled on that account, to your most favorable consideration, and to all the assistance which you can render it in the prosecution of its designs, without detriment to the public revenue. But independent of this claim upon your consideration, it has another of still stronger character, which cannot fail to be fully appreciated by you. This claim to your consideration is based upon the fact, that of all the companies chartered by this State, and in which she has invested so many millions of her capital, this is now the only one from which she can hope to realize the commercial prosperity and advantage, which induced her original investments in all of them. The paralyzing effect produced, by the neglect of the State to meet her obligations, upon the credit, energies and prosperity of every class and every interest in the State, could not be more forcibly illustrated than by its effects upon this company.

It appears that the manner of paying the last dividend of the Baltimore and Ohio Rail Road Company, part in cash and part in bonds, is regarded as a questionable exercise of authority. The bonds, so paid to the Treasurer, for the dividend on the State's stock, have not been used by him, and the whole question relative to them is submitted to the disposal of the Legislature.

Some important suggestions are made upon the management, tolls, &c. of the internal improvement companies, which will meet with, we suppose, general favor. Nothing can be more just than this, that where the State's interest is in the majority, the control of the work should be in the hands of its own appointed agents.

The proposition to exchange the bonds of the Tide Water Canal, held by the State to the amount of \$1,257,250, for an equal amount of the bonds of the State, is well. But it would, it seems to us, be better to authorize the Treasurer to sell the bonds of the Canal Company, and from the proceeds of the sale purchase State Stock.

I have received and will transmit the annual report of the Chesapeake and Ohio Canal Company, which will show that this company has been hitherto unable to avail itself of the provisions of the act of 1844, chapter 281, to complete the canal to Cumberland, and that the immense amount already expended by the State in this enterprise, must, without further legislation, continue a burthen upon the people.

There were two laws passed by the last Legislature, to which I wish especially to invite your attention. The first is the law amending the Constitution, by the substitution of biennial, for annual sessions of the Legislature; and the second, is the law reducing the salary of the Governor, after my term of service shall have expired. The legislation was occasioned by the laudable desire of your predecessors, by retrenching the expenses of the State, to enable her with greater certainty to resume the payment of her liabilities; and to continue to meet them, as they shall hereafter occur. The conflicting effect, in my judgment, of the two laws, upon the object of the Legislature in enacting them, makes it my duty, to explain somewhat in detail, my views of their practical operation.

The biennial session bill, as an amendment of the constitution, having been submitted to the vote of the people, and having received their sanction, ought, and will, I suppose, receive your confirmatory action, and thus become a part of the fundamental law. The annual expense of the Legislature proper may be estimated at \$50,000, and the incidental expenses, including appropriations for specific objects, &c., &c., may be estimated at twenty thousand dollars; making the direct and incidental cost, of each session of the Legislature, about seventy thousand dollars. The direct result, therefore, of the confirmation by you, of this amendment of the constitution, will be to lessen the demands upon the Treasury by an amount equal to the annual sum of thirty-five thousand dollars.

Looking to this constitutional amendment, as I propose to do, solely as a measure of retrenchment, no one could doubt its salutary effects, if it were viewed without reference to the other measure to which I have adverted. The importance to the revenue of that annual supervision hitherto exercised by the Legislature over the disbursing and collecting officers of the government will be readily recognized and fully appreciated by you; and the truth of the proposition will not be controverted that the substitution of biennial for annual sessions of the Legislature will impose upon the Executive additional responsibilities, and the necessity of increased vigilance and labor in enforcing the prompt and general observance of the revenue laws of the State. I confess my inability to appreciate the wisdom of that legislation which increases the responsibility and labor of the Executive, and at the same time takes away the compensation hitherto allowed to that officer. Gentlemen, a sense of public duty compels me to speak plainly to you upon this subject, at the hazard of having attributed to me the disposition to overrate the importance, responsibility and labors of the position which I now occupy. Remember that the law under consideration, which destroys the Executive compensation does not affect the present incumbent; and bear in mind, that I only desire to refer to the duties of the Executive of